

STAND. COM. REP. NO. 2100

Honolulu, Hawaii

FEB 11 2016

RE: S.B. No. 2775

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. 2775 entitled:

"A BILL FOR AN ACT RELATING TO THE AFFORDABLE CARE ACT  
SECTION 1332 STATE INNOVATION WAIVER,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the  
State to submit and implement a waiver from certain provisions of  
the federal Patient Protection and Affordable Care Act of 2010  
(Affordable Care Act).

Your Committee received testimony in support of this measure  
from the Office of the Governor, Department of Commerce and  
Consumer Affairs, Department of Labor and Industrial Relations,  
Hawaii Medical Service Association, The Queen's Health Systems,  
Healthcare Association of Hawaii, Chamber of Commerce Hawaii,  
Planned Parenthood Votes Northwest and Hawaii, and International  
Longshore and Warehouse Union Local 142.

Your Committee finds that section 1332 of the Affordable Care  
Act authorizes states to apply for a state innovation waiver,  
which will allow a state to implement innovative ways to provide  
access to quality health care. Hawaii has a long and successful  
history of health care coverage for the State's residents, due in  
large part to the Prepaid Health Care Act of 1974 (Prepaid Health  
Care). However, the benefits and coverage under Prepaid Health  
Care are more generous than the employer-sponsored benefits  
available under the Affordable Care Act. Your Committee further  
finds that the misalignment of provisions under the Affordable



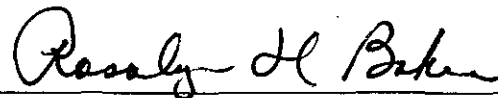
Care Act and Prepaid Health Care jeopardizes the robust insurance coverage that thousands of employees across the State have depended on for over forty years. A waiver from certain provisions of the Affordable Care Act, to align Affordable Care Act provisions with Prepaid Health Care's long-standing insurance requirements and processes, is therefore of crucial importance to Hawaii.

Your Committee additionally finds that the Legislature created a task force in 2014 to develop an Affordable Care Act State Innovation Wavier. The task force recommends waiving seven provisions of the Affordable Care Act, which will result in maintaining employer-sponsored benefits that conform to Prepaid Health Care and allowing Hawaii to forego either developing and maintaining a Small Business Health Insurance Options Program or participating in such an exchange hosted by the federal government.

Finally, your Committee notes that section 1332 of the Affordable Care Act requires state legislatures to sanction the application and implementation of a state innovation waiver. Accordingly, this measure authorizes the State to submit a state innovation waiver proposal to the United States Secretaries of Health and Human Services and the Treasury and implement the waiver upon approval by the Secretaries.

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. 2775 and recommends that it pass Second Reading 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,




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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:		
SB2775	CPH, WAM	2-3-14		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input checked="" type="checkbox"/> Pass, unamended 2312	<input 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	/			
<b>TOTAL</b>	7			
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes