



EXECUTIVE CHAMBERS

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HOUSE COMMITTEE ON HEALTH
Rep. Della Au Belatti, Chair
Rep. Dee Morikawa, Vice Chair
January 29, 2014, 8:45 a.m., Room 329

House Bill 2529, RELATING TO HEALTH

Comments

Presented by Beth Giesting, Healthcare Transformation Coordinator, Office of the Governor

Speaking on behalf of the Abercrombie Administration thank you for your concern about the success and sustainability of the Hawaii Health Connector. We share that concern.

We appreciate the many thoughtful provisions proposed in HB 2529, which would, among other things, transfer responsibility for the insurance exchange to the Department of Commerce and Consumer Affairs. We believe that such a significant change must be preceded by a business and sustainability plan. We respectfully request that the bill be kept alive so that we can continue to discuss the positive and negative consequences of such a change.

Thank you for the opportunity to provide comments on this measure.



The Honorable Della Au Belatti
Chair, Committee on Health

Re: Testimony regarding H.B. 2529, Relating to Health.

Hearing scheduled for January 29, 2014, at 8:45 a.m.

Chair Belatti and members of the Committee on Health,

My name is Tom Matsuda, Interim Executive Director of the Hawai'i Health Connector (the "Connector"), speaking on behalf of the Connector and its Board of Directors.

As you know, Act 205 of the 2011 Legislative Session established the Hawai'i Health Connector as a non-profit corporation primarily to facilitate the rapid implementation of the state-based health insurance marketplace for Hawai'i as required by the federal Patient Protection and Affordable Care Act ("ACA"). Now that the marketplace has launched, the Legislature is considering several bills to change the structure of the Connector to become a state entity, including HB 2529.

Fundamentally, the most important issue for the Connector Board and staff is that any decision about structure should strengthen the Connector's ability to serve the public in the future as intended by the ACA and related state law. Form should follow function. The Connector is providing the people of Hawai'i with a valuable opportunity to take advantage of changes in the health insurance marketplace, with greater access to information, enrollment, and tax credits that can make plans more affordable. The Connector would like to be an information resource to this Committee to support the deliberations on HB 2529 so that there is a full understanding of the services we are providing to the public and the future potential of this organization to help improve healthcare in our state.

There are many issues to be considered to change the current non-profit entity into a state entity. For example, whether the Connector remains as a non-profit or becomes a state entity, the organization must be financially sustainable to continue. The ACA regulations require that all federal grant funds must be used or at least obligated by the end of 2014. The Board of Directors is currently developing a sustainability plan for the Connector, including options to reduce operating expenses and increase revenue. One possible cost reduction opportunity could be a consolidation of the currently integrated but separate IT



systems of the Connector and the Department of Human Services. This is a very complex question both in terms of technical systems integration and governance, and the right answer is unclear at this time. A decision to change the Connector to a state entity might help to resolve some of the governance issues. On the other hand, the work to bring the Connector into the state could significantly divert attention and resources away from the decision about system integration before the deadline to use the federal funds. Those federal funds would be needed to finance that integration.

In addition, any deliberation on the future structure of the Connector should take into account the future changes and opportunities in the ACA. For example, states have the option starting in 2017 to allow large employers to acquire health insurance plans for their employees through the online marketplaces. Also, the ACA provides a limited opportunity for states to seek innovation waivers from certain portions of the federal law due to unique circumstances, starting in 2017. These and other potential changes could have a significant impact on how the Connector is governed, operated, and funded in the future.

These are just a few examples of the issues that need to be carefully examined in any deliberation about changing the structure of the Connector to become a state entity. We look forward to working with the Committee and the Legislature to provide information to assist in that discussion. Thank you for the opportunity to provide comment on this bill.



To: Committee on Health
Representative Della Au Belatti, Chair

Date: January 29, 2014, Conference Room 329, 8:45 a.m.

Re: HB 2529 – Relating to Health

Chair Belatti and Committee Members:

My name is Gerry Silva, State President of AARP Hawaii. AARP is a non-profit, non-partisan membership organization of people 50 and older with nearly 150,000 members in Hawaii. We serve as a reliable source of information on issues critical to Americans 50+. AARP fights on issues that matter to Hawaii families including access to affordable, quality healthcare for all generations. Because of this, we have a keen interest in this bill.

AARP offers the following comments on this bill.

