

---

---

## A BILL FOR AN ACT

RELATING TO HEALTH.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The Hawaii health insurance exchange, known as  
2 the Hawaii health connector, was established in 2011 to ensure  
3 the State's compliance with the federal Patient Protection and  
4 Affordable Care Act of 2010. The federal law allows for the  
5 establishment of state health insurance exchanges through which  
6 qualified individuals and small employers can purchase private  
7 health insurance from an array of affordable, comprehensive  
8 health insurance plans. Act 205, Session Laws of Hawaii 2011,  
9 established the Hawaii health connector as a private nonprofit  
10 organization independent from state government rather than a  
11 state agency.

12           Federal law creates a framework for the state health  
13 insurance exchanges. The Patient Protection and Affordable Care  
14 Act of 2010 sets minimum structural and operational standards  
15 for states in establishing their health insurance exchanges.  
16 States have broad discretion in establishing the structure and  
17 governance of their exchanges. The federal law relies on the



1 states to make critical choices in the structure and operations  
2 of their respective exchanges.

3 The legislature finds that evolving federal health care  
4 regulations and the need for greater transparency and oversight  
5 over Hawaii's health insurance exchange necessitate that the  
6 State revise the structure of the Hawaii health connector.

7 The purpose of this Act is to provide greater transparency  
8 and oversight over Hawaii's health insurance exchange by:

- 9 (1) Creating a consumer, patient, business, and health  
10 care advisory group and an intergovernmental agency  
11 advisory group to provide input and recommendations to  
12 the board of directors of the Hawaii health connector;  
13 (2) Establishing the Hawaii health connector as a state  
14 entity; and  
15 (3) Making changes to the composition of the board of  
16 directors of the Hawaii health connector.

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

20 "§435H- Consumer, patient, business, and health care  
21 advisory group. The board of directors of the Hawaii health  
22 connector shall establish a consumer, patient, business, and



1 health care advisory group to provide input and recommendations  
2 to the board. The advisory group shall reflect geographic  
3 diversity and diversity of interests. Members shall include  
4 individuals with education, training, or professional experience  
5 in the fields of consumer advocacy, patient advocacy, public  
6 health, health care provision, economics, health insurance,  
7 financial management, risk management, and small business.  
8 Members of the advisory group shall serve in an advisory  
9 capacity only and shall not be considered state employees for  
10 any purpose. Members shall not be compensated but shall be  
11 reimbursed for necessary expenses incurred in the performance of  
12 their duties.

13 §435H- Intergovernmental agency advisory group. There  
14 is established an intergovernmental agency advisory group that  
15 shall serve in an advisory capacity to provide input and  
16 recommendations to the board. The advisory group shall consist  
17 of the following members:

- 18 (1) The director of commerce and consumer affairs;  
19 (2) The director of health; and  
20 (3) The director of labor and industrial relations.

21 The governor shall designate one member to convene and serve as  
22 the chair of the advisory group."



1 SECTION 3. Section 435H-2, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3 "(a) There is established within the department of  
4 commerce and consumer affairs the Hawaii health insurance  
5 exchange to be known as the Hawaii health connector. The  
6 connector shall ~~[not]~~ be a public body corporate and politic and  
7 an instrumentality and agency of the State ~~[and shall not be~~  
8 ~~subject to laws or rules regulating rulemaking, public~~  
9 ~~employment, or public procurement. The connector shall be a~~  
10 ~~Hawaii nonprofit corporation organized and governed pursuant to~~  
11 ~~chapter 414D, the Hawaii nonprofit corporations act.]~~ except  
12 that the debts and liabilities of the connector shall not  
13 constitute the debts and liabilities of the State."

14 SECTION 4. Section 435H-4, Hawaii Revised Statutes, is  
15 amended to read as follows:

16 "§435H-4 Board of directors; composition; operation. (a)  
17 The Hawaii health connector shall be ~~[a nonprofit entity]~~  
18 governed by a board of directors that shall comprise ~~[fifteen]~~  
19 nine voting members as follows:

- 20 (1) The insurance commissioner;  
21 (2) The director of human services;  
22 (3) The healthcare transformation coordinator;



1        (4) Two members who shall be appointed by the governor  
2            ~~[and with the advice and consent of the senate~~  
3            ~~pursuant to section 26-34; provided that the governor~~  
4            ~~shall submit nominations to the senate for advice and~~  
5            ~~consent no later than February 1, 2012; and provided~~  
6            ~~further that the senate shall timely advise and~~  
7            ~~consent to nominations for terms to begin July 1,~~  
8            ~~2012. Members of the interim board shall be eligible~~  
9            ~~for appointment to the board.]~~;

10        (5) Two members who shall be appointed by the president of  
11            the senate; and

12        (6) Two members who shall be appointed by the speaker of  
13            the house of representatives.

14        The board shall elect one of its members as the chair of the  
15        board. The board, by majority vote, may remove or suspend for  
16        cause any member after due notice and public hearing.

17        (b) The membership of the board shall reflect geographic  
18        diversity and the diverse interests of stakeholders including  
19        consumers [7] and employers [7, insurers, and dental benefit  
20        providers]. Each person appointed to the board shall have  
21        education, training, or professional experience in at least one  
22        of the following areas:



- 1        (1) Health care policy;
- 2        (2) Health benefits plan administration, including
- 3            medicaid administration;
- 4        (3) Health insurance;
- 5        (4) Health care financing and purchasing;
- 6        (5) Health care delivery;
- 7        (6) Information technology; or
- 8        (7) Economics and actuarial science.

