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TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
TWENTY-SEVENTH LEGISLATURE
Regular Session of 2013

Wednesday, February 20, 2013
3 p.m.

TESTIMONY ON HOUSE BILL NO. 848, H.D. 1 – RELATING TO HEALTH INSURANCE.

TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon I. Ito, State Insurance Commissioner ("Commissioner"), testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). Thank you for hearing this bill. The Department strongly supports this Administration bill.

The purpose of this bill is to make Hawaii's insurance laws found in Title 24, Hawaii Revised Statutes ("HRS"), consistent with the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and Patient Protection and Affordable Care Act of 2010 ("PPACA") by amending the definition of "small employer" and applying the statutory requirements for the licensing of insurance producers to health maintenance organizations and mutual benefit societies.

Small employers will be able to buy health insurance from the health insurance exchange known as the Hawaii Health Connector starting in 2014. HRS §431:2-201.5(b) currently defines "small employer" as an employer who employs between one and no more than 50 employees. Under the PPACA, the definition of small business is

100 employees or fewer. This bill conforms the state definition of “small employer” to the PPACA definition.

This bill also applies Hawaii’s Producer Licensing Law found in article 9A, chapter 431, HRS, to insurance producers selling health insurance products offered by health maintenance organizations and mutual benefit societies. Under PPACA, starting in 2014, health insurers will offer health insurance to the public through the health insurance exchange known as the Hawaii Health Connector. To protect the public, we believe that producers who sell health insurance should be licensed in the same way that other insurance producers are licensed. We see no reason to exempt health insurance producers from the general requirement.

We thank this Committee for the opportunity to present testimony on this matter and ask for your favorable consideration.

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 20, 2013

The Honorable Angus L. K. McKelvey, Chair
The Honorable Derek S. K. Kawakami, Vice Chair

House Committee on Health

Re: HB 848, HD1 – Relating to Health 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 848, HD1, which amends the Insurance Code to (1) define “small employer” as one that hires between one and 100 employees; and (2) applies producer licensure to insurers, health maintenance organizations, and mutual benefit societies. HMSA supports this Bill.

The Affordable Care Act (ACA) mandates small businesses to purchase health care benefit coverage for their employees through the state’s health exchange. And, it incentivizes participation by providing tax credits. Currently, eligible employers may receive a credit for up to 35 percent of their contribution toward the employees’ health insurance premiums. For 2014 and beyond, small businesses who purchase coverage through the new health insurance exchanges can receive a tax credit for two years of up to 50 percent of their contribution.

The ACA requires each state to define the size of the small business as including from one to 50 employees, or from one to 100 employees. HB 848 defines Hawaii’s small businesses as including from one to 100 employees. In selecting this definition of a small business, the State will ensure a broader participation in the Hawaii Health Connector, and a greater opportunity for the success of our State exchange.

We would like to point out one matter for your consideration. There currently are discrepancies within the federal law and between the federal and State laws with respect to the definition of an “employee.” This may pose issues for the State and the Connector. However, federal regulations are anticipated to be finalized this Spring, and any impact on this legislation, hopefully, may be addressed before the end of the legislative session.

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

Sincerely,

A handwritten signature in black ink, appearing to read "JDiesman".

Jennifer Diesman
Vice President
Government Relations



HPCA

HAWAII PRIMARY CARE ASSOCIATION

House Committee on Consumer Protection & Commerce

The Hon. Angus J.K. McKelvey, Chair

The Hon. Derek S.K. Kawakami, Vice Chair

Testimony in Support of HB848

Relating to Health Insurance

Submitted by Robert Hirokawa, Chief Executive Officer

February 20, 2013, 3:00pm, Room 325

The Hawai'i Primary Care Association, which represents community health centers in Hawai'i, **supports** HB848, Relating to Health Insurance, which moves to expand the definition of small employers from 50 to 100 individuals.

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. As the pool of individuals in the exchange shrinks, consumers become more susceptible to risk. This susceptibility simultaneously reduces the consumer's purchasing leverage and enhances the bargaining power of insurers. Expanding the definition of small employers would add to the number of participants in the Hawaii Health Exchange and enhance the purchasing capabilities of consumers.

We thank you for the opportunity to testify on HB848.



The Honorable Angus McKelvey
Chair, Committee on Commerce and Consumer Protection

Re: Testimony in support of HB848 Relating to the Health Insurance.
Hearing scheduled for February 20, 2013 at 3:00 p.m.

Chair McKelvey, and members of the Committee on Commerce and Consumer Protection,

My name is Coral Andrews, Executive Director of the Hawaii Health Connector, speaking on behalf of Hardy Spoehr, Chair of the Board of Directors of the Hawaii Health Connector (the "Connector").

The Board supports HB848 which expands the definition of "small employer," as defined in HRS § 431:2-201.5(b), to encompass employers who employ at least one (1) employee but no more than one hundred (100) employees. HRS §431:2-201.5(b) currently defines a small employer as one who employs one (1) but no more than fifty (50) employees.

Amending the definition of a small employer in this way will make HRS §431:2-201.5(b) consistent with the Patient Protection and Affordable Care Act §1304(b)(2) and make the Connector's Small Business Health Options Program ("SHOP") available to more employers thus broadening the health plan options of Hawai'i employers.

Affordable health insurance exchanges offer qualified health plans to qualified individuals and employers through internet websites, and maintain toll-free hot lines, in-person assisters, and navigators to assist qualified individuals and employers in obtaining and utilizing their qualified health plans. The Connector's internet website goes live on October 1, 2013 to offer qualified health plans for 2014.