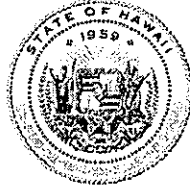


**HB 2875**



**STATE OF HAWAII  
OFFICE OF THE DIRECTOR**

**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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DEPUTY DIRECTOR

**TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION**

**TWENTY-FIFTH LEGISLATURE  
Regular Session of 2010**

**Tuesday, March 16, 2010  
9:00 a.m.**

**TESTIMONY ON HOUSE BILL NO. 2875, HD1 – RELATING TO THE HAWAII  
HURRICANE RESERVE TRUST FUND.**

**TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE  
COMMITTEE:**

My name is J.P. Schmidt, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs ("Department") and the Hawaii Hurricane Relief Fund ("HHRF") Board of Directors. The Department opposes this bill, which enables loans from the HHRF to the general fund. It is not clear that a current Legislature may legally obligate a future legislature to repay moneys or appropriate moneys. In addition, this bill should be checked for compliance with Section 12 of Article VII of the Hawaii State Constitution, which defines the parameters under which the State government may become indebted. Although HHRF is part of the State government it is outside the state treasury.

On a less technical level, the Department would be concerned about a loan for a short period of time when it is not clear that the Hawaii economy will change sufficiently over that period to make the moneys for repayment of any such loans readily available.

We thank this Committee for the opportunity to present testimony on this matter and ask that this bill be held.

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION  
ON  
HOUSE BILL NO. 2875, H.D. 1

March 16, 2010

RELATING TO THE HAWAII HURRICANE RESERVE TRUST FUND

House Bill No. 2875, H.D. 1, authorizes the loan of moneys from the Hawaii Hurricane Reserve Trust Funds to the general fund. The measure further stipulates that the loans will be pursuant to Legislative Acts for expenditures from previously appropriated general funds.

We are opposed to this bill since the objective of the measure is unclear. The bill does not clearly identify the purpose for making the loans or the type and amount of general fund expenditures that would appropriately qualify for loans from the Hawaii Hurricane Reserve Trust Fund. It is also uncertain as to the procedures for implementing the loan and the measures that would be necessary to ensure repayment of any such loans.



**Testimony to the Senate Committee on Commerce and Consumer Protection  
Tuesday, March 16, 2010  
9:00 a.m.  
Conference Room 229**

**RE: HOUSE BILL NO. 2875 HD1 RELATING TO THE HAWAII HURRICANE  
RESERVE TRUST FUND**

Chair Baker, Vice Chair Ige, and members of the committee:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber supports the intent of HB 2875 HD1 relating to the Hawaii Hurricane Reserve Trust Fund.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

This bill authorizes the loan of moneys from the Hawaii hurricane reserve trust fund to the general fund. The loan takes effect upon approval and sunsets on 06/30/15.

The Chamber understands the fiscal budget crisis the state is going through. Generally, the Chamber does not support diverting special fund monies to the general fund. However, given the current situation, the Chamber recognizes the need for the state to review different options to make up for the budget deficit. Therefore, the Chamber reluctantly supports the passage of this bill for further discussion.

Thank you for the opportunity to express our views.



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March 16, 2010

To: The Honorable Rosalyn H. Baker  
Chair, Senate Committee on Commerce and Consumer Protection

From: 'Ohana Health Plan

Re: House Bill 2875, House Draft 1-Relating to the Hawai'i Hurricane Relief Trust Fund

Hearing: Tuesday, March 16, 2010, 9:00 a.m.  
Hawai'i State Capitol, Room 229

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Since February 2009, 'Ohana Health Plan has provided services under the Hawai'i QUEST Expanded Access (QExA) program. 'Ohana is managed by a local team of experienced care professionals who embrace cultural diversity, advocate preventative care and facilitate communications between members and providers. Our philosophy is to place members and their families at the center of the health care continuum.

'Ohana Health Plan is offered by WellCare Health Insurance of Arizona, Inc. WellCare provides managed care services exclusively for government-sponsored health care programs serving approximately 2.3 million Medicaid and Medicare members nationwide. 'Ohana is able to take the national experience in providing an 'Ohana care model that addresses local members' healthcare and health coordination needs.

We appreciate this opportunity to submit our comments in support of House Bill 2875, House Draft 1-Relating to the Hawai'i Hurricane Relief Trust Fund (HRF).

'Ohana Health Plan (OHP) is one of the five health care plans contract under the QUEST program through the Department of Human Services (DHS). As a new plan, operating largely with the support of government funding from the State of Hawai'i, we are deeply concerned about the potential for a three to four month payment deferral by the DHS. This deferral may impact our ability to pay our contracted providers in a timely manner and could cause a disruption in services to our members, which are low-income, aged, blind and disabled residents of our State. As a contracted provider of services for the State of Hawai'i, we take our federally mandated responsibility to make covered services available and accessible through a sufficient delivery network very seriously.

We greatly appreciate this measure which would authorize the loan of moneys from the Hawai'i HRF to the general fund to help fill some of the State's obligations, and we respectfully request that part of the loan out of the Hawai'i HRF be used to help DHS provide payment to the five QUEST healthcare plans. Passage of this legislation, will help ensure our ability to compensate our contracted providers in a timely manner.

Thank you for the opportunity testify in favor of House Bill 2875, House Draft 1.