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INFORMATION AND COMMUNICATION
SERVICES DIVISION

OFFICE OF INFORMATION MANAGEMENT
AND TECHNOLOGY

Testimony of
TODD NACAPUY
Chief Information Officer, State of Hawai‘i

Before the

HOUSE COMMITTEES ON HEALTH
AND
LABOR AND PUBLIC EMPLOYMENT
Monday, February 8, 2016; 1:30 p.m.
State Capitol, Conference Room 329

HOUSE BILL NO. 2365
RELATING TO HEALTH INSURANCE

Chairs Belatti and Nakashima, Vice Chairs Creagan and Keohokalole, and Committee Members:

Thank you for this opportunity to provide testimony on House Bill No. 2365, Relating to Health Insurance. My name is Todd Nacapuy, Chief Information Officer (CIO) of the State of Hawai‘i.

The CIO-led Office of Enterprise Technology Services (ETS) supports this bill in the interest of preserving the benefits of the Hawai‘i Prepaid Health Care Act for residents of the State of Hawai‘i.

ETS has assisted in transitioning the functions and records from the now defunct Hawai‘i Health Connector to the State Departments of Labor and Industrial Relations (DLIR) and Human Services (DHS). My office recognizes the importance of staff with specialized skills and knowledge to this business area. We therefore support the request by DLIR for such positions and for funds to cover additional expenses many departments, including ETS, have incurred during the Health Connector transition.

ETS will continue to work closely with DLIR and DHS to carry out the functions of the new Hawai‘i Health Insurance Program.



DAVID Y. IGE
GOVERNOR
SHAN S. TSUTSUI
LT. GOVERNOR

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TO THE HOUSE COMMITTEES ON HEALTH AND
LABOR AND PUBLIC MANAGEMENT

TWENTY-EIGHTH LEGISLATURE
Regular Session of 2016

Monday, February 8, 2016
1:30 p.m.

TESTIMONY ON HOUSE BILL NO. 2365 – RELATING TO HEALTH INSURANCE.

TO THE HONORABLE DELLA AU BELATTI AND MARK M. NAKASHIMA, CHAIRS, AND
MEMBERS OF THE COMMITTEES:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of
the Department of Commerce and Consumer Affairs (“Department”).

The Department strongly supports this bill.

The Department has been working closely with the Department of Labor and
Industrial Relations, the Department of Human Services, and other government entities
in transitioning insureds from the Hawai`i Health Connector to the federal platform. The
Affordable Care Act requires exchanges as part of the delivery mechanism for health
insurance. This bill greatly enables the State to continue with progress as a state-based
marketplace utilizing the federal platform for individuals and families, and in reducing
the uninsured rate and cost of uncompensated care for vulnerable populations across
Hawaii.

We respectfully request that page 11, lines 18-19, be amended to more
accurately reflect the Insurance Commissioner’s regulatory authority:

“to the commissioner by ~~[part II of article 2 of]~~ chapters 431, 432,
432D, and 432G over all insurers and qualified plans....”

House Bill No. 2365
DCCA Testimony of Gordon Ito
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We thank these Committees for the opportunity to present testimony on this matter and respectfully requests that this bill be passed.



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

February 8, 2016

TO: The Honorable Della Au Belatti, Chair
House Committee on Health

The Honorable Mark M. Nakashima, Chair
House Committee on Labor & Public Employment

FROM: Rachael Wong, DrPH, Director

SUBJECT: HB 2365 Relating to Insurance

Hearing: Monday, February 8, 2016, 1:30 p.m.
Conference Room 329, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this administration bill to sustain the state's Prepaid Health Care Act (1974) and continue Hawai'i's leadership in ensuring health insurance coverage for all of its residents by transitioning state-based marketplace functions to various state agencies, including outreach activities, with DHS Med-QUEST division.

PURPOSE: The purpose of the bill is to preserve the benefits of the Prepaid Health Care Act for Hawaii residents and to ensure a smooth transition from a state-based marketplace to a state-based marketplace using the federal platform for individuals and families, and to develop a system to allow small businesses to continue to take advantage of tax credits afforded by the Affordable Care Act.

One of the necessary functions that needs continuation is outreach and consumer assistance for health insurance, including Medicaid. These functions will be provided by DHS. Since Hawai'i has been a leader in providing health insurance coverage for decades, the remaining uninsured population is more difficult to reach using conventional means and must rely on more grassroots, community-level

efforts. To meet that need, DHS will contract with community groups as navigator/marketplace assister organizations. The outreach efforts also require the continued development of communication materials, supplies, travel, and other administrative support. In addition, there is a continued need for a contact center to answer questions about both the marketplace and Medicaid, as well as the federal requirement to intake Medicaid phone applications. As these are not functions that have been provided by DHS in the past, we estimate the need for additional staff to be able to perform these functions: an outreach manager; four outreach coordinators located on Oahu and neighbor islands; a purchasing specialist to assist with the additional contracts; a financial specialist to help track all the various budget items and funding sources; and a clerical support person. These outreach efforts align with overall Medicaid and DHS goals of supporting healthy families and communities because access to health insurance and health care is a critical component of the vitality and health of our families and community. DHS also looks forward to the continued engagement with our sister agencies as we continue to transition to the state-based marketplace using the federal platform.

