

**LATE**



NEIL ABERCROMBIE  
GOVERNOR

SHAN S. TSUTSUI  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
[www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

KEALI'I S. LOPEZ  
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

TWENTY-SEVENTH LEGISLATURE  
Regular Session of 2014

Wednesday, February 12, 2014  
2:10 p.m.

**TESTIMONY ON HOUSE BILL NO. 2581, H.D. 1 – RELATING TO INSURANCE.**

TO THE HONORABLE ANGUS L.K. MCKELVEY, 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 this bill.

The creation of a state innovation waiver task force is advisable to lay the groundwork for a request for a waiver from provisions of the Affordable Care Act. Hawaii has long been at the forefront of the nation in healthcare and health insurance and a waiver may be in the best interests of the public.

The Commissioner is willing to participate in this task force.

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



**LATE**  
Chamber of Commerce HAWAII  
*The Voice of Business*

**Testimony to the House Committee on Consumer Protection and Commerce  
Wednesday, February 12, 2014 at 2:10 P.M.  
Conference Room 325, State Capitol**

**RE: HOUSE BILL 2581, HD1 RELATING TO INSURANCE**

Chair McKelvey, and Vice Chair Kawakami, and Members of the Committee:

The Chamber **supports** HB 2581, HD1 Relating to Insurance, **with amendments**.

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.

Hawaii’s innovation in health care has led it to be the only state with a mandated health care policy. While the Hawaii Prepaid Health Care Act has provided affordable health coverage to individuals, it has created a significant cost for employers. The bill’s creation of a task force would be the first step to helping Hawaii with some of the issues it has in relation to ACA.

In the creation of a state innovation task force, we have noticed that there is an absence of representation for employers/businesses. We support this bill and respectfully ask the committee to consider amendments that would include employers/employer groups from small and large businesses to be added to the task force committee.

Thank you for the opportunity to testify on this matter.

# HMSA

LATE



An Independent Licensee of the Blue Cross and Blue Shield Association

February 12, 2014

The Honorable Angus L. K. McKelvey, Chair  
The Honorable Derek S. K. Kawakami, Vice Chair  
House Committee on Health

**Re: HB 2581, HD1 – Relating to Insurance.**

Dear Chair McKelvey, Vice Chair Kawakami and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 2581, which establishes a State Innovation Waiver Task Force. HMSA supports this Bill and has comments.

HMSA's vision of Hawaii is a sustainable health care system where our members are at the center of, in control of, and responsible for their own well-being. To that end, we have revolutionized the way we and our partners deliver health care to our members - through systemic changes such as a patient-centered medical home model of health care delivery, aligned with a pay for quality model of payment reform.

But, our belief that Hawaii's health care system must change goes beyond what we do on a day-to-day basis. HMSA has been an active and supportive participant in the Hawaii Health Care Project, the State's ongoing effort to plan for the future health care system for Hawaii, and to submit a State Health Innovation Plan (SHIP) to the U.S. Department of Health and Human Services to receive federal financial support to implement that Innovation Plan.

The task force contemplated under HB 2525, HD1, affords those involved with the SHIP to further participate in its successful implementation. This task force is expected to more specifically focus on the State's application for an innovation waiver thru the Affordable Care Act (ACA), something that is critical to the SHIP. Much of the task force deliberations must revolve around how Hawaii can ensure that our already successful Prepaid Health Care Act (PHCA) is best able to co-exist and complement the ACA. That will require participation by members of the health care system that know and understand the complexities of the ACA and the PHCA.

Having health insurers as members of task force is imperative. Health Plans are intimately involved with the technical and ever-evolving regulatory and administrative requirements of the ACA, such as mandated transparency and 3Rs (reinsurance, risk corridors, and risk adjustment) mandates. And, all Plans that sell health insurance to businesses must have products that are compliant with the PHCA.

Thank you for the opportunity to testify in support of HB 2581, HD1.

Sincerely,

A handwritten signature in black ink, appearing to read 'JDiesman', written over a white background.

Jennifer Diesman  
Vice President  
Government Relations