

STAND. COM. REP. NO. **2325**

Honolulu, Hawaii

FEB 18 2016

RE: S.B. No. 2383
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health, to which was referred S.B. No. 2383 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII HEALTH CONNECTOR,"

begs leave to report as follows:

The purpose and intent of this measure is to repeal the Hawaii Health Connector and associated references in the Hawaii Revised Statutes.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations and Chamber of Commerce Hawaii. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that Hawaii's health insurance exchange, the Hawaii Health Connector (Connector), was established in 2011 and charged with implementing applicable parts of the federal Patient Protection and Affordable Care Act of 2010 (Affordable Care Act). However, due to Hawaii's small population, the highly successful Prepaid Health Care Act of 1974, and expanded Medicaid coverage that resulted in lower numbers of uninsured residents in the State, and despite substantial federal investment in technology and assistance, the efforts of the board of directors and the staff of the Connector, work contributed by public sector employees, and the support of the Legislature, the Connector was unable to meet the financial sustainability requirements imposed by the federal government.



Your Committee further finds that the Connector ceased operations on December 4, 2015. The State has since enlisted the assistance of six state departments to comply with federal requirements and ensure a smooth transition for enrollees from the Connector to a state-based marketplace that utilizes the federal platform. Accordingly, this measure repeals the Connector as part of the transition to a federally supported, state-based exchange.

Your Committee additionally finds that the State has been working with the federal government to provide a new framework for marketplace enrollment that will comply with federal requirements. However, although the Department of Labor and Industrial Relations has requested transfer of federal grant monies to the Department, the Department has been informed that the State will be unable to receive the federal grant until a new state exchange is named. Your Committee notes that another measure, Senate Bill No. 2894, S.D. 1 (Regular Session of 2016), which previously passed out of your Committees on Commerce, Consumer Protection, and Health and Human Services, establishes this successor program, known as the Hawaii health insurance programs, within the Department of Labor and Industrial Relations.

Finally, your Committee notes that this measure and Senate Bill No. 2894, S.D. 1, will help ensure compliance with the exchange requirements of the Affordable Care Act and better assist Hawaii during the transition away from the Connector to a state-based marketplace that utilizes the federal platform.

Your Committee has amended this measure by:

- (1) Updating a reference to network adequacy requirements as applied to the Affordable Care Act, to ensure that Hawaii retains its ability to determine network adequacy for Affordable Care Act plans;
- (2) Moving specific language from the repealed chapter 435H, Hawaii Revised Statutes, which specified that any debts and liabilities pertaining to the Connector that were incurred prior to the Connector's repeal shall not constitute a debt or liability of the State, into session law; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2383, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2383, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,



ROSALYN H. BAKER, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2383	CPH, WAM	2-16-16		
<input checked="" type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: <u>PASS with amendments</u>				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
ESPERO, Will	✓			
IHARA, Jr., Les				/
NISHIHARA, Clarence K.				/
RUDERMAN, Russell E.				/
SLOM, Sam	✓			
TOTAL	4			3
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Michelle N. Kidani</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes