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TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-SIXTH LEGISLATURE
Regular Session of 2011

Friday, February 4, 2011
9:00 a.m.

TESTIMONY ON HOUSE BILL NO. 1048 – RELATING TO HEALTH INSURANCE.

TO THE HONORABLE RYAN I. YAMANE, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). The Department requests this bill be passed that will create a health insurance exchange in Hawaii.

Because we are operating under deadlines imposed by the federal government¹, we believe that it is prudent to establish a basic structure for the exchange so that implementation work can begin, even if some legislative details are deferred to a future legislative session, such as the funding source. The idea behind a health insurance exchange is to create an Internet site where consumers and businesses can find health insurance that meets federal requirements. If Hawaii does not create an exchange, then the federal government will run the exchange for us.

We thank this Committee for the opportunity to present testimony on this matter and ask for your favorable consideration.

¹ The Exchange must be up and running in 2014, but in 2013 the Secretary of HHS will determine whether Hawaii has the ability to create an exchange and if it does not, HHS may decide to handle the issue at the federal level.

HMSA



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of Hawaii

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February 4, 2011

The Honorable Ryan Yamane, Chair
The Honorable Dee Morikawa, Vice Chair
House Committee on Health

Re: HB 1048 – Relating to Health Insurance

Dear Chair Yamane, Vice Chair Morikawa and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1048 which establishes a health insurance exchange authority (“Exchange”). HMSA appreciates the intent of this Bill, but we believe the contents of HB 1201 offer more efficient means of fulfilling the legislation’s objective.

Pursuant to the federal Affordable Care Act (ACA), by January 1, 2014, each state must have created a fully operable health insurance exchange, through which individuals will “shop” for their health plans. If, by January 2013, a state has not made sufficient progress in creating its exchange, the U. S. Department of Health and Human Services (“HHS”) will move to establish an exchange for that state, effectively taking over the state’s health care system.

This Bill is the State Administration’s short form measure to establish an authority to act as Hawaii’s health insurance exchange. We appreciate the Governor’s inclusion of this Bill in his legislative package, reflecting the Administration’s cognizance of the need to implement an exchange in a timely manner.

Given the expedited ACA timetable, prudence dictates this State establishes an exchange that has sufficient flexibility so that it may employ staff; develop and execute rules and procedures; contract for necessary services such as creating a website through which the public will shop the Exchange; and procure the plans for inclusion in the Exchange. We are concerned that a State agency subject to civil service, procurement, and administrative statutes and rules will not be able to successfully meet that challenge. We believe a nonprofit agency, such as that described in HB 1201, may be the preferred model for Hawaii’s Exchange. Consequently, in addressing this short form Bill, the Committee may wish to consider inserting the contents of HB 1201 into HB 1048.

The Exchange defines the future of health care in Hawaii, and we truly have appreciated the efforts of the Insurance Commissioner in this regard. We look forward to continue working with the Administration and the Legislature to ensure the timely and successful implementation of the ACA. Thank you for the opportunity to testify today.

Sincerely,

Jennifer Diesman
Vice President
Government Relations



HOUSE COMMITTEE ON HEALTH
Representative Ryan Yamane, Chair

Conference Room 329
Feb. 4, 2011 at 9:00 a.m.

Supporting HB 1048.

The Healthcare Association of Hawaii (HAH) is a non-profit organization which was originally founded in 1939 as the Hospital Association of Hawaii. It later merged with the Hawaii Nursing Home Association and the Home Care Association of Hawaii, and is now the only healthcare association in the nation representing the entire continuum of care. HAH advocates for all of its member organizations which span the entire spectrum of health care, including: all of the acute care hospitals, as well as long term care beds, home care agencies and hospices, and other related provider organizations.

Thank you for this opportunity to testify in support of HB 1048, which establishes an authority to implement a health insurance exchange in Hawaii.

The federal Affordable Care Act will transform the health care environment in Hawaii and the nation. One of the elements of the Act is the health insurance exchange, which creates a connection between buyers and sellers of health care insurance. The purpose of the exchange is to facilitate the sale of insurance to expand insurance coverage.

Each state may decide to create its own exchange or let the federal government create an exchange instead. A state that creates its own exchange has discretion in determining how that exchange will operate. This bill creates that opportunity.

For the foregoing reasons, the Healthcare Association of Hawaii supports HB 1048.



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February 2, 2011

Committee on Health
Representative Ryan Yamane, Chair
Representative Dee Morikawa, Vice Chair

Hearing:

February 4, 2011, 9:00 a.m.
Hawaii State Capitol, Conference Rm. 329

RE: HB1048 – Relating to Health Insurance

Testimony Support of Intent

Chair Yamane, Vice Chair Morikawa and members of the Committee on Health, my name is George Massengale. I am the Director of Government Relations for the American Cancer Society Hawaii Pacific Inc. Thank you for the opportunity to offer this testimony in support of HB11048 which would provide for the establishment of a health insurance exchange authority in response to the Patient Protection and Affordable Care Act of 2010, to facilitate the purchase and sale of, and provide a connection between buyers and sellers of federally qualified health insurance plans.

The American Cancer Society certainly understands the rationale for this measure. However, we hesitate in offering full support at this time due to some concern regarding the domicile of the exchange authority. Although locating the authority within the Division of Insurance appears logical, there are many other state agencies that have a vested interest in the creation and operation of Hawaii's Health Insurance Exchange because it will impact their constituencies. These agencies include:

- DCCA, Division of Insurance -- Private Health Insurance Carriers
- DHS, Med-Quest Division – Medicaid Beneficiaries
- DOL, Disability Compensation Division – Prepaid Health Care Act
- DB&F – Hawaii Employer Union Health Benefits Trust Fund

Many of the beneficiaries in these agencies will eventually be incorporated in the Health Exchange Program.

Our recommendation to the Chair is to pass this measure out with a defective date to allow for sufficient time for the various agencies to discuss Health Exchange implementation concerns that they may have.

Thank you for the opportunity to offer this testimony here today.

Respectfully,

A handwritten signature in black ink, appearing to read "George S. Massengale".

George S. Massengale, JD
Director of Government Relations