



EXECUTIVE CHAMBERS

HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

**HOUSE COMMITTEE ON HEALTH**  
**Representative Ryan I. Yamane, Chair**  
**Representative Dee Morikawa, Vice Chair**

**January 27, 2012**  
**9:00 a.m. Room 329**

**Support for HB 1736 with Proposed Amendments**  
**Relating to the Hawaii Health Insurance Exchange**

**Presented by Beth Giesting, Healthcare Transformation Coordinator**

Chair Yamane, Vice-Chair Morikawa, members of the Health Committee, the Office of the Governor supports House Bill 1736 with the amendments proposed to you as HD 1 by Ms. Coral Andrews, executive director of the Health Insurance Connector.

Thank you for the opportunity to support this legislation.



NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR

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INSURANCE DIVISION  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
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KEALPI S. LOPEZ  
DIRECTOR

GORDON I. ITO  
INSURANCE COMMISSIONER

TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2012

Friday, January 27, 2012  
9:00 a.m.

**TESTIMONY ON HOUSE BILL NO. 1736 – RELATING TO THE HAWAII HEALTH INSURANCE EXCHANGE.**

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 supports the intent of this bill which clarifies that there shall be a separate market for individual and small group health insurance, establishes a navigator program and inserts needed definitions, with respect to the Hawaii Health Connector (“Connector”).

While the Department supports these changes because clarification to the Connector enabling statute is beneficial to the Connector, we wish to point out that the discussion on line 7 of page 1 of the bill of a “risk pool” that is separate may not be sufficient to achieve the intent of the bill. Risk pooling is an action that will be taken by the health insurers, not the Connector. Therefore, the mandate to have separate risk pools for the individual and small group health insurance markets should be directed at the health insurers that seek to participate in the Connector.

We thank the Committee for the opportunity to present testimony on this matter.

Testimony of  
Phyllis Dendle  
Director of Government Relations

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

January 27, 2012  
9:00am  
Conference Room 329

**HB 1736 RELATING TO THE HAWAII HEALTH INSURANCE EXCHANGE**

Chair Yamane and committee members, thank you for this opportunity to provide testimony on HB 1736 which amends the law concerning the Hawaii Health Connector.

**Kaiser Permanente Hawaii supports this bill.**

We had the opportunity to work on the Hawaii Health Connector established by the legislature in 2011. The bill before you is in answer to the request of the legislature for proposed amendments to make necessary clarifications to the law. We support this bill and the amendment proposed in the testimony of the Hawaii Health Connector.

The HHC will make it easy for individuals and small businesses to learn about, compare and purchase health insurance. It will enable participants to receive subsidies from the federal government to assist them in affording health care. It provides a real opportunity to expand insurance coverage to include those currently uninsured. We urge this committee to support these amendments that will contribute to bringing the connector to fruition.

Thank you for your consideration.

# HMSA



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January 27, 2012

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

House Committee on Health

**Re: HB 1736 – 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 in support of HB 1736.

Pursuant to Act 205, SLH 2011, the Interim Board of Directors of the Hawaii Health Connector (Connector) submitted a report of its findings and recommendations, including proposed legislation, to the Legislature on December 29, 2011. HB 1736 reflects the Connector Board's recommendations.

HB 1736 offers for legislative authorization certain policy recommendations on the Connector Board and operations of the Connector. After due consideration, the Interim Board members agreed on the following recommendations that will provide for an efficient health insurance exchange and that meet the requirements of the Affordable Care Act:

- There will be separate programs for the individual and small group markets within a single Exchange.
- Insurers offering a qualified plan or qualified dental plan in the small group market must also offer a qualified plan in the individual market.
- Each insurer that participates in the Connector must offer qualified plans to all State residents.
- The Connector Board will select nonprofit navigators who are not insurance producers nor are insurance brokers.
- The terms for the Connector Board members will be staggered.
- Clarification of the Medicaid process by specifying that the Department of Human Services will perform eligibility determination for individuals applying through the Connector.