Establishing the Hawaii Health Connector as a State Agency

AARP strongly opposes the transfer of the Connector to the State. There has been insufficient due diligence to know the impact of establishing the Connector as a new state agency. Prior to making such a decision, the Connector must be required to provide the Legislature with a comprehensive sustainability report for 2015 and the next 5 years that provides details on how it operates, what its expenses will be, how it will control those expenses, and how it will generate the revenue to offset those costs. We understand the state auditor has just started an audit. If so, the auditor should be empowered to compel full disclosure as part of a thorough management and financial audit of the Connector. The results should be used to assess the financial impact of the transfer of the Connector to the State and support any decision with respect to the exchange's future.

If the Connector is established as a State agency within the Department of Commerce and Consumer Affairs (DCCA) the bill needs to be clarified as to how "...the debts and liabilities of the connector shall not constitute the debts and liabilities of the State."

Making Changes to the Composition of the Hawaii Health Connector Board

AARP strongly supports the exclusion of insurers and dental benefit providers from the board. This has been a clear conflict of interest since the board was structured and both consumers and the public have not been served well as a result. We thank you for recognizing and addressing this problem. A separate advisory committee should be created for insurers and dental providers and should also include other providers not currently represented.

Qualifications for board members should be broadened to allow for some members with executive experience in fields other than healthcare, such as business.

Creating Consumer, Patient, Business, and Health Care Advisory Groups

AARP supports the intent to provide greater transparency by creating the consumer, patient, business, and health care advisory group; and the intergovernmental agency advisory group. Transparency has been another long-standing AARP concern. We recommend that the number of members for the consumer, patient, business, and health care advisory group be specified.

In summary, we ask that the Committee not act on transferring the Connector to the State and proceed with a full and complete audit and that it goes forward on the changes to the Board composition and the creation of the Advisory Groups.

Thank you for the opportunity to testify.

**Testimony to the House Committee on Health
Wednesday, January 29, 2014 at 8:45 A.M.
Conference Room 329, State Capitol**

LATE

RE: HOUSE BILL 2529 RELATING TO HEALTH

Chair Belatti, Vice Chair Morikawa, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") would like to offer **comments** regarding HB 2529 Relating to Health.

The Chamber is the largest business organization in Hawaii, representing over 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 members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber's main concern is that whether the Hawaii Health Connector is a public or private entity, there is a large operational cost to sustain this. It presently costs about \$7 million to maintain operations. We do think legislative oversight might be one way to review costs.

Thank you for the opportunity to testify.

LATE**HB2529**

Submitted on: 1/29/2014

Testimony for HLT on Jan 29, 2014 08:45AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Scott Wall	Community Alliance for Mental Health	Support	No

Comments: to: House Health Aloha Chair Belatti and the members of the committee, On behalf of the Community Alliance for Mental Health along with United Self Help most strongly support HB2529. We feel that the passage of HB2529 will correct a mistake that never should have happened. The entire experience of having the Hawai'i Health Connector be a quasi non-profit has been a failure. Scott Wall VP/Legislative Advocate Community Alliance for Mental Health

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HPCA

HAWAII PRIMARY CARE ASSOCIATION

LATE

House Committee on Health

The Hon. Della Au Belatti, Chair

The Hon. Dee Morikawa, Vice Chair

Testimony on House Bill 2529

Relating to Hawaii Health Connector

Submitted by Robert Hirokawa, Chief Executive Officer

January, 29, 2014, 8:45 am, Room 329

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, would like to offer comments on House Bill 2529, which seeks to alter the board composition of the Hawaii Health Connector and make it a state entity.

There are a few key points that the HPCA would like to comment on. First is the concern that if the Connector is made a state entity, any financial burdens or debts incurred by the Connector will become the responsibility of the state taxpayers. While this is spoken to briefly in the bill, there was no mention of how it could be ensured that the state would not consume such liabilities.

Also, the Board makeup as suggested by the bill would effectively concentrate all voting powers with state officials or their designees. While creating an advisory committee would allow a conduit for information to reach the Connector, it would not be granted an actual voice in any official business. We have significant concerns with a lack of consumer representation and the absence of representation for underserved populations and communities.

The HPCA thanks you for the opportunity to offer these comments.

LATE**HB2529**

Submitted on: 1/28/2014

Testimony for HLT on Jan 29, 2014 08:45AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Joy Marshall	Individual	Comments Only	No

Comments: Support intent to transfer from private co to state agency

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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