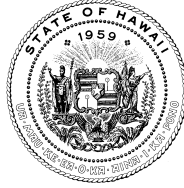
The appropriation request for \$2,918,788 in general funds breaks down as follows:

Description		Fed matching funds @ 28.5%	General Fund Request
Premium Assistant TPL	\$ 35,000		\$ 35,000
Purchasing Specialist III	\$ 49,000	\$ 13,965	\$ 35,035
Communications/Content Producer	\$ 53,000	\$ 15,105	\$ 37,895
Outreach Manager	\$ 80,000	\$ 22,800	\$ 57,200
Outreach Coordinator	\$ 62,000	\$ 17,670	\$ 44,330
Outreach Coordinator	\$ 62,000	\$ 17,670	\$ 44,330
Outreach Coordinator	\$ 62,000	\$ 17,670	\$ 44,330
Outreach Coordinator	\$ 62,000	\$ 17,670	\$ 44,330
Outreach Clerical	\$ 40,000	\$ 11,400	\$ 28,600
Communications and Outreach	\$ 250,250	\$ 71,321	\$ 178,929
Contact Center	\$ 2,445,000	\$ 696,825	\$ 1,748,175
Navigator Grants	\$ 360,000	\$ 102,600	\$ 257,400
MAO Grants	\$ 362,220	\$ 103,233	\$ 258,987
Travel, Supplies, and Support	\$ 145,800	\$ 41,553	\$ 104,247
FY2017 Total:	\$ 4,068,270	\$ 1,149,482	\$ 2,918,788

Thank you for the opportunity to testify on this bill.

DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHJO
DEPUTY DIRECTOR

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

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February 6, 2016

To: The Honorable Della Au Bellati, Chair
The Honorable Richard P. Creagan, Vice Chair, and
Members of the House Committee on Health

To: The Honorable Mark M. Nakashima, Chair
The Honorable Jarrett Keohokalole, Vice Chair, and
Members of the House Committee on Labor & Public Employment

Date: Monday, February 8, 2016
Time: 1:30 p.m.
Place: Conference Room 329, State Capitol

From: Linda Chu Takayama, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 2365 Relating to Health Insurance

Chair Belatti, Chair Nakashima, Vice Chair Creagan, Vice Chair Keohokalole, and
Members of the Committees:

My name is Linda Chu Takayama and I am the Director of the Department of Labor and
Industrial Relations (DLIR). Thank you for hearing this Administration proposal. We are
in strong support of this measure and urge you to give it your full consideration

On December 4, 2015, the private, nonprofit Hawaii Health Connector ceased
operations. In order to comply with Federal requirements and to ensure that Hawaii
residents continue to have access to quality health insurance, the State enlisted the
assistance of six departments to effectuate a transition that would incur the least
disruption to enrollees.

Under this transitional structure, individuals and families are directed to the Department

of Human Services (DHS) for enrollment in Medicaid or the federal exchange. DLIR is taking on the responsibility of (1) overseeing employers who have the option of providing required health plans to their employees through the Prepaid Healthcare Act or the federal exchange by direct enrollment with Kaiser, the only certified Affordable Care Act (ACA) health plan provider, and (2) managing the Federal grant.

At this time, the Hawaii Health Connector has no staff and insufficient resources to operate a state exchange as required by chapter 435H, HRS. Federal managers have indicated they will not provide additional grant funds for the establishment of another private state-based marketplace exchange. A bill (HB 726HD2), which would repeal chapter 435H, was passed by Committee on Consumer Protection & Commerce on 1/27/16 and is currently up for consideration by the Committee on Finance.

In the meantime, the State is working with the Federal agencies to provide a new framework for enrollment that will comply with Federal mandates. We have requested transfer of the Federal ACA grant to DLIR, but are unable to receive grant monies until a new state exchange is named. To avoid any disruption for policyholders, DHS and DLIR advanced limited general funds to cover costs but cannot continue to do so.

As a result of the extraordinary efforts of the Connector's private sector board members, key legislators, and the staff of (six) 6 departments plus the Governor's office, along with Federal partners we were able to sail through a tumultuous transition period in which there was no resident in our state who did not have access to health insurance.

