

# SB2434

**Measure Title:** RELATING TO THE HAWAII HEALTH INSURANCE EXCHANGE.

**Report Title:** Hawaii Health Insurance Exchange

**Description:** Specifies that the Hawaii health connector shall establish separate risk pools for the individual market and the small group market. Establishes staggered terms for board members. Clarifies qualifications of and restrictions on navigators. Clarifies role of DHS in determining medicaid eligibility. Effective 7/1/12.

**Companion:** HB1736

**Package:** None

**Current Referral:** CPN/HTH/HMS

**Introducer(s):** BAKER, CHUN OAKLAND, GREEN, KIDANI, TSUTSUI, Dela Cruz, Espero, Fukunaga, Galuteria, Ige, Ihara, Nishihara, Taniguchi, Tokuda

| <u>Sort by Date</u> |   | Status Text                                                                                               |
|---------------------|---|-----------------------------------------------------------------------------------------------------------|
| 1/20/2012           | S | Introduced.                                                                                               |
| 1/23/2012           | S | Passed First Reading.                                                                                     |
| 1/23/2012           | S | Referred to HTH/HMS, CPN.                                                                                 |
| 1/27/2012           | S | Re-Referred to CPN/HTH/HMS.                                                                               |
| 2/2/2012            | S | The committee(s) on CPN/HTH/HMS has scheduled a public hearing on 02-15-12 9:30AM in conference room 229. |

# Hawaii Health Connector

P.O. Box 3767  
Honolulu, HI 96812

## COMMITTEE ON COMMERCE & CONSUMER PROTECTION COMMITTEE ON HEALTH

February 15, 2012 9:30 a.m.

State Capitol, Conference Room 229

Senator Roz Baker, Chair (Commerce & Consumer Protection)

Senator Brian Taniguchi, Vice-Chair

Senator Josh Green, Chair (Health)

Senator Clarence Nishihara, Vice-Chair

### IN SUPPORT OF SB 2434, proposed SD1

Chairs Baker and Green, Vice-Chairs Taniguchi and Nishihara, Members of the Committees:

My name is Coral Andrews, Executive Director of the Hawaii Health Connector. Thank you for the opportunity to testify in support of SB 2434, with a proposed SD1. 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. SB 2434 proposed SD1 reflects the modifications requested by the Connector interim Board and subsequent clarifications achieved following the hearing on HB 1736, HD1 (companion).

Below, I have highlighted the amendments to the enabling statute that were incorporated into the proposed SD1 following the hearing by the House Committee on Health. These incorporated amendments can also be referenced more fully on pages 28-33 of the Legislative report:

1. **Separate programs for individual market and small group market; participation by insurers.** The Connector elects to establish and administer programs that offer plans through the small group market of the Connector and the individual market of the Connector. Qualified health plans must offer options in both markets unless they qualify for a waiver. 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. Maintaining the risk pools is the responsibility of the insurers.
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. The language included in the proposed SD1 mirrors the proposed regulations for the corresponding section in the federal statute.

In addition to those amendments from the Legislative Report that were incorporated into the proposed SD1, the interim Board also included the following policy clarification in the proposed SD1:

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

This testimony seeks to provide background information to the Committee for the purpose of highlighting the amendments that were included in SB 2434, proposed SD1. The Connector stands in strong support of SB 2434, proposed SD1. Thank you for the opportunity to testify.

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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:**

1           SECTION 1. Chapter 435H, Hawaii Revised Statutes, is  
2 amended by adding two new sections to be appropriately  
3 designated and to read as follows:

4           "§435H-       Separate programs for individual market and  
5 small group market; participation by insurers. (a) The  
6 connector shall establish and administer:

7           (1) One separate program to serve the individual market;  
8           and

9           (2) One separate program to serve the small group market;  
10 which shall operate in a manner consistent with the provisions  
11 of this chapter and the Federal Act.

12           (b) Any insurer that offers a qualified plan or qualified  
13 dental plan to the small group market of the connector shall  
14 also offer qualified plans or qualified dental plans,  
15 respectively, to the individual market of the connector;  
16 provided that the insurance commissioner may grant a waiver to  
17 this requirement to an insurer that demonstrates that compliance

1 with this subsection will likely result in insolvency or other  
2 extreme economic hardship for that insurer.

