



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

Committee on Health  
Senator Josh Green, M.D., Chair

Committee on Human Services  
Senator Suzanne Chun Oakland, Chair

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

Re: **SB2434 – RELATING TO THE HAWAII HEALTH INSURANCE EXCHANGE**

Chair Baker, Chair Green and Chair Chun Oakland, and Committee Members:

My name is Barbara Kim Stanton, State Director of AARP Hawaii. 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 provides **comments** on SB2434 which specifies that the Hawaii health connector shall establish separate risk pools for the individual market and the small group market; clarifies the qualification of and restrictions on navigators; establishes staggered terms for board members; and clarifies the role of DHS in determining Medicaid eligibility.

Our comments pertain specifically to the establishment of separate programs for the individual market and the small group market. Separating the two markets is understandable, however, our concern is that separate risk pools would mean fewer individuals over which to spread the risk. If the two pools were merged it would allow for costs to be spread over more participants; especially since these risk pools are relatively small as the Hawaii Prepaid Health Care Act covers approximately 90% of all Hawaii residents. Merging the pools would mean that insurers would treat the individual and small group enrollees as one pool when setting prices and offering plans.

The structure of the exchange should also ensure that the type and cost of plans in the exchange are the same as plans outside of the exchange. Equivalent plans may avoid the situation where healthier individuals enroll in plans outside the exchange; and less healthy people are enrolled in plans in the exchange. If that occurs, the cost of exchange coverage could be higher than the cost of plans offered outside of the exchange.

Thank you for the opportunity to testify.