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LEGISLATIVE REFERENCE BUREAU
State of Hawaii
State Capitol
415 S. Beretania Street, Room 446
Honolulu, Hawaii 96813

Written Comments

SB1348, SD2

RELATING TO THE HAWAII HEALTH INSURANCE EXCHANGE

Comments by the Legislative Reference Bureau
Charlotte A. Carter-Yamauchi, Acting Director

Presented to the House Committee on Health

Tuesday, March 15, 2011, 8:30 a.m.
Conference Room 329

Chair Yamane and Members of the Committee:

I am Charlotte Carter-Yamauchi, Acting Director of the Legislative Reference Bureau. The Bureau appreciates this opportunity to submit the following written comments on Senate Bill No.1348, S.D. 2:

- (1) S.B. No. 1348, S.D. 2, among other things, establishes the Hawaii health insurance exchange in the form of a nonprofit organization, called the Hawaii health connector.
- (2) Section 4 of the measure requires the state health insurance exchange task force, established in the Department of Commerce and Consumer Affairs for administrative purposes, to make recommendations in a wide range of areas to the 2012 regular session of the Legislature concerning policies and procedures to further define and operate the Hawaii health connector.
- (3) The Department of Commerce and Consumer Affairs is authorized to hire staff to assist the task force in a variety of ways.
- (4) Section 4(e) of the measure directs the Legislative Reference Bureau to assist the task force in drafting its recommendations and proposed legislation for submission to the Legislature. The task force is required to submit its proposals to the Bureau no later than November 1, 2011. We note that this is an important feature of the measure that will help to ensure that the report can be completed and submitted in a timely manner.

The Bureau takes no position on the merits of the measure, but notes that, as the measure is presently drafted, the functions required of us appear to be manageable and we would undertake them to the best of our ability.

Thank you again for allowing us to comment on this measure.



HOUSE COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair

Conference Room 329
March 5, 2011

Supporting SB 1348 SD 2.

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. Our members employ more than 40,000 people statewide, delivering quality care to the people of Hawaii. Thank you for this opportunity to testify in support SB 1348 SD 2, which establishes a health insurance exchange.

The federal Affordable Care Act (ACA) gives discretion to individual states in how they want to implement health care reform. The ACA requires all states to have insurance exchanges, which are intended to increase competition among insurers, create a level playing field for them, and facilitate the expansion of insurance coverage to more people. Each state may create its own insurance exchange; otherwise, the federal government will create one. In Hawaii a task force to develop an insurance exchange has been established, and the Healthcare Association is represented on the task force. The insurance exchange established in this bill will enable Hawaii to shape an insurance exchange to our own particular conditions and needs.

For the foregoing reasons the Healthcare Association supports SB 1348 SD 2.



HAWAII MEDICAL ASSOCIATION

1360 S. Beretania Street, Suite 200, Honolulu, Hawaii 96814
Phone (808) 536-7702 Fax (808) 528-2376 www.hmaonline.net

Tuesday, March 15, 2011, 8:30AM, Conference Room 329

To: COMMITTEE ON HEALTH
Rep. Ryan I. Yamane, Chair
Rep. Dee Morikawa, Vice Chair

From: Hawaii Medical Association
Dr. Morris Mitsunaga, MD, President
Linda Rasmussen, MD, Legislative Co-Chair
Dr. Joseph Zodian, MD, Legislative Co-Chair
Dr. Christopher Flanders, DO, Executive Director
Lauren Zirbel, Community and Government Relations

Re: SB 1348, SD2 RELATING TO THE HAWAII HEALTH INSURANCE EXCHANGE

In Support with Requested Amendment

Chairs & Committee Members:

Hawaii Medical Association supports SB 1434.

HMA recognizes that it is vitally important to create a well functioning Hawaii health benefit exchange.

We hope that the **provider community, or the community of individuals who actually provides care to the people of Hawaii**, will have a meaningful place in the discussion about which benefits are necessary for patients to lead healthy and productive lives and how we can improve access to affordable health insurance and quality healthcare.

As such, the Hawaii Medical Association is **troubled by the lack of presence of the provider community** in this Hawaii Health Insurance Exchange task force. The legislature can not exclude the individuals who actually provide care to the people of Hawaii from any discussion about how to improve quality within that system and expect the results to actual help improve the quality of care.