3 (c) Any insurer that participates in the connector shall  
4 offer qualified plans that are available to all properly  
5 qualified residents of this State.

6 (d) Any insurer that offers a qualified plan through the  
7 Connector shall establish a separate risk pool for its qualified  
8 plans offered in the individual market and for its qualified  
9 plans offered in the small group market.

10 §435H- Navigator program. (a) The board shall  
11 establish a navigator program that is consistent with section  
12 1311(i) of the Federal Act.

13 (b) The connector may award grants to entities that are  
14 selected by the board to serve as navigators; provided that  
15 recipients of navigator grants shall:

16 (1) Be nonprofit entities organized under chapter 414D;

17 (2) Meet requirements for navigators specified in section  
18 1311(i) of the Federal Act; and

19 (3) Meet any additional requirements established by the  
20 board; or

1       (4) Notwithstanding paragraphs (1), (2), or (3) to the  
2       contrary, comply with all provisions that are  
3       otherwise required by federal law;  
4 provided further that an insurance producer or insurance broker  
5 shall not serve as a navigator.

6       (c) Federal funds received by the State to establish the  
7 connector shall not be used to fund grants to navigators."

8       SECTION 2. Section 435H-1, Hawaii Revised Statutes, is  
9 amended by adding five new definitions to be appropriately  
10 inserted and to read:

11       "Health benefit plan" means a policy, contract,  
12 certificate, or agreement offered, delivered, issued for  
13 delivery, renewed, amended, or continued in the State by an  
14 insurer to provide, deliver, arrange, pay for, or reimburse any  
15 of the costs of health care services. "Health benefit plan"  
16 shall not include:

17       (1) Coverage for only accident or disability income  
18       insurance, or any combination thereof;

19       (2) Coverage issued as a supplement to liability  
20       insurance;

21       (3) Liability insurance, including general liability  
22       insurance and motor vehicle liability insurance;

- 1       (4) Workers' compensation or similar insurance;
- 2       (5) Motor vehicle personal injury protection insurance;
- 3       (6) Credit-only insurance;
- 4       (7) Coverage for on-site medical clinics; and
- 5       (8) Other insurance coverage under which benefits for  
6       health care services are secondary or incidental to  
7       other insurance benefits;
- 8       (9) The following benefits if the benefits are provided  
9       under a separate policy, certificate, or contract of  
10       insurance or are otherwise not an integral part of the  
11       plan:
  - 12       (A) Limited scope dental or vision benefits; and
  - 13       (B) Benefits for long-term care, nursing home care,  
14       home health care, community-based care, or any  
15       combination thereof;
- 16       (10) The following benefits if the benefits are provided  
17       under a separate policy, certificate, or contract of  
18       insurance, there is no coordination between the  
19       provision of the benefits and any exclusion of  
20       benefits under any group health plan maintained by the  
21       same plan sponsor, and the benefits are paid with  
22       respect to an event without regard to whether benefits

1           are provided with respect to the event under any group  
2           health plan maintained by the same insurer:

3           (A) Coverage only for a specified disease or illness;  
4           and

5           (B) Hospital indemnity or other fixed indemnity  
6           insurance; and

7       (11) The following if offered as a separate policy,  
8       certificate, or contract of insurance:

9           (A) Medicare supplemental health insurance as defined  
10           under section 1882(g)(1) of the Social Security  
11           Act;

12           (B) Coverage supplemental to the coverage provided  
13           under Chapter 55 of Title 10, United States Code,  
14           as amended; and

15           (C) Similar coverage provided to supplement coverage  
16           under a group health plan.

17       "Individual market" means the market for health insurance  
18       coverage offered to individuals other than in connection with a  
19       group health plan.

20       "Qualified employer" means a small employer that elects to  
21       make, at a minimum, all of its full-time employees eligible for



1 one or more qualified plans in the small group market offered  
2 through the connector.

