

Honolulu, Hawaii

March 24, 2016

RE: S.B. No. 2894  
S.D. 2  
H.D. 2

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2894, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to facilitate compliance with the federal Patient Protection and Affordable Care Act (Affordable Care Act).

Specifically, this measure:

- (1) Requires the Department of Human Services to develop and administer outreach, as required by the Affordable Care Act, subject to the availability of state and federal funding;
- (2) Establishes a state health insurance exchange, the Hawaii Health Insurance Programs, within the Department of Labor and Industrial Relations, to conform state law to the Affordable Care Act; and
- (3) Appropriates funds to the Department of Labor and Industrial Relations and the Department of Human Services.



The Department of Commerce and Consumer Affairs, Department of Human Services, Department of Labor and Industrial Relations, Hawaii Medical Service Association, Healthcare Association of Hawaii, International Longshore and Warehouse Union Local 142, Kaiser Permanente Hawaii, and Ohana Health Plan submitted testimony in support of this measure.

Your Committee finds that the Affordable Care Act requires the establishment of health insurance exchanges where individuals and small businesses may compare and purchase private insurance plans. However, the viability of state-based health insurance exchanges has been a challenge across the country, particularly in small states with low numbers of uninsured residents. Your Committee also finds that, due to the small number of uninsured residents, the State's former health insurance exchange, the Hawaii Health Connector, was not financially self-sustaining and ceased operations in December 2015. Your Committee further finds that, pursuant to discussions initiated by the federal Centers for Medicare and Medicaid Services, the State is transitioning from a state-based health insurance exchange to a state-based marketplace using the federal platform for individuals and families. This measure makes amendments to state law that are necessary to facilitate this transition.

Your Committee has amended this measure by changing the effective date to July 1, 2016.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2894, S.D. 2, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as S.B. No. 2894, S.D. 2, H.D. 2.

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



ANGUS L.K. MCKELVEY, Chair