The transition is not over. This bill includes the statutory requests we need to get us through the next year. The items requested by DLIR include:

1. Establishing a new state health insurance exchange in DLIR to meet the requirements of the Federal act;
2. Authorizing DLIR to operate a small business health options program (SHOP) under Federal requirements;
3. Enabling health plans qualified by the Insurance Commissioner to be certified by DLIR for inclusion in the state exchange;
4. Allowing DLIR to collect issuer fees;
5. Providing six (6) temporary exempt positions in DLIR to meet the Federal requirements; and
6. Appropriating \$1.165 million for operating expenses in fiscal year 2016 - 2017.

Thank you for the opportunity to testify. I am prepared to answer any questions you may have.



An Independent Licensee of the Blue Cross and Blue Shield Association

February 8, 2016

The Honorable Della Au Belatti, Chair
House Committee on Health
The Honorable Richard Creagan, Vice-Chair
House Committee on Health

The Honorable Mark Nakashima, Chair
House Committee on Labor and Public Employment
The Honorable Jarrett Keohokalole, Vice-Chair
House Committee on Labor and Public Employment

Re: HB 2365 – Relating to Health Insurance

Dear Chair Belatti, Chair Nakashima, Vice-Chair Creagan, Vice-Chair Keohokalole and Members of the Committees:

The Hawaii Medical Service Association (HMSA) supports HB 2365, which establishes the Hawaii Health Insurance Programs (HHIP) for the purpose of the State effectuating the Patient Protection and Affordable Care Act and the Prepaid Health Care Act (PHCA) and repeals Chapter 435H, Hawaii Revised Statutes.

Due to the State's transition from a state-based health insurance exchange to the federally supported state-based marketplace a significant degree of coordination and labor shifted from the Hawaii Health Connector to DHS and DLIR. HB 2365 seeks to provide necessary support and statutory authority to the Department of Labor and Industrial Relations, in the form of the HHIP, in order to comply w/ the ACA while also administering and protecting the essential parts of the PHCA.

Thank you for allowing us to testify on HB 2365.

Sincerely,

Jennifer Diesman
Vice President, Government Relations

The Twenty-Eighth Legislature
Regular Session of 2016

HOUSE OF REPRESENTATIVES

Committee on Health

Rep. Della Au Belatti, Chair

Rep. Richard P. Creagan, Vice Chair

Committee on Labor & Public Employment

Mark M. Nakashima, Chair

Rep. Jarrett Keohokalole, Vice Chair

State Capitol, Conference Room 329

Monday, February 8, 2016; 1:30 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 2365
RELATING TO HEALTH INSURANCE**

The ILWU Local 142 **supports** H.B. 2365, which establishes the Hawaii State Health Insurance Programs and a State Health Insurance Exchange for the purpose of the State effectuating the Patient Protection and Affordable Care Act and the Prepaid Health Care Act, repeals the Hawaii Health Connector Law, and provides appropriations to the Department of Labor and Industrial Relations and the Department of Human Services.

The Hawaii Health Connector was created as a private nonprofit corporation to operate a state-based health insurance exchange through which individuals, families, and small businesses could enroll in health plans that met requirements of the federal Affordable Care Act (ACA). The ACA was enacted because the number of Americans without health insurance was steadily growing and impacting the overall cost of health care in this country.

By 2015, however, the Hawaii Health Connector found itself no longer financially sustainable and unable to rely on federal grants to remain operational. Ironically, the Connector's failures were due to the success of Hawaii's Prepaid Health Care Act, the employer mandate which provides for near-universal coverage. With fewer individuals and families needing to enroll in health care plans through the Connector, the private nonprofit Hawaii Health Connector was finally forced to cease operations in early December 2015 and its functions were assumed by the State.

H.B. 2365 seeks to repeal the Hawaii Health Connector and establish the State Health Insurance Programs and a State Health Insurance Exchange to effectuate the ACA and ensure that Hawaii residents can access marketplace plans on an individual basis using the federal platform. The bill also will ensure that the Prepaid Health Care Act remains untouched and able to provide for health coverage to most of Hawaii residents through employer-mandated plans.

H.B. 2365 also seeks appropriations to allow the Department of Labor and Industrial Relations and the Department of Human Services to ensure that Hawaii is compliant with provisions of the ACA. Individuals and families and, soon, small businesses need the State to support a state-based marketplace utilizing the federal platform. Otherwise, anyone without an employer-sponsored health plan must enroll in a plan directly through the federal government's exchange without the benefit of local support. This is a disservice to Hawaii residents and may jeopardize the Prepaid Health Care Act.

The ILWU urges passage of H.B. 2365. Thank you for allowing us to testify on this measure.