3 "Small employer" means an employer who employed an average  
4 of at least one and not more than fifty employees on business  
5 days during the preceding calendar year and who employs at least  
6 one employee on the first day of the plan year. Beginning  
7 January 1, 2016, "small employer" means an employer who employed  
8 an average of at least one and not more than one hundred  
9 employees on business days during the preceding calendar year  
10 and who employs at least one employee on the first day of the  
11 plan year.

12 "Small group market" means the health insurance market  
13 under which individuals obtain health insurance coverage on  
14 behalf of themselves and their dependents through a group health  
15 plan maintained by a small employer."

16 SECTION 3. Section 435H-4, Hawaii Revised Statutes, is  
17 amended:

18 1. By amending subsection (a) to read as follows:

19 "(a) The Hawaii health connector shall be a nonprofit  
20 entity governed by a board of directors that shall comprise  
21 fifteen members appointed by the governor and with the advice  
22 and consent of the senate pursuant to section 26-34; provided

1 that the governor shall submit nominations to the senate for  
2 advice and consent no later than February 1, 2012[~~+~~], and no  
3 later than February 1 in any year thereafter in which  
4 nominations are made; and provided further that the senate shall  
5 timely advise and consent to nominations for terms to begin July  
6 1, 2012[~~+~~], and no later than July 1 in any year thereafter in  
7 which nominations are made. Members of the interim board shall  
8 be eligible for appointment to the board."

9 2. By amending subsection (c) to read as follows:

10 "(c) Board members shall serve staggered terms [~~and the~~  
11 ~~interim board shall recommend an appropriate schedule for~~  
12 ~~staggered terms; provided that this]~~ and shall be appointed to  
13 terms of four years; provided that of the initial appointees,  
14 five shall be appointed to a two-year term, and five shall be  
15 appointed to a three-year term. Each member shall hold office  
16 until the member's successor is appointed and qualified. This  
17 subsection shall not apply to ex-officio members, who shall  
18 serve during their entire term of office."

19 SECTION 4. Section 435H-7, Hawaii Revised Statutes, is  
20 amended to read as follows:

21 "[~~+~~]**§435H-7[~~+~~]** Eligibility determination for applicants in  
22 medicaid adult and children's health insurance program. The

1 department of human services shall be the agency to determine  
2 qualifications and eligibility of individuals to participate in  
3 medicaid [adult] or children's health insurance programs. [The  
4 agency's determination of eligibility shall enable qualified  
5 individuals and authorized adults on behalf of qualified  
6 children to purchase qualified plans and qualified dental plans  
7 from the connector. The department of human services shall  
8 verify for the connector individuals and children able to  
9 participate in subsidized plans purchased through the  
10 connector.] The agency shall make a determination of eligibility  
11 for each individual who applies through the connector unless the  
12 applicant declines an eligibility determination."

13 SECTION 5. If any provision of this Act, or the  
14 application thereof to any person or circumstance, is held  
15 invalid, the invalidity does not affect other provisions or  
16 applications of the Act that can be given effect without the  
17 invalid provision or application, and to this end the provisions  
18 of this Act are severable.

19 SECTION 6. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.

21 SECTION 7. This Act shall take effect on July 1, 2012.

22



**Report Title:**

Hawaii Health Insurance Exchange

**Description:**

Specifies that the Hawaii health connector shall establish a program for the individual market and the small group market. Establishes staggered terms for board members. Clarifies qualifications of and restrictions on navigators. Clarifies role of DHS in determining medicaid eligibility. Effective 7/1/12. (PROPOSED SD1)

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



## THE OFFICIAL SPONSOR OF BIRTHDAYS.™

February 14, 2012

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

Senate Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

Senate Committee on Human Services  
Senator Suzanne Chun Oakland, Chair  
Senator Les Ihara, Jr., Vice Chair

### **Hearing:**

State Capitol Room 229  
February 15, 2012, 9:30 a.m.

### **SB 2434, HD1 – Relating to the Hawaii Health Insurance Exchange**

Thank you for the opportunity to provide comments on HBSB 2434. Specifically, this measure:

- (1) Establishes separate individual and small group risk pools for the Hawaii Health Insurance Exchange;
- (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. The size of the exchange allows for costs to be spread over more participants in the exchange. By splitting the exchange into two separate risk pools, there is concern over whether the two risk pools can sustain the growing costs of health care going forward.