Simply put, a healthcare system without healthcare providers does not work. An analysis of health care networks that work best proves that when the provider community is not only included but leads the discussion – cost goes down and

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provider buy in goes up. We would encourage the legislature to examine North Carolina's system.

The HMA would like to very respectfully request that the committee amend this measure in Section 431 –D Board of directors; composition; operation. The following change would be greatly appreciated:

- (b) The membership of the board shall reflect geographic diversity and the diverse interests of stakeholders including consumers, employers, **health care providers**, insurers, and government entities; provided that if representatives of government or public bodies are appointed to the board in other than an ex officio capacity, the majority of board members shall represent the interests of the private sector.

Thank you for the opportunity to testify.

HDS

Hawaii Dental Service

March 14, 2011

The Honorable Ryan I. Yamane, Chair
Hawaii State House of Representatives
House Committee on Health

Re: SB 1348, SD 2 - Relating to the Hawaii Health Insurance Exchange

Dear Chair Yamane and Members of the Committee:

Hawaii Dental Service (HDS) appreciates the opportunity to testify on SB 1348, SD 2. We support the bill with an amendment, directed at including stand alone dental plans as one of the product offerings in the Health Insurance Exchange. We propose amending the definition of "Qualified plan" to include the phrase "and a dental benefit plan as described in section 1311(d) (2) (B) (ii) of the Federal Act". We have attached a copy of the bill with our proposed amendments to this testimony.

HDS is proposing the amendments for the following reasons:

- One of the stated purposes of the federal Patient Protection and Affordable Care Act (PPACA) is to offer a variety of plans to make healthcare benefits affordable and offer a variety of choices to the consumer. Giving the consumer the option of choosing a standalone dental plan is consistent with the intent and purpose of the PPACA.
- The intent of the PPACA is to maintain the choices currently available in the marketplace and expand options if possible. Currently HDS provides dental benefits to over 60% of the Hawaii commercial marketplace. Only 11% of these people obtain their dental benefits in conjunction with their medical benefits. All other HDS members receive their HDS coverage through standalone policies, either directly with HDS or via their employer. Thus providing standalone dental as an option in the Exchange supports the choices currently available in the marketplace.
- The PPACA language requires that States allow "limited scope dental benefits" plans to offer their plans through the Exchange.

We appreciate the opportunity to provide these comments and request that our amendment be incorporated in SB 1348, SD 2. Thank you for the opportunity to testify today.

Sincerely,



Faye W. Kurren
President and CEO

Hawaii Dental Service
700 Bishop Street, Suite 700
Honolulu, Hawaii 96813-4196

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A BILL FOR AN ACT

RELATING TO THE HAWAII HEALTH INSURANCE EXCHANGE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. This Act shall be known and may be cited as the "Hawaii Health Insurance Exchange Act".

SECTION 2. The federal Patient Protection and Affordable Care Act of 2010 provides for the establishment by January 1, 2014, of health insurance exchanges in every state to connect buyers and sellers of health insurance and to facilitate the purchase and sale of federally qualified health insurance plans. The intent of the health insurance exchange is to reduce the number of uninsured individuals, provide a transparent marketplace, conduct consumer education, and assist individuals in gaining access to assistance programs, premium assistance tax credits, and cost-share reductions.

The legislature finds that, largely because of Hawaii's current prepaid health care act, chapter 393,

Hawaii Revised Statutes, the State already enjoys an overall healthier population, lower uninsured rates, and lower premium costs than mainland states. The prepaid health care act has been and continues to be successful; it is imperative that Hawaii's health insurance exchange work in tandem with the prepaid health care act to preserve its existing benefits for the people of the State.

The legislature further finds that the people of Hawaii will be best served by a health insurance exchange that is operated locally in Hawaii. Therefore, this Act provides the framework for a private, nonprofit health exchange that conforms to the requirements of the federal law and is responsive to the unique needs and circumstances of the State.

