

GM625

JENNIFER DIESMAN

Measure Title: Submitting for consideration and confirmation to the Board of Directors of the Hawai'i Health Connector, Gubernatorial Nominee, JENNIFER DIESMAN, for a term to expire 6-30-2014 (Replaces GM614).

Report Title: Board of Directors of the Hawai'i Health Connector (Replaces GM614)

Description:

Companion:

Package:

Current Referral: CPN

Introducer(s):

<u>Sort by Date</u>		Status Text
2/6/2012	S	Received.
2/6/2012	S	Referred to CPN.
3/1/2012	S	The committee(s) on CPN has scheduled a public hearing on 03-23-12 9:00AM in conference room 229.

Testimony before the
Senate Committee on Commerce and Consumer Protection

Friday, March 23, 2012
9:00 a.m., Conference Room 229

Statement on Governor's Message No. 625

by Robert A. Alm
Executive Vice President
Hawaiian Electric Company, Inc.

TO THE HONORABLE ROSALYN H. BAKER, CHAIR,
BRIAN T. TANIGUCHI, VICE CHAIR, AND MEMBERS OF THE COMMITTEE:

It is my pleasure to support the nomination of Jennifer Diesman to be a Health Representative on the Board of Directors of the Hawai'i Health Connector.

I have known and worked with Jennifer for many years, most significantly on the Helping Hands Hawai'i Board of Directors. She is very knowledgeable about health care in Hawai'i, and especially about health insurance. Through her service on the Board, I have seen her understand and appreciate the position in which consumers of health care services find themselves. She is a very clear thinker and not afraid to say what she feels. She has been an effective Board member, willing to take on additional responsibilities and tasks as needed.

I believe her background will serve her well on a Board that is just beginning its work. She understands governance issues and the difference between policy and management.

I would strongly urge her confirmation as a board member of Hawai'i Health Connector.

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

March 21, 2012

The Honorable Rosalyn H. Baker, Chair
The Honorable Brian T. Taniguchi, Vice Chair
Senate Committee on Commerce and Consumer Protection

Dear Chair Baker, Vice Chair Taniguchi, and Members of the Committee:

RE: GM 625 – Gubernatorial Nominee: Jennifer Diesman
Board of Directors of the Hawaii Health Connector

This is to offer my support of the nomination of Jennifer Diesman to the Board of Directors of the Hawaii Health Connector.

I was recently retained by HMSA to serve as Senior Vice President, and I have had the privilege of working with Ms. Diesman on a day-to-day basis. I have come to appreciate Jennifer's broad knowledge of the health care insurance industry to be invaluable. She is well respected within HMSA, as well as outside of our organization.

As a member of the Interim Board of the Hawaii Health Connector, Jennifer already has been able to share her vast background and knowledge in actively assisting other Interim Board members and the Insurance Commissioner with the tremendous amount of effort that already has gone into developing Hawaii's health insurance exchange. I know she is committed to seeing the Connector successfully implemented, and in a timely manner.

Jennifer and I worked together on other efforts prior to my employment with HMSA. We serve on the Board of Directors of Helping Hands, a local social services support agency. Jennifer has a wonderful ability to work with a diverse level of Board members, while always being willing to take the lead and help coordinate efforts that demand immediate action.

All states are under tremendous pressure to implement a health exchange according to a federally mandated timeline. Time is of the essence. I truly believe you would want and need someone with Jennifer's capacity and commitment to ensure the success of Hawaii's exchange.

I commend Jennifer Diesman to you as a member of the Board of Directors of the Hawaii Health Connector.

Sincerely,

A handwritten signature in cursive script that reads 'Timothy E. Johns'.

Timothy E. Johns
Senior Vice President



HINAMAUKA

GM 625 Confirmation to the Board of Directors of the Hawai'i Health Connector,
Gubernatorial Nominee, JENNIFER DIESMAN

- ✦ SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn Baker, Chair; Senator Brian Taniguchi, Vice Chair
- Friday, March 23, 2012; 9:00 a.m.; Conference Room 229

Good morning Chair Baker, Vice Chair Taniguchi, and Distinguished Committee Members:

Hina Mauka supports Confirmation for Jennifer Diesman

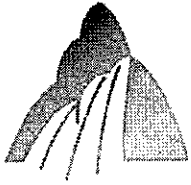
Ms. Diesman has already served on the Interim Board that was established last summer to begin fleshing-out the policy and administrative requirements for the Hawai'i Health Connector. Ms. Diesman is the Vice President of Government Relations with HMSA. As such she can well represent insurers to help address and understand key health services.

Active in the community, Ms. Diesman currently serves on the Board of Directors of Helping Hands Hawaii, a nonprofit social services agency as well as the Board of Directors for the Honolulu Theatre for Youth. She also sits on the Hawaii Health Information Exchange Board of Directors as well as its Executive Committee and is the current President of the Hawaii Association of Health Plans Board of Directors.

Ms. Diesman has been a collaborator with various providers and government agencies to determine effective policies that benefit the community at large. We believe Ms. Diesman's background and experience will greatly benefit the Board of Directors of the Hawai'i Health Connector.

Respectfully,

Alan Johnson
President & CEO



ARCADIA

1434 Punahou Street
Honolulu, HI 96822-4798
Tel: (808) 941-0941 Fax: (808) 949-4965
www.arcadia-hi.org

March 15, 2012

The Honorable Rosalyn H. Baker, Chair
The Honorable Brian T. Taniguchi, Vice Chair
Senate Committee on Commerce and Consumer Protection
Hawaii State Capitol, Room 230
415 S. Beretania Street
Honolulu, Hawaii 96813

Re: GM625 -- Submitting for consideration and confirmation to the
Board of Directors of the Hawaii Health Connector, Gubernatorial
Nominee, JENNIFER DIESMAN, for a term to expire 6-30-2014

Dear Chair Baker, Vice Chair Taniguchi and Members of the Committee:

This letter is written in support of the nomination of Jennifer Diesman to serve as a member of the Board of Directors of the Hawaii Health Connector. I am pleased to submit this recommendation.