Thank you for allowing us the opportunity to provide testimony on this measure.

Sincerely,

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

Cory Chun  
Government Relations Director



**Testimony to the Senate Committees on Commerce and Consumer Protection,  
Health, and Human Services  
Wednesday, February 15, 2012  
9:30 a.m.  
State Capitol - Conference Room 229**

**RE: SENATE BILL NO. 2434 RELATING TO THE HAWAII HEALTH INSURANCE  
EXCHANGE**

Chairs Baker, Green and Chun Oakland, Vice Chairs Taniguchi, Nishihara and Ihara, and members of the committees:

The Chamber of Commerce of Hawaii ("The Chamber") supports SB 2434 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 supports the State's effort in building a Health Insurance Exchange as mandated by the Affordable Care Act.

The Chamber has been an active participant on the task force and most recently, on the Interim Board, which was established by the Legislature in 2011. We embrace the vision and mission of the HIE. Therefore, we support this measure that proposes to make necessary clarifications to the law.

Thank you for the opportunity to submit testimony.





**HPCA**

HAWAII PRIMARY CARE ASSOCIATION

**Senate Committee on Commerce and Consumer Protection**

The Hon. Rosalyn H. Baker, Chair

The Hon. Brian T. Taniguchi, Vice Chair

**Senate Committee on Health**

The Hon. Josh Green, Chair

The Hon. Clarence K. Nishihara, Vice Chair

**Senate Committee on Human Services**

The Hon. Suzanne Chun Oakland, Chair

The Hon. Les Ihara, Jr., Vice Chair

**Concerns RE: Senate Bill 2434**

**Relating to the Hawai'i Health Insurance Exchange**

**Submitted by Nani Medeiros, Policy and Public Affairs Director**

**February 15, 2012, 9:30 a.m., Room 229**

The Hawai'i Primary Care Association, which represents community health centers in Hawai'i has the following concerns with Senate Bill 2434.

1. An insurance exchange relies on a large number of consumers to minimize the associated risk for all purchasers. Already the State of Hawaii is at a disadvantage in this regard because the Prepaid Healthcare Act covers such a large percentage of working individuals (a point highlighted by Herb Schultz, Regional Director HHS Region IX.) If the exchange were to be further parsed into individual and small market options, the smaller pools would be much more susceptible to associated risk. This susceptibility simultaneously **reduces the consumer's purchasing leverage and enhances the bargaining power of insurers**. Such a situation would stand in stark contradiction to the legislative intent of ACA in creating insurance exchanges: **to support consumers and small businesses**.

The federal Affordable Care Act (ACA) allows states to establish one exchange that provides both individual and small market (Small Business Health Options Program) services, but **only** if the exchange has adequate resources to assist such individuals and employers. We recommend an evaluation of the resources available to the exchange to verify that it can provide services to both markets as proposed in this bill, taking into consideration the higher costs associated with separating the risk pools (making them smaller) for individual and small group markets.

2. Requiring that navigators be nonprofit entities under Chapter 414D, Hawai'i Revised Statutes, is a far more narrow definition than allowed under the federal Act. The ACA allows eligible entities to include trade, industry, professional associations, commercial fishing industry organizations, ranching and farming organizations, community and consumer-focused nonprofit groups, chambers of commerce, unions, resource partners of the Small Business Administration, other licensed insurance agents and brokers, and other entities capable of carrying out the required duties and can meet required standards and provide required information. Limiting navigators to nonprofits may significantly reduce the number of effective navigators in Hawai'i.
3. The proposed definition of a "health benefit plan" may be inconsistent with services in the ten required categories of the essential health benefits package in the federal Act. Specifically, it is not clear what is meant in numbers (7), (8), (9), and (10) of "health benefit plan" and we have not been able to receive clarification from the Connector board on this language despite numerous attempts for them to explain it. The ACA required categories are:
  - a. Ambulatory patient services.
  - b. Emergency services.
  - c. Hospitalization.
  - d. Maternity and newborn care.
  - e. Mental health and substance use disorder services, including behavioral health treatment.
  - f. Prescription drugs.
  - g. Rehabilitative and habilitative services and devices.
  - h. Laboratory services.
  - i. Preventive and wellness services and chronic disease management.
  - j. Pediatric services, including oral and vision care.