The legislature notes that the State is already in receipt of a federal grant to plan for the design and implementation of a Hawaii-based health insurance exchange and, pursuant to federal domestic assistance grant number 93:525, a task force has been convened for this purpose. This Act formally authorizes the task force to work collaboratively with stakeholders and within the policy framework of this Act to propose legislation to the 2012 legislature implementing a Hawaii health insurance exchange, to be known as the Hawaii health connector, to

ensure the State's compliance with the federal act. Pursuant to recommendations of the task force, the legislature is committed to providing policy direction and operational guidelines as the State works toward implementing a fully functional health insurance exchange to meet the federally-mandated 2014 implementation deadline.

Recently the United States Department of Health and Human Services issued a request for proposals from states for assistance in establishing state health insurance exchanges. The legislature finds that moving forward now with an enabling statute is the prudent course of action to maximize opportunities to take advantage of forthcoming federal moneys. The framework established by this Act will allow future legislatures to follow the most appropriate course in implementing the health insurance exchange.

SECTION 3. Chapter 431, Hawaii Revised Statutes, is amended by adding a new article to be appropriately designated and to read as follows:

"ARTICLE . HAWAII HEALTH INSURANCE EXCHANGE

§431: -A Definitions. As used in this article:

"Board" means the board of directors of the Hawaii health connector.

"Commissioner" means the insurance commissioner of the department of commerce and consumer affairs.

"Connector" means the Hawaii health insurance exchange, known as the Hawaii health connector, established by section 431: -B.

"Federal Act" means the federal Patient Protection and Affordable Care Act, Public Law 111-148, as amended by the federal Health Care and Education Reconciliation Act of 2010, Public Law 111-152, and any amendments to, or regulations or guidance issued under, those Acts.

"Insurer" means any person or entity that issues a policy of accident and health or sickness insurance subject to article 10A of chapter 431, or chapters 432 or 432D.

"Qualified ~~health~~ plan" means a health benefit plan offered by an insurer that meets the criteria for certification described in section 1311(c) of the Federal Act and a dental benefit plan as described in section 1311(d)(2)(B)(ii) of the Federal Act.

"Secretary" means the Secretary of the United States Department of Health and Human Services.

"Task force" means the state health insurance exchange task force established within the department of commerce and consumer affairs in compliance with federal domestic assistance grant number 93:525.

§431: -B Establishment of the Hawaii health

insurance exchange; purpose. (a) There is established the Hawaii health insurance exchange, a Hawaii nonprofit organization, to be known as the Hawaii health connector.

The connector is not an entity of the State and shall not be subject to laws or rules regulating rulemaking, public employment, or public procurement.

(b) The purposes of the connector shall include:

(1) Facilitating the purchase and sale of qualified health-plans in compliance with the Federal Act;

(2) Connecting consumers to the information necessary to make informed health care choices; and

(3) Enabling consumers to purchase coverage and manage health plans electronically.

(c) The connector shall serve as a clearinghouse for information on all qualified ~~health-plans~~ listed or included in the connector. The connector shall determine eligibility for the inclusion of health plans according to the recommendation of the insurance commissioner; provided that all qualified ~~health-plans~~ that apply for inclusion shall be included in the connector.

(d) The connector shall be audited annually by the state auditor and shall submit the results of each annual audit to the insurance commissioner no later than thirty

days after the connector receives the results. The connector shall retain all annual audits on file, along with any documents, papers, books, records, and other evidence that is pertinent to its budget and operations for a period of three years and shall permit the state auditor, the insurance commissioner, the state legislature, or their authorized representatives to have access to, inspect, and make copies of any documents retained pursuant to this subsection.

(e) The board of directors of the connector shall submit an annual report to the legislature which shall include the most recent audit report received pursuant to subsection (d) no later than twenty days prior to the convening of each regular session of the legislature.

§431: -C Funding. The connector may receive contributions, grants, endowments, fees, or gifts in cash or otherwise from public and private sources including corporations, businesses, foundations, governments, individuals, and other sources subject to rules adopted by the board. The State may appropriate moneys to the connector. As required by Section 1311(d)(5)(A) of the Federal Act, the exchange shall be self-sustaining by January 1, 2015, and may charge assessments or user fees to participating health carriers, or may otherwise generate

funding to support its operations. Moneys received by or under the supervision of the connector shall not be placed into the state treasury and the State shall not administer any moneys of the connector nor be responsible for the financial operations or solvency of the connector.