I am the President and Chief Executive Officer for Arcadia and its family of companies which provide services and care for seniors in Honolulu. I know Jennifer through her past service with me on SHPDA's Honolulu Planning Council, Honolulu Subarea (HONSAC). During our service together on the HONSAC, Jennifer displayed a pragmatic, very caring and knowledgeable brand of leadership and decision making. Her work with HMSA served her extremely well as the HONSAC considered Certificate of Need applications and the continuous implementation and refinement of Hawaii's Health Performance Plan for the people of our state. She brings to the table a wonderful talent for engaging, informative, warm and productive discussions upon which thoughtful solutions are crafted.

Jennifer has been serving on the interim Board of the Hawaii Health Connector. I know that she has and, if confirmed, will continue to provide distinguished service to the Board. Her breadth of knowledge in Health Services will be a valuable asset to the Board.

Sincerely,

Emmet White
President and CEO

EW:jn
cc: Ms. Jennifer Diesman

To The SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
REGULAR SESSION 2012

March 23, 2012, 9:00 a.m.
Conference Room 229

GM 625: Nomination of Jennifer Diesman for consideration and confirmation to the
Board of Directors of the Hawaii Health Connector

Chair Baker, Vice Chair Taniguchi, and Members of the Committee, thank you for the opportunity to testify in support of the confirmation of Jennifer Diesman to the Board of Directors of the Hawaii Health Connector.

My name is Gary Kai, Executive Director of the Hawaii Business Roundtable and it gives me great pleasure to submit this letter of support for Jennifer Diesman's appointment to the Board of Directors of the Hawaii Health Connector.

I have worked closely with Jennifer since joining the Hawaii Business Roundtable. We have worked together on the Roundtable's Health Care Task Force. Although it has only been a few years I have gotten to know and rely on Jennifer and her knowledge of the Health Care Industry.

Her many years with HMSA has given her a wide perspective of our community and the importance of healthcare to a thriving community. HMSA is a member of the Hawaii Business Roundtable and Jennifer has contributed much to broaden the knowledge of our members regarding the many critical issues involving healthcare in Hawaii and the nation. She is truly an advocate for improving our Healthcare system and someone whose knowledge I respect and upon which I place great reliance.

Jennifer has dedicated herself to improve the community she lives in not only in her professional life but by supporting various non-profit community organizations. She is a great example of someone committed to the betterment of our community.

Thank you again for the opportunity to testify in support of the confirmation of Jennifer's appointment to the Board of Directors of the Hawaii Health Connector

Sincerely,

//s

Gary K. Kai, Executive Director
Hawaii Business Roundtable
1003 Bishop Street, Suite 2630
Honolulu, Hawaii 96813



SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair

Conference Room 229
March 23, 2012 at 9:00 a.m.

Testimony in support of GM 625, which nominates Jennifer Diesman to the Board of Directors of the Hawaii Health Connector

My name is George W. Greene, President and CEO of the Healthcare Association of Hawaii (HAH), whose membership includes all of the acute care hospitals in Hawaii, two-thirds of the long term care beds, home care agencies and hospices, and other related provider organizations. Our provider 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 of the nomination of Jennifer Diesman to the Board of Directors of the Hawaii Health Connector.

Hawaii complies with the health insurance exchange requirements of the federal Affordable Care Act by establishing the Hawaii Health Connector statutorily and requiring it to:

- (1) Facilitate the purchase and sale of qualified plans and qualified dental plans;
- (2) Connect consumers to the information necessary to make informed health care choices; and
- (3) Enable consumers to purchase coverage and manage health and dental plans electronically.

Hawaii statute also creates a Board of the Directors for the Hawaii Health Connector and requires it to reflect geographic diversity and the diverse interests of stakeholders.

Jennifer Diesman is the Vice President of Government Relations for HMSA, where she has worked for 14 years. She is also active in many community organizations, such as Helping Hands Hawaii, the Hawaii Health Information Exchange, and the Hawaii Association of Health Plans. Her experience in the health care insurance industry gives her a perspective that is critical to the effective functioning of the Board of Directors of the Hawaii Health Connector.

I am confident that Jennifer Diesman will participate enthusiastically in the activities of the Board of Directors of the Hawaii Health Connector and will serve with dignity, wisdom, and integrity.

For the foregoing reasons, the Healthcare Association supports GM 625.

March 23, 2012

The Honorable Rosalyn H. Baker, Chair
The Honorable Brian T. Taniguchi, Vice Chair

Senate Committee on Commerce and Consumer Protection

Re: GM 625 - Submitting for consideration and confirmation to the
Board of Directors of the Hawai'i Health Connector, Gubernatorial Nominee,
JENNIFER DIESMAN, for a term to expire
6-30-2014

Dear Chair Baker, Vice Chair Taniguchi and Members of the Committee:

I am pleased to provide the Committee testimony supporting Ms. Jennifer Diesman's appointment to the permanent board of the Hawaii Health Connector. Although currently retired, during my career at the Hawaii Medical Service Association, I had the pleasure to work very closely with Ms. Diesman over a span of many years. Through her vast experience as Vice President of HMSA's Government Relations Department she has gained an extensive working knowledge of health care systems, financing and administration. As the Connector embarks on determining how best to serve the people of Hawaii, I am certain that Ms. Diesman will be able to offer assistance both on her own and by tapping HMSA's vast knowledge of health care. This type of expertise is vital, and indeed a requirement of the ACA, of those participating in exchange governance. Given the scope of the Connector and its focus on ensuring federal compliance by the beginning of next year, Ms. Diesman will surely be an asset on the permanent Connector Board.