The Connector will be offering to this Committee a proposed HB 1736, HD1 version of the bill, and HMSA fully supports those proposed changes as well.

The Interim Board has been meeting tirelessly, but much more work remains. The development of the Connector's policies remain fluid as the federal regulations governing the ACA are pending. Consequently, the Legislature must anticipate additional statutory changes may be needed as the federal government further clarifies the ACA.

HMSA appreciates the opportunity to serve on the Connector's Interim Board, and it has been pleasure working with the other members and the Executive Director, Coral Andrews. And, particular recognition must be afforded the Insurance Commissioner Gordon Ito and his staff, particularly Lloyd Lim. While there certainly was not full agreement on every point of discussion, the Interim Board has been able to take tremendous strides in ensuring the Connector becomes fully operational by the federally mandated 2014 deadline.

We hope the Legislature supports the recommendations delineated in HB 1736, as amended in HB 1736, HD1. Thank you for the opportunity to testify in support of this legislation.

Sincerely,



Mark K. Oto  
Director  
Government Relations



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January 26, 2012

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

### Hearing:

State Capitol Room 329  
January 27, 2012, 9:00 a.m.

### HB 1736 – Relating to the Hawaii Health Insurance Exchange

Thank you for the opportunity to provide comments on HB 1736. Specifically, HB 1736:

- (1) Establishes separate individual and small group risk pools consumer protections for the Hawaii Health Insurance Exchange board of directors and establishes the basic health plan program;
- (2) Establishes a navigator program;
- (3) Provides definitions for “health benefit plan,” “individual market,” “qualified employer,” “small employer,” and “small group market”;
- (4) Requires staggered terms for connector board members; and
- (5) Clarifies the role of the Department of Human Services in Medicaid determinations.

The American Cancer Society is the nationwide, community-based, voluntary health organization dedicated to eliminating cancer as a major health problem by preventing cancer, saving lives, and diminishing suffering from cancer, through research, education, advocacy, and service. Providing access to health care is a major concern of the Society.

The American Cancer Society is tracking the implementation of health exchanges in every state. There are many critical decisions that need to be made regarding implementation, and the Society supports every effort to create a viable exchange for the benefit of consumers.

The Society has concerns over the creation of a separate individual and small group risk pools. While there are many factors that may affect the exchange, our main concern is with maintaining a healthy risk pool.

We also want to comment on the page 7, lines 9-11. We have concerns that giving an applicant the chance to decline an automatic eligibility determination could lead to confusion. It also has the potential to have eligible applicants decline an automatic determination by mistake.

HB 1736 is a step in the right direction for the Hawaii Health Insurance Exchange and we look forward continuing the discussion on such an important issue. Thank you for allowing us the opportunity to provide this testimony on this measure.

Sincerely,

A handwritten signature in black ink that reads "Cory Chun" with a horizontal line extending to the right.

Cory Chun  
Government Relations Director

# Hawaii Health Connector

P.O. Box 3767  
Honolulu, HI 96812

## COMMITTEE ON HEALTH

January 27, 2012 9:00 a.m.

State Capitol, Conference Room 329

Representative Ryan Yamane, Chair

Representative Dee Morikawa, Vice-Chair

### In Support of HB 1736 (with a proposed HD1)

Chair Yamane, Vice-Chair Morikawa and Members of the Committee,

My name is Coral Andrews, Executive Director of the Hawaii Health Connector. Thank you for the opportunity to testify in support of HB 1736 with a proposed HD1. The Hawaii Health Connector, as you are aware, was established during the 2011 State Legislative Session as SB 1348 SD2 HD3 CD1 and subsequently signed into law on July 8, 2011 with the signing of Act 205. The "Connector" is governed by an interim Board that was established by Act 205 and I have been serving as the Executive Director since December 5, 2011.