§431: -D Board of directors; composition; operation. (a) The Hawaii health connector shall be a nonprofit entity governed by a board of directors that shall be comprised of fifteen members appointed subject to section 26-34. The Hawaii health connector task force shall recommend qualifications and requirements for board members, which shall include high ethical standards and knowledge or experience in the fields of health care, health insurance, business, or finance.

(b) The membership of the board shall reflect geographic diversity and the diverse interests of stakeholders including consumers, employers, insurers, and government entities; provided that if representatives of government or public bodies are appointed to the board in other than an ex officio capacity, the majority of board members shall represent the interests of the private sector.

(c) Board members shall serve staggered terms and the task force shall recommend an appropriate schedule for staggered terms.

(d) The task force shall recommend policies prohibiting conflicts of interest and procedures for recusal of a member in the case of an actual or potential conflict of interest, including policies prohibiting a member from taking part in official action on any matter in which the member had any financial involvement or interest prior to the commencement of service on the board. Members of the board may retain private counsel for matters relating to service on the board according to rules recommended by the task force.

(e) The board shall manage the budget of the connector according to generally accepted accounting principles and a plan for financial organization adopted by the legislature based on recommendations of the task force.

(f) The board shall maintain transparency of board actions, including public disclosure and posting of board minutes on the connector's website according to provisions adopted by the legislature based on recommendations of the task force.

§431: -E Officers and employees of the Hawaii health connector. (a) The board shall appoint and employ

officers and employees, including an executive director who shall be responsible for the day-to-day operations and management of the exchange, according to a staffing plan recommended by the task force and adopted by the legislature. Officers and employees of the board shall not be employees of the State and shall serve at the pleasure of the board.

(b) Subject to the staffing plan adopted by the 2012 legislature based on recommendations of the task force, the board may hire consultants, outside experts, and professional specialists as needed for its efficient operations.

§431: -F Oversight; rate regulation. (a) The insurance commissioner shall retain full regulatory jurisdiction pursuant to the authority granted to the commissioner by part II of article 2 of chapter 431 over all insurers and qualified ~~health~~ plans included in the Hawaii health connector.

(b) Rate regulation for qualified ~~health~~ plans included in the Hawaii health connector shall be pursuant to applicable state and federal law.

§431: -G Effect on the prepaid health care act.
Nothing in this article shall in any manner diminish or

limit the consumer protections contained in or alter the provisions of chapter 393.

§431: -X Rules. The board shall adopt rules to implement the provisions of this article. Rules adopted pursuant to this section shall not conflict with or prevent the application of regulations promulgated by the secretary under the Federal Act."

SECTION 4. (a) The state health insurance exchange task force established pursuant to federal domestic assistance grant number 93:525 in the department of commerce and consumer affairs for administrative purposes shall recommend to the legislature policies and procedures to further define and operate the Hawaii health connector.

(b) The task force shall make recommendations to the legislature for:

- (1) Qualifications of the members of the board of directors of the Hawaii health connector which shall include requirements for equitable representation across the stakeholder community including consumers, employers, insurers, and government entities as well as requirements for knowledge and experience in the fields of health care, insurance, or finance;

- (2) A sustainable, fee-based financing mechanism that may incorporate private and public funding for initial start-up costs, but that shall achieve financial self-sustainability by January 1, 2015, as required by federal law;
- (3) Measures to ensure transparency of the Hawaii health connector's finances and for public disclosure of funding sources and expenditures;
- (4) Procedures for the application for inclusion by insurers in the Hawaii health connector; provided that all applicant health plans that are qualified according to the requirements of federal law and regulations and national quality measures shall be included;
- (5) A phased process of including qualified plans which may include initially prioritizing qualified plans that target individuals and small businesses over large group plans;
- (6) Policies and procedures to ensure continuity of care for consumers transitioning between carriers, including between publicly funded coverage and private qualified health plans; provided that the task force shall form a subgroup to make recommendations for the

integration of state subsidized plans with the Hawaii health connector to ensure that consumers who move between publicly funded coverage and unsubsidized private coverage are able to maintain continuity of coverage and continuity of care;

- (7) Measures to increase transparency and opportunities for public participation in determinations of insurer eligibility for inclusion in the Hawaii health connector and the regulation of insurers and qualified health plans;
- (8) Criteria for determining whether a conflict of interest exists for a board member and policies and procedures for avoiding or mitigating conflicts of interest, including when recusal of the board member is appropriate and when a board member shall be entitled to private counsel for a matter relating to the board;
- (9) A schedule of the terms of board members including provisions for staggering terms to insure continuity;
- (10) A staffing plan including organization, duties, wages, and responsibilities of employees of the

board of directors of the Hawaii health connector and criteria for hiring contractors, consultants, and outside experts;

(11) A plan of financial organization of the board of the Hawaii health connector and requirements for financial management by its board; and

(12) Policies for the use of electronic media to publicly disseminate information, increase transparency, and allow members of the public to manage their health plans, including by the online purchase of a qualified ~~health~~ plan.

(c) The task force shall submit a report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the 2012 regular session, and shall participate in joint informational sessions upon the request of the legislature.

(d) At the request of the task force, the department of commerce and consumer affairs may employ temporary staff not subject to chapter 76 to assist in carrying out the requirements of this section including:

(1) A facilitator for task force meetings;

- (2) Information technology professionals to begin construction of the internet-based Hawaii health connector system;
- (3) A grant writer to pursue additional sources of federal or private funding to assist the operations of the task force; and
- (4) Any other staff that the task force or the insurance commissioner deems necessary to carry out the duties of the task force.

(e) The legislative reference bureau shall assist the task force in preparing its findings, recommendations, and proposed legislation; provided that the chairperson of the task force shall submit the task force's proposals to the legislative reference bureau for drafting no later than November 1, 2011, for the report to the 2012 regular session of the legislature.

(f) The task force shall cease to exist on December 31, 2012.

SECTION 5. There is appropriated out of federal funds received pursuant to federal domestic assistance grant number 93:525 the sum of \$ or so much thereof as may be necessary for fiscal year 2011-2012 to support the operations of the state health insurance exchange task force.

The sum appropriated shall be expended by the department of commerce and consumer affairs for the purposes of this Act.

SECTION 6. In codifying the new sections added by section 3 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 7. This Act shall take effect upon its approval.

Report Title:

Hawaii Health Insurance Exchange

Description:

Establishes the Hawaii health connector to create a health insurance exchange pursuant to the federal Patient Protection and Affordable Care Act of 2010; creates Hawaii health insurance exchange council under a board of directors; creates board of directors; creates task force to recommend policies and procedures to implement the governance of the health insurance exchange. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



Hawaii Association of Health Plans

March 15, 2011

The Honorable Ryan Yamane, Chair
The Honorable Dee Morikawa, Vice Chair

House Committee on Health

Re: SB 1348 SD2 – Relating to the Hawaii Health Insurance Exchange

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

My name is Howard Lee and I am President of the Hawaii Association of Health Plans (“HAHP”). HAHP is a non-profit organization consisting of eight (8) member organizations:

AlohaCare
Hawaii Medical Assurance Association
HMSA
Hawaii-Western Management Group, Inc.

Kaiser Permanente
MDX Hawai‘i
University Health Alliance
UnitedHealthcare

Our mission is to promote initiatives aimed at improving the overall health of Hawaii. We are also active participants in the legislative process. Before providing any testimony at a Legislative hearing, all HAHP member organizations must be in unanimous agreement of the statement or position.

HAHP appreciates the opportunity to provide testimony on SB 1348 SD2 which would set up the framework in the state for the creation of an Exchange. The Affordable Care Act (ACA) requires that all states set up a health insurance Exchange by 2014 with the caveat that if a state has not made sufficient progress by 2013, the federal Department of Health and Human Services will take over the state’s efforts and put an Exchange in place.

While 2014 seems to be a far off date, health plans which recently were given a six-month timeframe to enact numerous consumer-related provisions under the ACA know that extensive work is needed in order to ensure the state maintains control over Hawaii’s Exchange.

HAHP plans have come to consensus on a set of guiding principles regarding Exchanges and we have attached that document. We would respectfully urge the Committee to take into account these principles in the discussions on Hawaii’s Exchange.