Today, on this two year anniversary of the passage of the Affordable Care Act, I respectfully request the Committee see fit to approve Ms. Diesman's nomination to the permanent board. She will undoubtedly be a valued member as the state continues its important work to create a more sustainable and affordable health care system.

Sincerely,

Alfred Fortin

GM 625

**GUBERNATORIAL NOMINEE
JENNIFER DIESMAN
TO THE BOARD OF DIRECTORS OF THE
HAWAI'I HEALTH CONNECTOR**

**SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
MARCH 23, 2012**

Chair Baker and Members of the Committee:

I am JoAnn Yosemite, testifying in support of Gubernatorial nominee Jennifer Diesman, to the Board of Directors of the Hawai'i Health Connector. I have known Ms. Diesman personally and professionally for over ten years.

During this time, I have had many opportunities to see Jennifer work in a myriad of settings: as an advocate for HMSA, a Board member for Helping Hands Hawaii and Honolulu Theatre for Youth, and as a supportive wife and loving mother of two lovely children. Her experience will provide to this Board a member-contributor that can work with people with various points-of-view; her integrity, knowledge, and intellect will provide this board with a significant individual to meet its purpose and effectiveness.

I respectfully ask that you and your Committee members affirmatively support Jennifer Diesman's nomination to the Hawai'i Health Connector Board.

Thank you for your time and consideration.

Sincerely,



JoAnn Yosemite

March 23, 2012

Senator Roz Baker
Chairman Commerce and Consumer Protection Committee
Hawaii State Capitol
Honolulu, Hawaii 96813

Re: Jennifer Diesman's Nomination to the Hawaii Health Connector Board

Dear Senator Baker:

I am writing this personal letter of support for Ms. Jennifer Diesman who has been nominated by Governor Abercrombie to serve on the Hawaii Health Connector board.

I have known Jennifer for over ten years. During this time, Jennifer has shown me to be an individual of integrity and good character. Jennifer's demanding job duties at HMSA requires her to have the intelligence, energy, and people skills to deal with difficult health issues as well as policy makers with diverse personalities and points of view. Despite such demands on her time, Jennifer still finds the energy to devote to raising her two young daughters and public service assisting Helping Hands and Hawaii Theatre for Youth.

I respectfully ask that you and your committee support her nomination as a Hawaii Health Connector board member.

Sincerely,



Kenneth Hiraki

March 21, 2012

Jan M. Harada
jharada@helpinghandshawaii.org

Hawaii State Senate
Committee on Commerce and Consumer Protection
The Honorable Rosalyn H. Baker, Chair
The Honorable Brian T. Taniguchi, Vice Chair

Hearing: Friday, March 23, 2012 at 9:00 a.m.

Measure: GM625. Submitting for consideration and confirmation to the Board of Directors of the Hawai'i Health Connector, Gubernatorial Nominee, JENNIFER DIESMAN, for a term to expire 6-30-2014.

Dear Chair Baker, Vice Chair Taniguchi and Members of the Committee:

I am writing in support of Jennifer Diesman's nomination to the Board of Directors of the Hawai'i Health Connector.

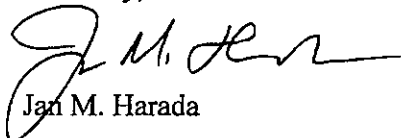
The Affordable Care Act requires each state to establish by 2014 a health insurance exchange (Hawaii Health Connector) where individuals and small businesses can purchase affordable health insurance plans. Since last year, when Governor Abercrombie signed SB1348 into law establishing the Hawaii Health Connector, Jennifer has been serving on the interim Board.

It is vitally important that board members be not only knowledgeable about the system of care (which Jennifer is, having been with HMSA since 1998, sitting on the Hawaii Health Information Exchange Board, and serving as current President of the Hawaii Association of Health Plans Board of Directors), but also have a background in community service and an understanding of the issues faced by Hawaii's struggling children, families and senior citizens, including the issue of access to affordable health care.

Jennifer Diesman has been an integral part of the Helping Hands Hawaii (HHH) Board for many years. I started with HHH as its President & CEO in July 2010. Since my time with the organization, I have enjoyed working with Jennifer as one of our Board members because she is honest, fair, able to help develop compromise when compromise is needed, and shows a consistent concern for the low income, homeless and otherwise struggling people we serve. She has always acted with integrity, fairness, compassion, and a desire to empower people and make a positive difference in their lives. Those are all the qualities I believe make Jennifer Diesman the right choice as a member of the Board of Directors of the Hawaii Health Connector.

Thank you for this opportunity to testify.

Sincerely,



Jan M. Harada

March 20, 2012

The Honorable Rosalyn H. Baker, Chair
The Honorable Brian T. Taniguchi, Vice Chair
Senate Committee on Commerce and Consumer Protection

RE: GM 625 – Gubernatorial Nominee: Jennifer Diesman
Board of Directors of the Hawai'i Health Connector

Chair Baker, Vice Chair Taniguchi, and members of the Committee:

I write in support of the nomination of Ms. Jennifer Diesman to the Board of Directors of the Hawai'i Health Connector.

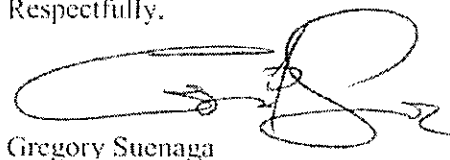
I serve as the Project Director for the Hawai'i State Health Information Exchange (Hawai'i HIE), a non-profit agency designated by the State to institute a statewide information technology architecture that, while ensuring privacy and confidentiality in accordance with HIPAA, will allow an individual's healthcare information to be shared between participating healthcare providers. As such, I have the honor of actively interacting with a broad range of representatives from the healthcare community, including Ms. Diesman. Ms. Diesman serves as the Chair of the Hawai'i HIE's Legal/Policy Committee.