9        In making appointments, the appointing authorities shall  
10 consider the background and expertise of all members of the  
11 board and the geographic, socioeconomic, and other  
12 characteristics of the State, so that the board's composition  
13 reflects a diversity of expertise, skills, and background  
14 relevant to the State.

15        ~~[The director of commerce and consumer affairs or the~~  
16 ~~director's designee, the director of health or the director's~~  
17 ~~designee, the director of human services or the director's~~  
18 ~~designee, and the director of labor and industrial relations or~~  
19 ~~the director's designee shall be ex officio, voting members of~~  
20 ~~the board.~~

21        ~~The director of commerce and consumer affairs, the director~~  
22 ~~of health, the director of human services, and the director of~~



~~1 labor and industrial relations may select a designee for a  
2 specified meeting or meetings. Such selection of the designee  
3 shall be submitted in writing to the board of directors prior to  
4 or at the meeting in which the designee will serve.]~~

5 (c) Board members shall serve staggered terms [and the  
6 interim board shall recommend an appropriate schedule for  
7 staggered terms,] of four years each, provided that [this] the  
8 terms of the initial appointments of members pursuant to Act ,  
9 Session Laws of Hawaii 2014, shall be as follows:

- 10 (1) One member appointed by each appointing authority  
11 shall be appointed for two years; and  
12 (2) One member appointed by each appointing authority  
13 shall be appointed for four years.

14 This subsection shall not apply to ex officio members, who shall  
15 serve during their entire term of office.

16 (d) Any vacancy on the board shall be filled for the  
17 remainder of the unexpired term in the same manner as the  
18 original appointment as specified in subsection (a). Any member  
19 whose term has expired and who is not disqualified from  
20 membership may continue in office until a successor is  
21 appointed.



1           ~~(d)~~ (e) The board shall adopt policies prohibiting  
2 conflicts of interest and procedures for recusal of a member in  
3 the case of an actual or potential conflict of interest,  
4 including policies prohibiting a member from taking part in  
5 official action on any matter in which the member had any  
6 financial involvement or interest prior to the commencement of  
7 service on the board. Members of the board may retain private  
8 counsel for matters relating to service on the board according  
9 to rules recommended by the board.

10           ~~(e)~~ (f) The board shall manage the budget of the  
11 connector according to generally accepted accounting principles  
12 and a plan for financial organization adopted by the legislature  
13 based on recommendations of the interim board.

14           ~~(f)~~ (g) The board shall maintain transparency of board  
15 actions, including public disclosure and posting of board  
16 minutes on the connector's website according to provisions  
17 adopted by the legislature based on recommendations of the  
18 interim board."

19           SECTION 5. The director of commerce and consumer affairs  
20 shall work with the board of directors of the Hawaii health  
21 connector as constituted pursuant to Act 205, Session Laws of  
22 Hawaii 2011, in order to effectuate a seamless transition of





1 duties, functions, and records to the amended governance  
2 structure of the Hawaii health connector as required by this  
3 Act. Transition procedures shall ensure that no interruption  
4 occurs in the provision of health coverage or health care  
5 services to any individual or business served by or eligible for  
6 service through the Hawaii health connector.

7 Planning and coordination for the transition of the duties,  
8 functions, and records of the Hawaii health connector as  
9 constituted pursuant to Act 205, Session Laws of Hawaii 2011, to  
10 the amended governance structure of the Hawaii health connector  
11 as provided by this Act shall be completed in a timely manner in  
12 order for the amended governance structure established by this  
13 Act to take effect on January 1, 2016.

14 SECTION 6. This Act does not affect rights and duties that  
15 matured, penalties that were incurred, and proceedings that were  
16 begun before its effective date.

17 SECTION 7. Statutory material to be repealed is bracketed  
18 and stricken. New statutory material is underscored.



1 SECTION 8. This Act shall take effect upon its approval;  
 2 provided that that sections 2, 3, and 4 shall take effect on  
 3 January 1, 2016.  
 4

INTRODUCED BY:

~~\_\_\_\_\_  
 \_\_\_\_\_~~  
 \_\_\_\_\_  
B. K. Kalyani  
P. M. Kulkarni  
K. A. Chavan  
C. D. Chavan  
M. A. Chavan  
A. S. Chavan  
P. S. Chavan

Devi A. Kelkar  
Kal. N. N. N.  
~~\_\_\_\_\_  
 \_\_\_\_\_~~  
P. de. A. A. A.  
F. A. A.  
C. A. A.  
H. A. A.  
J. A. A.  
K. A. A.  
R. A. A.  
C. A. A.

JAN 23 2016

# H.B. NO. 2529

**Report Title:**

Hawaii Health Insurance Exchange; Hawaii Health Connector

**Description:**

Transitions the Hawaii Health Connector from a private to a state entity. Makes changes to the composition of the Hawaii Health Connector Board. Creates a consumer, patient, business, and health care advisory group and an intergovernmental agency advisory group to provide input and recommendations to the Board.

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

