



STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
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February 10, 2012

To: The Honorable Josh Green, M.D., Chair,
The Honorable Clarence Nishihara, Vice Chair, and
Members of the Senate Committee on Health

Date: Friday, February 10, 2012
Time: 1:30 p.m.
Place: Conference Room 229, State Capitol

From: Dwight Y. Takamine, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. No. 2085 Relating to the Hawaii Health Insurance Exchange

I. OVERVIEW OF PROPOSED LEGISLATION

This bill proposes to amend Chapter 435-H, SLH, by:

- Defining "consumer" in the Health Insurance Exchange Board;
- Strengthening statewide consumer and business representation on the Health Insurance Exchange Board;
- Addressing conflicts of interest on the Health Insurance Exchange Board by eliminating representation by insurers from serving on the board;
- Clarifying that representation by providers is not limited to dental providers; and
- Requiring the Hawaii Health Insurance Exchange to offer a basic health plan.

II. CURRENT LAW

The current law does not define "consumer"; does not require statewide representation on the board; provides for insurance and dental benefit provider representatives on the board; and does not provide for a basic health plan.

With respect to the composition of the board, Act 205, SLH 2011, provides for fifteen members representing various interests on the Health Insurance Exchange. Three members on the board represent health or dental insurance plans that provide insurance throughout the State.

III. COMMENTS ON THE SENATE BILL

The department appreciates the overall concept of this bill, which is to assure the public that the Hawaii Health Insurance Exchange operates in a fair and transparent fashion. During the inception period of the Hawaii Health Insurance Exchange (to be known as the Hawaii Health Connector), it is vital that the statutes and the rules and regulations are promulgated in a manner that results in fair and effective operations that are free of conflicts of interest.

The department notes that similar legislation was enacted in 2003 (Act 206) to ensure fairness and avoid conflicts of interest on the Prepaid Health Care Advisory Council "Council".