By keeping the Legal/Policy Committee focused and goal-oriented, Ms. Diesman has helped create the critical momentum the Hawai'i HIE required in addressing our federal deadlines that were outlined by the Office of the National Coordinator (ONC). We have been recognized by ONC as "achieving much in a short time period" in part due to Ms. Diesman's participation.

With the ability to consider the State's bigger picture of how to improve efficiencies within our task of electronic health information exchange, Ms. Diesman's intuitiveness and insight stimulate meaningful discussions, that of which, agreements are consensually made from consumer-driven organizations.

I believe she will bring those same talents to the Board of the Health Connector. I highly recommend the confirmation of Jennifer Diesman to the Board of Directors of the Hawai'i Health Connector.

Respectfully,



Gregory Suenaga

March 23, 2012

The Honorable Rosalyn H. Baker, Chair
The Honorable Brian T. Taniguchi, Vice Chair

Senate Committee on Commerce and Consumer Protection

Re: GM 625 - Submitting for consideration and confirmation to the Board of Directors of the Hawai'i Health Connector, Gubernatorial Nominee, JENNIFER DIESMAN, for a term to expire 6-30-2014

Dear Chair Baker, Vice Chair Taniguchi and Members of the Committee:

I am pleased to provide the Committee testimony supporting Ms. Jennifer Diesman's appointment to the permanent board of the Hawaii Health Connector. I have recently had the pleasure of getting to know Ms. Diesman more closely through our work on the Honolulu Theatre for Youth's (HTY) Board of Directors. HTY produces professional theatre and drama education programs that make a difference in the lives of young people, families and educators in the state of Hawaii.

Since her appointment to the HTY Board, Ms. Diesman has proven to be an active and tireless advocate for the organization's mission. I am certain that the same will be true when she becomes a permanent Board Member of the Hawaii Health Connector. I respectfully request the Committee see fit to approve Ms. Diesman's nomination today.

Sincerely,

Trini Kaopuiki Clark

RIGHTS OF CONSUMER CONSORTIUM (ROCC)
P. O. Box 1153
Mountain View, Hawaii 967781
Phone: 808-591-0000

March 23, 2012

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair

DATE: Friday, March 23, 2012

TIME: 9:00 am

PLACE: Conference Room 229

TESTIMONY IN OPPOSITION TO
GM 625, CONFIRMATION TO THE HAWAII HEALTH CONNECTOR OF
JENNIFER DIESMAN

Good Morning Chair Baker and members of this committee:

The RIGHTS OF CONSUMER CONSORTIUM (ROCC) is a loosely knit consortium of healthcare consumers, and small business owners, whose principal office is located on the Island of Hawaii. There are ongoing state-wide public discussions by these stakeholders on the potential impact of the ACA and the Prepaid Health Care Act and the composition of the Hawaii Connector Board of Directors which is the subject of this hearing.

The nominee is well known at the Hawaii State Legislature as one of the most influential lobbyist in the State of Hawaii. However, she is not just a lobbyist for many organizations but only one...her employer, HMSA. She has been a formidable opponent to many who have a position contrary to the position of her employer, HMSA. While in most instances this is a respected comment about the effectiveness of a lobbyist, but in this instance this makes her appointment to the Hawaii Health Connector a bad policy decision.

According to the language in the Affordable Care Act (ACA), the Department of Health and Human Services says in the implementation of the rules: "The exchanges (the Hawaii Health Connector) will provide competitive marketplaces for individuals and small employers to directly compare available private health insurance options on the basis of price, quality and other factors...The Exchanges (Hawaii Health Connector) will help enhance competition in the health insurance market, improve choice of affordable health insurance, and give small business the same purchasing clout as

large businesses". In other words our Hawaii Health Connector, according to the Federal DHHS is here to enhance and provide competition. ROCC asserts that having Hawaii's most formidable lobbyist with her one client (her employer) on the Board of Directors of a Private, non-profit is bad policy. This could create potential anti-trust violations and encouragement of pervasive conflict of interest behavior. It is impossible and impractical to expect this legislative body to have the capacity to legislate the relationship between a master and a servant. This is the situation with this nominee, who deservedly, has worked for decades to achieve the corporate title of Vice-President, Government Relations for HMSA, but it will work against the public interest.

HMSA owns 59% of the health insurance market. If this fact remains constant, once the Health Exchange is established and the plans developed, HMSA will increase its book of business by 58,889 members. There are assumptions being made that the potential income from the new insurers entering into the purchase through the Hawaii Health Connector may be \$300,000,000. The financial implications of this additional book of business will increase the income of HMSA by \$176,665,767. Please see Exhibit attached hereto.

There are those in the Legislature that appear to think that the Hawaii Health Connector is only an "internet marketplace" to connect uninsured individuals with insurance plans they can afford. It is the position of ROCC that this could not be further from the truth. This is what will create the inherent conflict of interest by placing a corporate officer and lobbyist of HMSA on the Board of Directors. As a board member, they will control what the plan looks like, what are the benefit levels that will be required, the pricing and have control of the risk pooling. A board member does in fact have control over these discussions and decisions. ROCC would like to direct your attention to the recent minutes of the Interim Board of the Hawaii Health Connector which you can find online. You will see the policy discussions and issues that the Connector Board is in fact discussing and intending to make decisions. These subjects are laid out specifically in the minutes as discussion and decisions are to be made at a later date.

Also included in these minutes is a statement by the attorney for the connector board that says: "Mr. O'Malley reported..."*He stated that the Connector is not required to operate under Sunshine Law*". In other words, this nominee will not have to operate

under transparency while she is representing the interest of her employer...HMSA.

