



EXECUTIVE CHAMBERS
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SENATE COMMITTEE ON WAYS AND MEANS
The Hon. David Y. Ige, Chair
The Hon. Michelle N. Kidani, Vice Chair
March 25, 2014, 9:00 a.m., Room 211

House Bill 2581, HD 3, SD 1: RELATING TO INSURANCE

Testimony in Support

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

Thank you for the opportunity to support HB 2581, HD 3, SD 1: Relating to Insurance. We agree that Hawai'i should embrace the opportunity to develop an innovation waiver available under the Affordable Care Act. In many ways, Hawai'i's history with the Prepaid Health Care Act, expansive Medicaid eligibility policy, and experiments with gap group strategies have advanced us to the point where the ACA makes our system more complicated than it needs to be. The Governor's Office would welcome the responsibility of convening task force members identified in the bill and meeting with other interested stakeholders to develop a unified strategy for a universal health insurance coverage system that meets consumer and provider needs, adds value and convenience to employers, and is economically sustainable.

A preliminary list of requirements for a complete application includes:

- Holding public hearings and gathering public comment on all key issues raised
- Detailed descriptions of implementation plans related to the waiver
- Demonstration that the state legislature has passed measures authorizing implementation of the waiver
- A detailed list of ACA provisions the state is seeking to waive with rationale for doing so
- Analyses, actuarial certifications, data, assumptions, analysis, targets and other information sufficient for HHS and Treasury to determine that the waiver would:
 - Provide coverage at least as comprehensive as the Essential Health Benefits required under the ACA
 - Provide coverage and cost-sharing protections at least as affordable as the ACA's

- Cover a comparable number of state residents as the ACA would
- Not increase the federal deficit
- A detailed 10-year budget plan that is deficit neutral and
- An analysis of the impact on health care coverage in the state
- An implementation timeline

In order to initiate and carry out this array of tasks, we've identified the following budget requirements for FY 2014-15:

2017 ACA Innovation Waiver Expenses	FTE	
Manager	1.0	100,000
Special Attorney General	0.4	80,000
Health/Economic Policy Analyst	1.0	80,000
Administrative Assistant	1.0	46,000
Fringe & Vacation @ 50%		153,000
Sub-Total Personnel	3.4	459,000
Professional Services - Actuary		300,000
Other expenses:		
Phone & Office Supplies @ \$100/mo/person		4,800
Laptops @ \$1500/person		6,000
Neighbor island travel for TF members		
Est. 3 members x 12 meetings x \$350/meeting		12,000
Neighbor island travel for public meetings		
Est. 3 travelers x 6 NI destinations x \$350/meeting		6,300
TOTAL	3.4	788,700

Thank you for the opportunity to testify.



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the Senate Committee on Ways and Means
Tuesday, March 25, 2014 at 9:00 A.M.
Conference Room 211, State Capitol**

RE: HOUSE BILL 2581 HD3 SD1 RELATING TO INSURANCE

Chair Ige, Vice Chair Kidani, and Members of the Committee:

The Chamber **supports** HB 2581 HD3 SD1 Relating to Insurance.

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.

We support the bill as is. 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.

Thank you for the opportunity to testify on this matter.



An Independent Licensee of the Blue Cross and Blue Shield Association

March 25, 2014

The Honorable David Y. Ige, Chair
The Honorable Michelle N. Kidani, Vice Chair
Senate Committee on Ways and Means

Re: HB 2581, HD3, SD1 – Relating to Insurance.

Dear Chair Ige, Vice Chair Kidani, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 2581, HD3, SD1, which establishes a State Innovation Waiver Task Force. HMSA has comments on this Bill.

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-today 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 2581, HD3, SD1, 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.

It for this reason that we are concerned with the current draft of the Bill. Previous drafts provided for both the Senate President and House Speaker each to appoint a "person with expertise in health care delivery and a person with expertise in health insurance...." However, HB 2581, HD3, SD1, only allows the Senate President to appoint an individual with health insurance experience to the Task Force. It authorizes the House Speaker to

appoint a “person representing small businesses in Hawaii and a person with expertise in health care delivery....”

While we agree that it would be good to have small business representation, it should not be in lieu of having broader representation from health insurers.

Thank you for the opportunity to comment on HB 2581, HD3, SD1.

Sincerely,

A handwritten signature in black ink, appearing to read 'JD', with a long horizontal flourish extending to the right.

Jennifer Diesman
Vice President
Government Relations