• *AlohaCare* • *HMAA* • *HMSA* • *HWMG* • *Kaiser Permanente* • *MDX Hawaii* • *UHA* • *UnitedHealthcare* •
HAHP c/o Howard Lee, UHA, 700 Bishop Street, Suite 300 Honolulu 96813
www.hahp.org

Thank you for the opportunity to offer comments today.

Sincerely,

A handwritten signature in black ink that reads "Howard Lee". The signature is written in a cursive, flowing style.

Howard Lee
President

Hawaii Association of Health Plans
Guiding Principles for a Successful Health Insurance Exchange in Hawaii

The Hawaii Association of Health Plans (HAHP) believes that the unique employer healthcare coverage environment created by Hawaii's Prepaid Health Care Act (PHCA) is valuable and worth sustaining. Together with the State's Medicaid plans and other federal programs, PHCA assures that roughly 90 percent of Hawaii residents have health plan coverage that is robust, affordable, and accessible. The Hawaii employer healthcare coverage marketplace offers:

- The least expensive and richest PPO and HMO coverage offered in the United States and overall, the best value to employers and members of any state;
- The greatest number of participating providers in any state in private health plan coverage options;
- The nation's lowest growth rate in employer-sponsored health care coverage costs over the past 20 years; and
- Robust small, medium and large employer markets with multiple competitive products which are rate regulated and guaranteed issue.

Thus, we believe that the employer-employee marketplace for health care in Hawaii does not need to be reformed, but rather may be enriched by the Affordable Care Act.

We also believe that the Affordable Care Act can help Hawaii address its coverage gap - the roughly 10 percent of Hawaii residents (primarily individuals and sole proprietors) who either cannot afford or choose not to purchase coverage - through the establishment of a health insurance Exchange. The Exchange will create a marketplace where people in Hawaii can shop for health insurance, apply for tax subsidies and enroll in health plans.

HAHP believes the following principles should guide the development of this Exchange:

- **Primary Mission.** The Exchange should supplement, but not replace, existing individual markets and offer affordable health plan options to uninsured Hawaii residents.
- **Governance.** The Exchange should be governed through an independent, transparent and non-politicized entity with a Board of Directors consisting of consumer representatives, employers, health plans, providers, and other Stakeholders.
- **Rule Making.** The Exchange should promulgate and apply rules predictably, fairly and consistently to all health plans to create a level playing field.
- **Uniform Standards.** To minimize unnecessary costs while maximizing participation, uniform federal standards and national accreditation policies should be adopted to certify Exchange participants.
- **Regulatory Efficiency.** The Exchange should avoid, where possible, duplication of State licensing, rate review and other existing regulatory functions.
- **Pricing.** To support pricing accuracy, the Exchange must develop risk adjustment and reinsurance processes that are actuarially sound.
- **Consumer affordability.** Individual plan benefit design should meet minimum Federal standards in order to provide maximum affordability.
- **Enrollment.** The affordability and viability of individual products depends upon adoption of enrollment rules that encourage consumers to obtain and maintain continuous coverage and discourage enrollment/disenrollment around high health care cost events.

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

March 15, 2011

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

Re: SB 1348 SD2 – Relating to the Hawaii Health Insurance Exchange

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

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 1348 SD2 which would establish the Hawaii Health Connector. HMSA supports this Bill.

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.

Given that expedited 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. This Bill offers an alternative model - a nonprofit agency to be known as the Hawaii Health Connector – which shall serve as Hawaii’s health exchange.

While this independent Connector would be responsive to the exchange mandate of the ACA, the system also must be responsible to the State, which ultimately is accountable to HHS. To address this, this Bill provides for an already established State health insurance task force, chaired by the Insurance Commissioner, to propose details to the 2012 Legislature on the governance of the Connector, administration of the Connector, the Connector’s role and responsibilities, short and long-term financing mechanisms for the Connector, and policies governing the inclusion of plans offered via the Connector.

This measure also provides for the use of already secured federal monies to provide staffing for the task force and to procure resources needed to expedite the establishment of the Connector and its purposes. This is critical for Hawaii’s successfully meeting the ACA’s deadlines. Thank you for the opportunity to testify today in support of SB 1348 SD2.

Sincerely,

Jennifer Diesman
Vice President, Government Relations