Having an employee or corporate officer of an Insurer on the Board of Directors of the Hawaii Health Connector, is contrary to the policy developed by the 2003 Legislature which under Chapter 393 which removed insurance company representatives and employees from serving on the Hawaii Prepaid Health Care Advisory Board. This nomination is inconsistent and will create a perception of unfair advantage to outside health care contractors and especially the public. ROCC is appalled that these appointments and the recent secretive behavior of the board of the Hawaii Health Connector will cast a bad light on the State of Hawaii by the Federal Department of Human and Human Services and possibly the White House. Hawaii is thought of being The Healthy State and our history of fairness to our employers and employees in the Prepaid Healthcare Act will be overshadowed by the decision to allow this nominee to be a part of the permanent Board of Directors of the Hawaii Health Connector.

Our President is looking to Hawaii to be the bell weather in doing this process right! This appointment is wrong!

The Federal ACA made the first step by developing as its policy a necessity of including those that will be the consumer on the connector board. Those that will be paying for the mandate of obtaining health insurance must have a bigger part of the development of the exchange and this should be the makeup of the board...not those that will financial gain from the ACA. ROCC agrees this is necessary. ROCC does not agree that any corporate officer, employee or agent of a health insurer should be seated on the Board of Directors of the private non-profit enable to sell, develop benefits and having input on the risk pools while it establishes the web portal for access to the public. It is what is behind the portal that will create the conflict of interest and the distrust of the public

Act 205 could soon become problematic in that it created a private, non-profit without any Sunshine requirements. It is bad policy, but this Legislature can fix this.

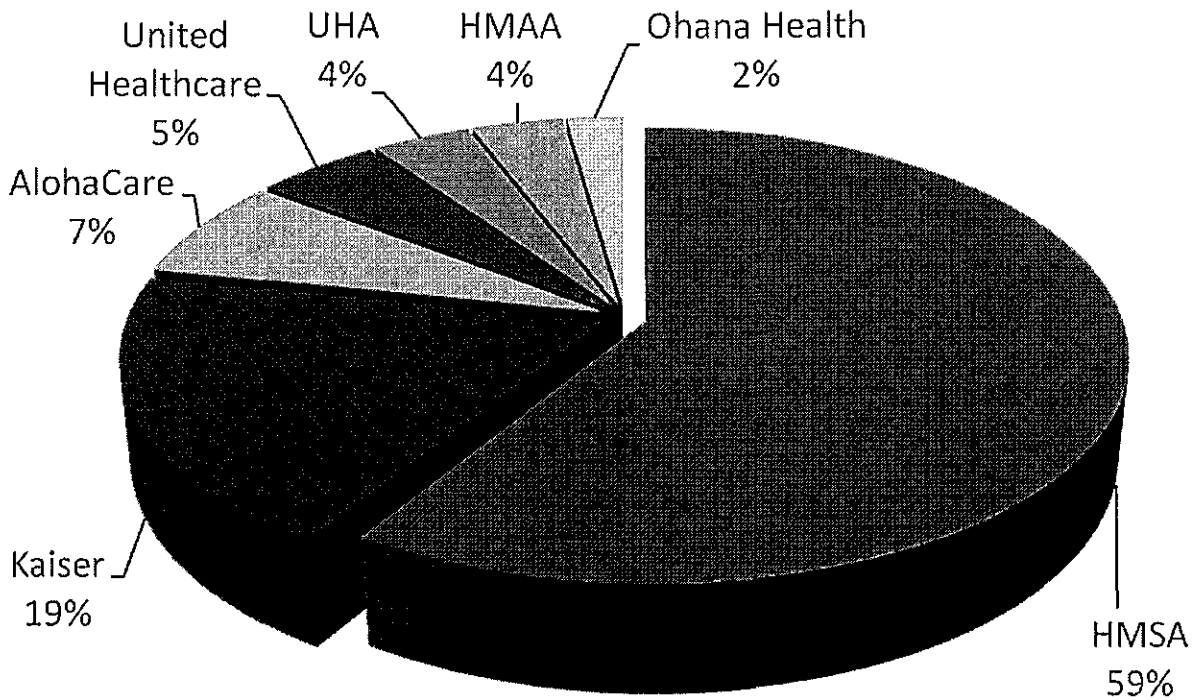
ROCC recommends that this appointee be withdrawn and approval be denied.

Re: Interest of HMSA in the Connector Board

HMSA has 59% of the market of insured in the state. This is greater than all other health plans combined (only 41% of the market is held by 6 other health plans).

The Connector Board will be making crucial decisions regarding the basic health plan benefits, rates, risk pool and other issues that will **DIRECTLY IMPACT** health insurance plan revenues.

Therefore, *HMSA has more interest and more to gain financially from the decisions of the Connector Board than any other organization or individual in the State of Hawaii.*



An estimated 100,000 individuals are expected to access insurance through the Connector Exchange. With almost 59% of the market, after the Connector Exchange is implemented HMSA is projected to have 750,900 members. This exceeds all of the other 6 plans together by over 226,680.

	Market Share	Total Members 2011 ¹	Estimated Connector Members	Total Members with Connector	Connector Revenue
HMSA	58.9%	692,011	58,889	750,900	\$176,665,767
Kaiser	19.3%	226,900	19,309	246,209	\$57,926,048
AlohaCare	7.1%	83,728	7,125	90,853	\$21,375,197
United Healthcare	4.9%	57,176	4,866	62,042	\$14,596,649
UHA	3.9%	45,550	3,876	49,426	\$11,628,610
HMAA	3.7%	43,072	3,665	46,737	\$10,995,993
Ohana Health	2.3%	26,682	2,271	28,953	\$6,811,736
		1,175,119	100,000	1,275,119	\$300,000,000

Income from the Connector Exchange is anticipated to be \$300,000,000. If HMSA market share remains the same at 59%, their revenue from the Connector Exchange is estimated to be \$176,665,767. Last year HMSA's net income was \$43,800,000.¹

¹ Health-Care Coverage Providers, (as of December 31, 2011), Pacific Business News, March 16, 2012, page 16.