We think restating the categories in ACA and the Hawai'i Connector's compliance with them in the affirmative rather than adopting language from the NAIC model in the negative will produce a clear statute and compliance with federal law.

We understand that the LRB report which put forth these recommendations was recently completed on December 29, 2011. We are hopeful that these questions and concerns can be clarified, or addressed, as this and other measures relating to the Hawai'i Health Connector move through the public hearing process at the legislature.

Thank you for the opportunity to offer public comments.



February 15, 2012

The Honorable Rosalyn Baker, Chair  
The Honorable Josh Green, M.D., Chair  
The Honorable Suzanne Chun Oakland, Chair

House Committees on Commerce & Consumer Protection, Health, and Human Services

**Re: SB 2434 – Relating to the Hawaii Health Insurance Exchange**

Dear Chair Baker, Chair Green, Chair Chun Oakland, and Members of the Committees:

My name is Richard Jackson and I am chair of the Public Policy Committee of the Hawaii Association of Health Plans (HAHP). HAHP is a non-profit organization consisting of eight (8) member organizations: AlohaCare, HMAA, HMSA, HWMG, Kaiser Permanente, MDX Hawai'i, UHA, and UnitedHealthcare. Our mission is to promote initiatives aimed at improving the overall health of Hawaii. HAHP is also active participants in the legislative process. Before providing any testimony, all HAHP member organizations must be in unanimous agreement of the statement or position.

We appreciate the opportunity to provide testimony in support of SB 2434, which reflects the recommendations offered by the Interim Board of Directors of the Hawaii Health Connector.

HAHP believes that in order to best serve consumers, both individual and small group markets should be offered within a single Exchange and each insurer that participates in the Exchange should be required to offer qualified plans to all State residents. These guidelines will help ensure broader access to care and greater insurance coverage for all people of Hawaii.

We also feel that costly errors and missteps may be avoided by specifying that the Department of Human Services be responsible for performing eligibility determinations for individuals in the Medicaid program that are applying through the Exchange.

HAHP supports the other policy recommendations of the Interim Board and believes that these proposals will be in the best interest for both consumers and health plans in the health insurance exchange. Their recommendations also meet the requirements mandated by the Affordable Care Act.

Thank you for allowing us to testify in support of SB 2434 today.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Jackson", is written over a white rectangular area.

Richard Jackson  
Chair  
HAHP Public Policy Committee

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 15, 2012

The Honorable Rosalyn Baker, Chair  
The Honorable Josh Green, M.D., Chair  
The Honorable Suzanne Chun Oakland, Chair

Senate Committees on Commerce & Consumer Protection, Health, and Human Services

**Re: SB 2434 – Relating to the Hawaii Health Insurance Exchange**

Dear Chairs Baker, Green, and Chun Oakland and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of SB 2434.

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. SB 2434 reflects the Connector Board's recommendations.

SB 2434 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 Interim Board has been meeting tirelessly, but much more work remains. The development of the Connector's policies continue to be 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.

Thank you for the opportunity to testify in support of this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read 'JDiesman', with a long horizontal flourish extending to the right.

Jennifer Diesman  
Vice President  
Government Relations



94-450 Mokuola Street, Suite 106, Waipahu, HI 96767  
808.675.7300 | [www.ohanahealthplan.com](http://www.ohanahealthplan.com)

Wednesday, February 15, 2012

To: The Honorable Rosalyn H. Baker  
Chair, Senate Committee on Commerce and Consumer Protection

The Honorable Joshua B. Green, M.D.  
Chair, Senate Committee on Health

The Honorable Suzanne Chun Oakland  
Chair, Senate Committee on Human Services

From: 'Ohana Health Plan

Re: Senate Bill 2434-Relating to the Hawaii Health Insurance Exchange

Hearing: Wednesday, February 15, 2012, 9:30 a.m.  
Hawai'i State Capitol, Room 229

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'Ohana Health Plan is managed by a local team of experienced health care professionals who embrace cultural diversity, advocate preventative care and facilitate communications between members and providers. Our philosophy is to place members and their families at the center of the health care continuum.