In Act 205, pg. 16, line 3, it was requested that the interim Board submit a report of its findings and recommendations, including any proposed legislation prior to the convening of the Legislative Session. HB 1736 reflects the modifications requested by the Connector interim Board; however, certain policy items necessitated additional time for discussion and subsequent approval by the interim Board in January 2012. As a result, a proposed HD1 is being offered for the committee's consideration today.

Below, I would like to highlight proposed amendments to the enabling statute. These amendments can also be referenced more fully on pages 28-33 of the Legislative report and/or in HB 1736:

1. **Separate programs for individual market and small group market; participation by insurers.** The Connector elects to establish and administer risk pools for the individual market and the small group market. Insurers that offer plans through the small group market of the Connector must also participate in the individual market of the Connector. Insurers may apply to the Insurance Commissioner for a waiver if participation in both parts of the Connector will result in insolvency. Insurers that participate in the Connector shall offer qualified plans in all geographic areas of the State.
2. **Navigator Program.** They shall conduct public education activities to raise consumer awareness of the availability of qualified health plans through the Connector; distribute fair and impartial information about enrollment in qualified health plans; and facilitate enrollment in qualified health plans. The interim Board further recommends that Navigators should be limited to non-profit organizations to insure impartiality as they facilitate enrollment in



qualified health plans through the Connector. Insurance producers are prohibited from serving as Navigators in the State.

3. **Health Benefit Plan definition.** The definition proposed in the statute was modeled after the definition found in the National Association of Insurance Commissioners model act for states' health insurance exchanges.
4. **Individual Market/Qualified Employer/Small Group market.** These definitions were added to support the creation of the individual market and small group market risk pools within the Connector.
5. **Small Employer.** The definition was added to support the creation of the individual market and small group market risk pools within the Connector and to allow for the phase in through 2016 (initially beginning with a small employer being defined as not more than 50 employees).
6. **Board Member Terms.** In order to facilitate continuity in the work of the Connector, the interim Board recommends staggered terms of office for Board members.
7. **Role of DHS in the Medicaid Eligibility Determination.** This amendment seeks to clarify the role of the Department of Human Services in the eligibility determination function associated with the Connector.

In addition to the amendments proposed in HB 1736 and described more fully in the Legislative Report, the interim Board requests the following in the HD1:

1. **Board Appointment.** Language that clarifies the schedule of and appointing authority of the Governor in the selection of the Connector Board of Directors.

With the proposed amendments, the Connector stands in strong support of HB 1736 proposed HD1. Thank you for the opportunity to testify.



**Testimony to the House Committee on Health  
Friday, January 27, 2012  
9:00 a.m.  
State Capitol - Conference Room 329**

**RE: HOUSE BILL NO. 1736 RELATING TO THE HAWAII HEALTH INSURANCE  
EXCHANGE**

Chair Yamane, Vice Chair Morikawa, and members of the committee:

The Chamber of Commerce of Hawaii ("The Chamber") supports HB 1736 relating to the Hawaii Health Insurance Exchange.

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

Quality healthcare is vital to the welfare of Hawaii's citizens and its economy. It provides essential and critical care for our families and serves to attract and retain Hawaii's professional workforce, new companies, and even tourists to our state. As such, the health care industry also plays a crucial role in the economic development and sustainability of our state and all of Hawaii's businesses. Therefore, it is critical that we continue to support improvements to the healthcare system and ensure access to medical care.

As such, the Chamber fully supports HB 1736 and the proposed changes. Thank you for the opportunity to submit testimony.

## **morikawa2 - Grant**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, January 25, 2012 9:46 PM  
**To:** HLTtestimony  
**Cc:** robertscottwall@yahoo.com  
**Subject:** Testimony for HB1736 on 1/27/2012 9:00:00 AM

Testimony for HLT 1/27/2012 9:00:00 AM HB1736

Conference room: 329  
Testifier position: Support  
Testifier will be present: Yes  
Submitted by: Scott Wall  
Organization: Individual  
E-mail: [robertscottwall@yahoo.com](mailto:robertscottwall@yahoo.com)  
Submitted on: 1/25/2012

Comments:  
I strongly support this bill.