EXHIBIT A



Hawaii's Voice for a Better Future

COMMITTEE ON COMMERCE AND
CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

GM625
CPN
Monday, March 23 2012
9:00 a.m.
Room 229

March 22, 2012

Re: GM625 Hawai'i Health Connector Gubernatorial Nominee Jennifer Diesman

In Opposition

Sen. Baker, Sen. Taniguchi and members of the Committee:

Kokua Council joins with other consumer groups in asking the Committee to reject the nomination of Jennifer Diesman to serve on the Hawaii Health Connector. SB2434, according to its current wording, would remove insurers from the board.

Barring health insurers from serving on the board is in the public interest, and it is not at all unusual. As the Star-Advertiser pointed out:

There are 21 states that either prohibit or are in the process of blocking insurers with expertise in designing health plans, from actually being board members, according to the Primary Care Association, a group that advocates for community health centers. Other states have hired independent actuaries who previously worked for an insurer but no longer have a connection to the company, or economists and consultants. Insurers also serve as advisers in other states that prohibit them from sitting on the board."

[Star-Advertiser, Red flags raised over setup of insurance exchange, p.D1 3/18/2012]

Hawaii has been the national leader in health care protection due to its enactment of pioneering legislation such as the Prepaid Health Care Act and the Patients Bill of Rights and Responsibilities Act. Hawaii has been referred to as the "health state" for good reason.

I have faith that the citizens of Hawaii will continue to enjoy superior health benefits as we move, along with other states, towards implementing the coverage mandated by the federal Affordable Care Act. This will only be assured, however, if the Legislature allows the consumer protections built into the federal Act to be reflected in Hawaii law.

The insurance exchanges to be set up in Hawaii will have the responsibility to deal with and correct the discrimination in rate-setting and coverage that currently exists against individuals and small businesses. The clear intent of the federal law is to provide fair, equitable and universal coverage to health care consumers. This will require a change from current practice in which certain dominant insurers negotiate with larger business entities for favorable rates while disproportionately raising rates for small business and individuals, as an example.

The Hawaii Health Connector is, in effect, the governing board for Hawaii's health care reform under the Affordable Care Act, and cannot be effective if comprised of representatives of only the largest insurers and the largest business interests.

Another concern is that the current makeup of the board is anti-competitive in a market where competition is already very limited.

Neither of these situations is in the public interest.



Larry Geller
President, Kokua Council

The **Kokua Council** is one of Hawaii's oldest advocacy groups. Kokua Council seeks to empower seniors and other concerned citizens to be effective advocates in shaping the future and well-being of our community, with particular attention to those needing help in advocating for themselves. "We embrace diversity and extend a special invitation to any senior or intergenerational minded individual interested in advocating for these important issues in Hawaii."



To: Committee on Commerce and Consumer Protection
Senator Rosalyn H. Baker, Chair

Date: March 23, 2012, Conference Room 229, 9:00 a.m.

Re: **GM 625 –Confirmation of Jennifer Diesman to the Board of Directors of the Hawaii Health Connector**

Chair Baker and Committee Members:

AARP is a membership organization of people 50 and older with nearly 150,000 members in Hawaii. We are committed to championing access to affordable, quality health care for all generations, providing the tools needed to save for retirement, and serving as a reliable information source on issues critical to Americans age 50+.

AARP **opposes** the confirmation of Gubernatorial Nominee, Jennifer Diesman, to the Board of Directors of the Hawaii Health Connector due to financial conflict of interest and consumer protection concerns.

Ms. Diesman, represents and is employed by a health insurer, Hawaii Medical Service Association (HMSA). Allowing a representative and employee of an insurer on the board that determines the policies and rules under which insurers will be competing for customer business is an inherent conflict of interest. The consumer is not served, and is contrary to good public policy to allow board membership to individuals representing organizations who stand to gain financially by board policy and decisions.

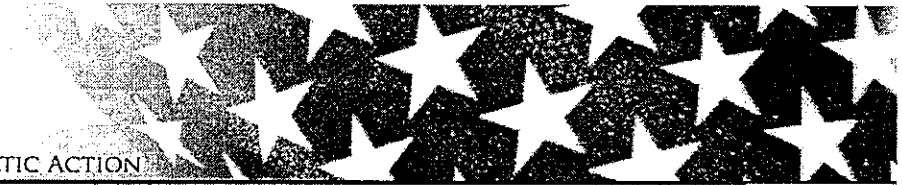
Furthermore, allowing only selected insurers onto the board is unfair to insurers not on the board, as insurers on the board would have a clear inside advantage over those that don't. AARP recognizes that insurers have an important role in the establishment of the Hawaii Health Connector and can contribute necessary information and input. It is more appropriate that insurers be appointed to non-voting advisory or standing committees reporting to the board.

In summary, consumers are best served if all insurers are excluded from serving on the board of the Hawaii Health Connector.

Thank you for the opportunity to submit testimony.



AMERICANS FOR DEMOCRATIC ACTION



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March 21, 2012

TO: Chair Rosalyn Baker, Vice Chair Brian Taniguchi
Members of the Senate Committee on Commerce and Consumer Affairs

FROM: Americans for Democratic Action/Hawaii
Barbara Polk, Legislative Chair

SUBJECT: OPPOSITION TO GM 625: APPOINTMENT OF JENNIFER DIESMAN

Americans for Democratic Action/Hawaii opposes the appointment of Jennifer Diesman to the Board of the Hawaii Health Connector because of a conflict of interest between her duties as an employee of Hawaii Medical Services Association and the responsibilities of the Board.

Although Act 205 of the 2011 Hawaii State Legislature calls for including insurance providers on the Board, this Act is currently under major revision House, including the exclusion of insurance providers from the Board. As such, it is inappropriate to confirm this appointment at this time.

The House Committee on Consumer Protection and Commerce recognized, as have 6 states, that having insurers on a Board to design and oversee a health insurance exchange is a conflict of interest, since insurance companies have a great deal to gain by tipping the design in their own favor. At last count, fifteen other states are currently considering excluding insurers from such Boards.