'Ohana Health Plan is offered by WellCare Health Insurance of Arizona, Inc. WellCare provides managed care services exclusively for government-sponsored health care programs serving approximately 2.4 million Medicaid and Medicare members nationwide. 'Ohana has been able to take WellCare's national experience and that of our local team to develop an 'Ohana care model that addresses local members' health care, long-term care and care coordination needs.

We appreciate this opportunity to testify to submit testimony in support of Senate Bill 2434-Relating to the Hawaii Health Insurance Exchange. The purpose of this measure is to specify that the Hawaii Health Connector establish a separate program and risk pool to serve the individual market and a separate program and risk pool to serve the small group market, establish staggered terms for board members, clarify qualifications of and restrictions on navigators, and to clarify the role of the Department of Human Services in determining Medicaid eligibility.

The separation of risk pools in the individual and small group markets serves to level the playing field inside and outside of the Exchange, reducing the potential for excessive premium growth or instability in markets inside or outside of the Exchange. We also support the staggering of the Connector Board appointees as it will ensure a line of continuity in these important discussions surrounding the increase in accessibility to health care coverage in Hawai'i.

We would also like to take this opportunity to encourage the committee to consider amending the bill to include authorizing language for a Basic Health Plan (BHP) option so as to give the Administration and the Connector Board the statutory ability to move forward with a BHP should they choose to do so.

The inclusion of a BHP in the Health Insurance Exchange will offer a high-quality, cost-effective mechanism for providing health coverage for low-income populations. Individuals and families under 200% of poverty frequently change jobs and often experience fluctuations in income. In the past, this meant that they churned, or moved back and forth, between public coverage like Medicaid and CHIP and uninsured status. Since BHP health plans can and should be designed to coordinate seamlessly with Medicaid and CHIP - using the same providers, rate schedules and health plans - BHP enrollees will be able to obtain uninterrupted care even if their source of coverage changes.

We would also recommend that Hawaii's BHP leverage its existing robust QUEST, QxEA and CHIP health plan community in order to allow families in which parents and children are eligible for varying affordability programs to maintain coverage in the same plan, rather than having parents and children divided between various coverage sources.

'Ohana would recommend that QUEST and QxEA plans be automatically deemed as approved BHP plans. Medicaid plans have significant experience serving low-income populations and contracting with essential community providers. Medicaid managed care plans are already subject to stringent licensing and certification processes that far exceed the minimum requirements set out in the Affordable Care Act to participate as a BHP provider. Automatic deeming of QUEST plans will reduce the administrative burden on the state and facilitate rapid implementation. To further simplify BHP implementation, we recommend that Hawaii establish a BHP by amending existing Quest, QxEA and CHIP managed care contracts. Building upon these existing infrastructures, BHP becomes a "turnkey" start-up, thus reducing administrative costs and improving seamless coordination with other programs.

Thank you for this opportunity to testify in support of Senate Bill 2434.



Testimony of  
Phyllis Dendle  
Director of Government Relations

Before:

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

Senate Committee on Health  
The Honorable Josh Green, M.D., Chair  
The Honorable Clarence K Nishihara, Vice Chair

Senate Committee on Human Services  
The Honorable Suzanne Chun Oakland, Chair  
The Honorable Les Ihara, Jr., Vice Chair

February 15, 2012  
9:30am  
Conference Room 229

**SB 2434 RELATING TO THE HAWAII HEALTH INSURANCE EXCHANGE**

Chairs Baker, Green and Chun Oakland and committee members, thank you for this opportunity to provide testimony on SB2434 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.

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.

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Testimony for CPN/HTH/HMS 2/15/2012 9:30:00 AM SB2434

Conference room: 229

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: 2/4/2012

Comments:

Testimony for CPN/HTH/HMS 2/15/2012 9:30:00 AM SB2434

Conference room: 229

Testifier position: Support

Testifier will be present: No

Submitted by: Brenda Kosky

Organization: Individual

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Submitted on: 2/5/2012

Comments: