



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

February 12, 2016

GOV. MSG. NO.

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The Honorable Ronald D. Kouchi
President of the Senate
State Capitol, Room 409
Honolulu, HI 96813

The Honorable Joseph M. Souki
Speaker of the House of Representatives
State Capitol, Room 431
Honolulu, HI 96813

Dear President Kouchi and Speaker Souki:

I am writing to request your immediate consideration and passage of several measures relating to the Hawai'i's State Health Insurance Exchange created pursuant to Chapter 435H, Hawai'i Revised Statutes. These measures are:

S.B. 2383 RELATING TO THE HAWAII HEALTH CONNECTOR.

S.B. 2894, S.D.1 RELATING TO HEALTH INSURANCE.

H.B. 2478 RELATING TO THE AFFORDABLE CARE ACT SECTION 1332 STATE INNOVATION WAIVER.

The first measure, S.B. 2383, will repeal the designation of the Hawai'i Health Connector (HHC) as the State's Health Insurance Exchange under the federal Affordable Care Act (ACA). The HHC was a private non-profit that ceased operations on December 4, 2015 due to financial insolvency. It is critical for the Legislature to adopt S.B. 2383 due to pending judicial action requesting a legal dissolution of HHC.

The second measure, S.B. 2894, S.D.1, will officially designate the Hawai'i Department of Labor and Industrial Relations as the State's Health Insurance Exchange, so that the State remains in compliance with the ACA. Compliance with the ACA will allow Hawai'i to access federal grant funds available to support state-based functions such as consumer education and outreach about the ACA, a critical component to maintaining a State Health Insurance Exchange.

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The third measure, H.B. 2478, is equally important as it provides authority to the State, through the Governor, to negotiate waivers from provisions of the ACA that could potentially invalidate Hawai'i's Prepaid Health Care Act of 1974 (PHCA). The PHCA has provided employment based health insurance coverage for many Hawai'i residents, and has kept Hawai'i's uninsured rate at 10 percent or less for over 40 years. PHCA is the cornerstone of our health insurance coverage landscape, and we are fairly confident that we can successfully convince federal authorities that it complements and enhances many requirements of the ACA.

Finally, in accordance with Section 9, Article VII of the Constitution of the State of Hawai'i, I am respectfully requesting your immediate consideration and passage of: S.B. 2898, MAKING EMERGENCY APPROPRIATIONS FOR THE STATE TO COMPLY WITH THE AFFORDABLE CARE ACT.

The Department of Labor and Industrial Relations and the Department of Human Services have incurred unanticipated expenses due to the sudden closure of the HHC. These departments were required to execute certain functions as part of the State of Hawai'i's Corrective Action Plan required by the Center for Medicare and Medicaid Services to maintain compliance with the ACA through the recent Open Enrollment (OE) for Plan Year 2017 (November 1, 2015 to January 31, 2016). Preliminary reports indicate that 14,690 individuals enrolled in health insurance plans during OE 2017.

Please let us know if you or your members have any questions or would like to discuss this request further.

With warmest regards,



David Y. Ige
Governor, State of Hawai'i

c: The Honorable Gilbert S.C. Keith-Agaran
The Honorable Jill N. Tokuda
The Honorable Sylvia Luke