Some may wonder whether it is really important to take insurers off the Board. Following are instances of ways in which the Interim Board for the HHC has demonstrated their bias in favor of health insurers rather than consumers and failed to act with openness toward the public:

- A. Recommending separate pools for small groups and individuals, which will raise the costs for individual consumers and perhaps also for the small groups.
- B. Deciding that employers must enroll all or none of their employees in a Connector plan, thereby limiting employer and employee choices of health plans. The Federal Affordable Care Act was designed to increase choice, not decrease it.
- C. Planning a computer system that will not allow individual consumers to see the rates for small employers or vice versa, thereby violating the intent of the Affordable Care Act to increase transparency in insurance rates and plans.
- D. Deciding to allow insurance producers to sell insurance products to small business owners in competition with the Health Connector. This will allow insurance producers to cherry-pick the

low risk businesses, resulting in higher rates for others, rates that may eventually have to be subsidized by state funds.

E. Passing a "Conflict of Interest" policy, the purpose of which is stated as "to protect the interest of this nonprofit corporation," NOT to protect the interests of the general public or insurance consumers. The provisions of this policy do not permit a challenge with regard to conflict of interest from anyone outside the Board, and all discussions of conflict of interest within the Board will be shielded from public scrutiny by being held in executive session. In addition, this policy recognizes conflict of interest only in making agreements or awarding contracts, not in rule making or design of the system.

F. Making little effort to obtain input from consumer advocates, especially from advocates for individual consumers. Almost all of the Interim Boards meetings have been held in private locations (most at the HMSA headquarters). The Interim Board's practice of scheduling of time for public input at the end of a meeting, after all decisions have been made, does not provide for the Board's consideration of consumer viewpoints.

G. Failure to abide by the state's Sunshine Laws, calling into question the degree to which the Board is prepared to serve the public interest. Agenda do not conform to the Sunshine Laws, nor does notice of executive session.

H. Failure to pass rules pertaining to ethics. Because the Board will be able to make and change its own rules, it will not be subject to State ethics laws.

I. We also note that the State, on recommendation of the Health Insurance Exchange Task Force, on which she served, chose not to apply for a federal grant to fund a consumer advocate, despite the fact that the Task Force and Interim Board contained only two consumer representatives. Nor has the Interim Board moved to apply.

Because of the track record of the Interim Board, and the obvious conflict of interest of some of its members, including Jennifer Diesman, we ask that her appointment not be confirmed.

March 21, 2012

Senator Roz Baker, Chair,
Senator Brian Taniguchi, Vice Chair,
Senate Committee on Commerce and Consumer Affairs
Hawaii State Capitol, Room 229

Re: GM 625 Jennifer Diesman, HMSA

This testimony is in opposition to the appointment of Jennifer Diesman, HMSA to the permanent Board of the Health Connector. Opposition to this appointment is in no way related to the candidates personal character or professional qualifications, which are assumed to be excellent. Opposition is completely focused on the inappropriateness of having representatives of insurers on the Board due to conflict of interest.

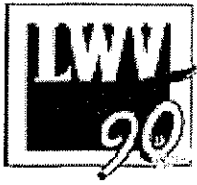
Board members as presently constituted, including this candidate who is being nominated as a permanent member of the Health Connector, have a clear conflict of interest—they will be setting the rules and the rates that will substantially affect their income and profit.

It is contrary to good public policy to allow board membership to individuals representing organizations that will gain financially from decisions made by the board.

Thank you for the opportunity to testify on this matter.

Sincerely,

Gail Breakey, RN, MPH
Co-Chair, Progressive Democrats of Hawaii



LEAGUE OF
WOMEN VOTERS*

League of Women Voters of Hawaii

49 South Hotel Street, Room 314 | Honolulu, HI 96813

www.lwv-hawaii.com | 808.531.7448 | voters@lwv-hawaii.com

Committee on Commerce and Consumer Protection
Senator Rosalyn H. Baker, Chair and Senator Brian T. Taniguchi, Vice Chair

Friday, March 23, 2012 Room 229
GM 625 — BOARD OF DIRECTORS OF THE HAWAII HEALTH CONNECTOR

TESTIMONY

Janet Mason, Vice-President, League of Women Voters of Hawaii

Chair Baker, Vice Chair Taniguchi and Committee Members:

The League of Women Voters of Hawaii opposes the confirmation of Jennifer Diesman to the Board of Directors of the Hawaii Health Connector. Ms. Daniely was nominated as a health insurer representative and we do not believe it is appropriate for insurers or insurance producers to serve on this Board.

Thank you for the opportunity to submit testimony.

**STATEMENT OF
MARY D WAGNER
BEFORE THE
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION**

Friday, March 23, 2009

9:00 A.M.

State Capitol, Conference Room 229

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair

Senator Brian T. Taniguchi, Vice Chair

From: Mary D Wagner

Re: GM624, GM 625 & GM 628 – Appointees to the Health Insurance Exchange Board

Position: In Opposition

Chairs & Committee Members:

I, Mary D. Wagner, strongly oppose the appointment of insurer representatives to the Health Insurance Exchange Board and urge the Commerce and Consumer Protection Committee to vote NO on the appointments of Jennifer Diesman (HMSA), Joan Danieleley (Kaiser Permanente) and Faye Kurren (Hawaii Dental Service).

I urge the Commerce and Consumer Protection Committee to protect state health consumers by rejecting insurance representatives and any others who have financial interests in the Health Insurance Exchange's decisions and activities.

Because HMSA, Kaiser Permanente, and Hawaii Dental Service are health insurance entities which operate as "for profit" organizations, their first interest will always be their companies' finances and not the best interests of health consumers.

