Editorial
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Letters from the legislators

Dear Dr. Goldstein:

Thank you for your thoughtful and kind editorial, your *Letter to the Legislators.*

I want to share with you the attached letter and an article from the *Cortlandt Forum* [March 1994].

My perspective of the Hawaii health care system may be somewhat different from others, but the key is that it works and has been working for 20 years.

Aloha,
Sam Lee
38th District Representative

Honorable Joseph Souki, Speaker, House of Representatives
Honolulu, Hawaii

Dear Speaker Souki:

The current national debate on healthcare reform shows how farsighted elected officials in Hawaii were when they enacted our employer-based health care system in 1974.

Hawaii is thus a generation ahead of the rest of the nation. But that lead rests on a fragile basis, a narrow exemption from ERISA.

Our state interest in the current national debate is to ensure that our unique system remains intact and viable so that we can continue to improve on achieving universal access and to include care from Healthy Start to Project Hope.

I have sought to explain and define our system, not as a model for the rest of the nation, but as a natural progression of our unique society's history and values. We should be neither the envy nor an irrelevance for our sister states. A quiet exposition, I hope, will elicit understanding and a willingness by others to explore and experiment, as is happening in Washington and Oregon. Enclosed is an article I wrote for the *Cortlandt Forum*, a national periodical for primary care doctors with a circulation of 175,000. The editor had seen my letter in the *New England Journal of Medicine* and telephoned me to ask for an article. I was happy to oblige.

Aloha,
Sam Lee
38th District Representative

Health Care, Hawaiian Style

Since 1974, the people of Hawaii have enjoyed health insurance coverage and universal access to health care. Can Hawaii be a model for the nation, or is Hawaii unique and irrelevant?

Hawaii is unique: It has been a kingdom, a republic, a territory, an now, a state. Its people are exceedingly diverse, with no group in the majority.

The current health system dates from the Prepaid Health Care Act of 1974 (PHCA), which mandated employer health insurance for employees. It was strongly opposed by Standard Oil of California, which helped push through the federal Employee Retirement Income and Security Act (ERISA), prohibiting state regulation of self-insured employers. Standard Oil then took the state of Hawaii all the way to the U.S. Supreme Court, which struck down the Hawaii health act.

Fortunately for Hawaii, it had become a state, and its congressional delegation obtained an exemption from ERISA for the PHCA in 1982.

Interestingly, during the years 1974 to 1982, when the Hawaii health-care system was in jeopardy, Hawaiian companies continued to insure their employees. And the health insurance became dominated by two major players—the fee-for-service Hawaii Medical Services Association (HMSA) and the Kaiser HMO. By that time, about 95% of the people were covered by health insurance.

Although the 5% not covered had access to care at community health centers, the state closed the gap by enacting the State Health Insurance Program (SHIP), in which the state bought health insurance from HMSA and Kaiser, the coverage emphasizing preventive and primary care.

In 1993, the state obtained another federal waiver for managed care for Medicare and Medicaid which would be added to the gap group.

Additionally, the state legislature has been active in establishing a family practice residency program and has given the nursing school high priority. The medical school is pioneering problem-based learning by family doctors and is organizing community health centers to bid for managed care of Medicaid, Medicare, and SHIP groups. HMSA has gone into HMO operations and offers free screening, using technicians supervised by a nurse practitioner.

The remaining task is to add long-term care. Again the issue is financing, but the current debate should conclude with a definite program before the end of the decade.

Hawaii's health system has strong roots in its history. The monarchy founded the largest hospital (The Queen's Medical Center) and Kapiolani Medical Center for Women and Children. The white planters hired doctors and built small hospitals to keep workers healthy and productive. Such employer-provided health benefits were written into collective bargaining agreements with the rise of unionism and health insurance. The missionaries established settlement houses, which became the current community health centers.

The advantages of Hawaii's system are obvious. For one, it is short and simple: PHCA is 13 pages long and SHIP only three pages in the Hawaii Revised Statutes. Compare this to the Clinton Plan, which is over 1300 pages long. Second, there is no direct government role, and thus no bureaucracy, while providing universal access and coverage, with a strong private role by HMSA and Kaiser. The plan's reliance on community rating eliminates the practice of cherry picking.

The cost of the plan is low—9% of GDP versus 10% in Canada and 14% in the United States. We have the same number of hospital employees (4.8) per patient as nationally, but only 2.9 hospital beds per 1000 versus 4.9 nationally. Our utilization is only 84 per 1000 versus 136 nationally. And still, Hawaii ranks among the healthiest states in the nation, with the best health outcomes through preventive and primary care. ■

Editorial note: Representative Sam Lee is a retired foreign service officer and has been a member of the Hawaii State Legislature since 1986. Additional letters from the legislators will appear in future issues of the Journal.

Norman Goldstein MD, Editor