



**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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March 25, 2014

To: The Honorable David Y. Ige, Chair,
The Honorable Michelle N. Kidani, Vice Chair, and
Members of the Senate Committee on Ways and Means

Date: Tuesday, March 25, 2014
Time: 9:00 a.m.
Place: Conference Room 211, State Capitol

From: Dwight Y. Takamine, Director
Department of Labor and Industrial Relations

Re: H.B. No. 2581 H.D. 3 S.D. 1 Relating to Insurance

I. OVERVIEW OF PROPOSED LEGISLATION

H.B. 2581 H.D. 3 S.D. 1 proposes to

- Establish the State Innovation Waiver Task Force to develop a plan for applying for a state innovation waiver under the federal Patient Protection and Affordable Care Act of 2010 (Affordable Care Act);
- Require the State Innovation Waiver Task Force to submit an interim report to the Legislature prior to the convening of the Regular Session of 2015 and a final report prior to the convening of the Regular Session of 2016; and
- Appropriate funds for the operations of the State Innovation Waiver Task Force.

II. CURRENT LAW

Currently in Hawaii, the Affordable Care Act (ACA) established a state-based health insurance marketplace known as the Hawaii Health Connector (HHC) as a cornerstone of its health coverage expansion and insurance market reforms. The HHC serves as portals through which individuals and small businesses can compare and

purchase health plans that have been “certified” as meeting the Prepaid Health Care (PHC) and the ACA requirements.

The HHC also allows individuals with low-to-moderate incomes to access Medicaid and the Children’s Health Insurance Programs, or financial assistance to purchase health coverage. Certain small businesses may also be able to qualify for tax credits for providing employees with health coverage through the HHC. Due to the flexibility the federal government has allowed, the design and operation of exchanges is expected to vary substantially among states.

III. COMMENTS ON THE HOUSE BILL

The Department supports this measure that will establish a task force mainly to develop a health care reform plan that meets requirements for obtaining a state innovation waiver for plan years beginning after January 1, 2017.

Regarding the composition of the task force, the Department supports allowing the members’ respective designees to represent them since the members are not always available given their daily busy schedules.