I am a Kaiser Permanente member who struggles with paying hefty monthly health insurance premiums and service co-payments. If these health insurance organizations obtain representation on the Health Insurance Exchange Board, I dread the thought of the direction of future health costs and services.

It is my understanding that the state's Health Insurance Exchange will help provide coverage to as many as 100,000 Hawaii residents who are currently without insurance. That represents a new market valued at an estimated \$300 million. I strongly doubt that the insurance representatives will put profits secondary to quality health care.

I join with others that oppose these nominees. This includes the Hawaii Coalition for Health, Advocates for Consumer Rights, Americans for Democratic Action/Hawaii, Kokua Council, Progressive Democrats

of Hawaii, United Self Help, Mental Health America of Hawaii, Hawaii Disability Rights Center, and AARP Hawaii.

I believe that Hawaii should follow the lead of California, Connecticut, Maryland, Nevada, Vermont, and Washington, which have barred insurers or brokers from serving on health insurance exchange boards, and the fifteen states in which such legislation is making its way through the legislatures.

Please limit appointments to the Health Insurance Exchange Board to health consumers – ordinary citizens.

Thank you for the opportunity to submit testimony.

To: Committee on Commerce and Consumer Protection
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

Date: March 23, 2012, 9:00am Conference Room 229

RE: GM 625 – Submitting for consideration and confirmation to the Board of Directors of the Hawaii Health Connector, Gubernatorial Nominee, Jennifer Diesman

Sen. Baker and members of the Committee:

Good morning committee members. My name is Casey Hewes and I have been a Registered Nurse here in Hawaii for ten years. I have worked in many settings including Queens and Castle Medical Center. I have also worked with Hawaii's seniors at Aloha Nursing and Rehab Centre.

I truly enjoy my work but through the years my colleagues and I have witnessed a vicious cycle of local insurance companies becoming more and more central to the delivery of care. I speak for the nursing community when I say local insurance companies have become too influential in the health care process here in Hawaii.

I am writing this testimony in opposition of the appointment of Jennifer Diesman of HMSA, from sitting on the Board of the Hawaii Health Connector.

As you can clearly see this is a conflict of interest. This appointment will exacerbate the problem and not work towards the solution of affordable and comprehensive health care for the citizens of Hawaii.

Thank you for your time and consideration.

Sincerely,


Casey Hewes

Testimony for CPN 3/23/2012 9:00:00 AM GM628

Conference room: 229
Testifier position: Oppose
Testifier will be present: Yes
Submitted by: Barbara J. Service
Organization: Individual
E-mail: barbarajservice@gmail.com
Submitted on: 3/22/2012

Comments:
(I hope this is not a duplicate)

I am Barbara Service. I am an AARP volunteer and I live in Representative District 19, Senate District 8.

I am encouraging you to vote against confirmation of Jennifer Diesman to the Board of Directors of the Hawai'i Health Connector. Ms Kurren is a representative of HMSA,

Mahalo for the opportunity to present testimony.

Barbara J. Service

Testimony for CPN 3/23/2012 9:00:00 AM GM625

Conference room: 229

Testifier position: Oppose

Testifier will be present: Yes

Submitted by: T.J. Davies

Organization: AARP Chapter 60 & kokua Council

E-mail: tjdavies@juno.com

Submitted on: 3/22/2012

Comments:

Testimony for CPN 3/23/2012 9:00:00 AM GM625

Conference room: 229
Testifier position: Oppose
Testifier will be present: No
Submitted by: Fritz Fritschel
Organization: Individual
E-mail: fritlang@msn.com
Submitted on: 3/22/2012

Comments:

The Board of the Hawaii Health Connector should not be composed of people who represent institutions that stand to benefit financially from policies and rates that they decide on. I oppose the appointment of Jennifer Deisman to Board in question.

Hawaii Health Connector Board
Personal Statement – Jennifer Diesman

Not since the passage of the landmark Prepaid Health Care Act in 1974 has the State of Hawaii been offered a chance to revolutionize its health care system. Passage of the federal Affordable Care Act (ACA) affords us the opportunity to mold a health care system for the 21st century and beyond. I am honored to have been selected to serve as a member of the interim Board and am proud of the work which has been accomplished to date. That being said, the work of the Connector is truly just beginning and there is still much to be done. I look forward to continuing to build upon the strong foundation established by the interim Board to ensure the successful creation of Hawaii's Exchange by providing expertise and advice from a health plan's perspective.

The Hawaii Health Connector was established by Act 205 Session Laws of Hawaii 2011 to create and administer a health insurance exchange that is compliant with the ACA. The statute also created a Board of Directors and required that members come from a diversity of experience. First as a task force convened by the Insurance Commissioner, then as the interim Board and soon to be established as a permanent Board, this group has met regularly to help guide the creation and implementation of the Connector. Fortunately the makeup of these governing bodies has remained steady and has included representation from across the health care spectrum, bringing a wide variety of skills and knowledge to the table to assist the Connector. The Connector's tasks are huge, some might say larger than those faced by mainland counterparts due to our unique geography, culture and existing system. The Connector Board will continue to utilize its vast experience to guide the creation of the Exchange in a way that makes quality health care coverage in Hawaii more accessible and affordable.

As an employee of the Hawaii Medical Service Association, I have been intimately involved with health care policy development in Hawaii for over 13 years. In my years of experience in this role, I have worked closely with both public and private entities across the health care spectrum. I recently was elected to serve as President of the Hawaii Association of Health Plans, the non-profit organization consisting of eight member health plan organizations whose mission is to promote initiatives aimed at improving the overall health of people in Hawaii. And, I serve on the Executive Committee and as a Board member of the Hawaii Health Information Exchange, the State-designed nonprofit responsible for managing a system that securely exchanges information across the broad spectrum of persons and institutions delivering health care to the individual patient. I believe that my experience qualifies me to continue to serve as an important resource to the Hawaii Health Connector and hope that the Committee sees fit to approve my membership as part of the permanent Board.