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TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-EIGHTH LEGISLATURE
Regular Session of 2015

Wednesday, February 4, 2015
9:00 a.m.

TESTIMONY ON HOUSE BILL NO. 726 – RELATING TO THE HAWAII HEALTH CONNECTOR.

TO THE HONORABLE DELLA AU BELATTI, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner (“Commissioner”), testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department takes no position on the bill, and submits the following comments on this bill.

The purpose of this bill is to require any health insurer with at least a 20% share of the health insurance market to submit its qualified plans for inclusion in the Hawaii Health Connector.

As drafted, this requirement would apply to all insurers of accident and health or sickness policies, not only mutual benefit societies and health maintenance organizations. In addition, Section 1311 of the Patient Protection and Affordable Care Act and other federal regulations set forth the requirements for the Connector.

We thank this Committee for the opportunity to present testimony on this matter.



HPCCA

HAWAII PRIMARY CARE ASSOCIATION

House Committee on Health

The Hon. Della Au Belatti, Chair

The Hon. Richard P. Creagan, Vice Chair

Testimony on House Bill 726
Relating to the Hawaii Health Insurance Exchange
Submitted by Robert Hirokawa, Chief Executive Officer
February 4, 2015, 9:00 am, Room 329

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers (FQHC) in Hawaii, supports House Bill 726 and offers amendments.

Under the Affordable Care Act (ACA), the intent behind creating state health insurance exchanges was to have a venue for competitive insurance plan comparison so as to provide for better premium rates to consumers. The HPCA finds House Bill 726 to be very much in line with that goal, mandating that all plans in the state carrying a 20% market share or better participate in the exchange.

Further, the ACA also states that qualified health plans (QHP) in state exchanges are required to pay FQHC's an amount no less than that defined in Section 1902(bb) of the ACA, unless a QHP and an FQHC reach a mutually agreed-to standard that is at least equal to the generally applicable payment rates of the issuer.

In addition, the ACA granted exchanges the flexibility to determine network adequacy standards. In Hawaii, that authority was granted to the state Insurance Commissioner under Act 192, but the Act failed to recognize essential community providers (ECP) or require plans to contract with them as a part of network adequacy. Given the recent decision to remove 7,500 legal COFA migrants from the Medicaid program and enroll them in the Hawaii Health Connector, Hawaii should consider statutory language that protects the continuity of care, and the provider-patient relationship, by requiring QHPs in the Connector to contract with FQHCs. In addition, the State should consider statutory language that affirms the payment methodology the federal law requires for FQHCs providing services to any QHPs enrollees.

As such, the HPCA would like to suggest the following amendment to House Bill 726:

The insurance commissioner shall require that each qualified health plan, as a condition of certification, shall (1) offer to any willing Federally-qualified health center (as defined in Section 1905(1)(2)(B) of the Social Security Act (42 USC 1396d(1)(2)(B)) providing services in geographic areas served by the plan, the opportunity to contract with such plan to provide to the plan's enrollees all ambulatory services that are covered by the plan that the center offers to

provide and (2) reimburse each such center for such services as provided in Section 1902(bb) of the Social Security Act, 42 U.S.C. § 1396a(bb).

Thank you for the opportunity to testify and we look forward to further discussion on this important matter.



February 4, 2015

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

Re: HB 726 – Relating to the Hawaii Health Connector

Dear Chair Au Belatti, Vice Chair Creagan and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 726, which would mandate any health plan with at least 20 percent share of the health insurance market to offer to the individual and small group plans thru the Hawaii Health Connector. HMSA opposes this Bill.

The provisions of this Bill seem to be modeled against a provision affecting plans in federally facilitated exchanges (FFE). In an FFE, if an issuer has at least 20 percent of the small group market, it must sell plans in the small business exchange (SHOP) if it also wishes to sell plans in the individual FFE market. However, the discretion is left to the issuer if it wishes to participate. As drafted, HB 726 would require an issuer with 20 percent market share to participate in the Connector, without discretion.

Since HMSA has at least 20 percent of the total health insurance market, HB 726 would require us to participate in the SHOP. In so doing, it would place us in a competitive disadvantage with other issuers who are not subject to the 20 percent market share threshold and are able to offer health insurance coverage without being encumbered by the administrative, technical, and financial burdens of participating in the SHOP.

Thank you for the opportunity to testify on HB 726. Your consideration of our concern is appreciated.

Sincerely,

Jennifer Diesman
Vice President
Government Relations



LATE TESTIMONY

The Honorable Della Au Belatti
Chair, Committee on Health

The Honorable Richard P. Creagan
Vice Chair, Committee on Health

Re: Testimony regarding H.B. 726 and H.B. 727, Relating to the Hawaii Health Connector & Hawaii Health Insurance Exchange.

Hearing scheduled for February 4, 2014, at 9:00 a.m.

Chair Belatti, Vice Chair Creagan, and members of the Committee on Health,

My name is Jeffrey M. Kissel, Executive Director of the Hawai'i Health Connector (the "Connector"), speaking on behalf of the Connector and its Board of Directors.

Thank you for providing the Connector an opportunity to comment on the bills before you and we hope we can answer any questions you might have.

The Hawaii Health Connector has now completed our Annual Report as required by Act 233, which reports on our condition, activities and sustainability. The report outlines not only the progress we have made in the last year, but demonstrates the significant value that the Connector can bring to the community and how the benefits of our forward thinking Prepaid Healthcare Act ("Prepaid") have been harmonized with the Affordable Care Act ("ACA").

Thanks to this legislature, Hawaii continues to be in safe harbor from the pending Supreme Court case which could take away as much as half a billion dollars in tax credits from our residents over the next ten years.

H.B. 726

The affect of H.B. 726 is to give equal access to Hawaii's major insurance providers. Sometimes referred to as a "tying provision," it requires that any health insurer, who services more than 20 percent of the health insurance marketplace will offer coverage on the Connector. While there may be differences on how the policy is implemented in each



HAWAII HEALTH CONNECTOR

state, a majority of states have adopted a “tying provision” like the one that is before you today.

H.B. 727

H.B. 727 sets a floor on what types of plans are offered on the Connector. Currently, the ACA requires that all health insurance exchanges must include four metal levels of plans: bronze, silver, gold and platinum, providing customers a range of prices and options. For example, any gold plan has approximately an 80 percent actuarial value, which means that on average the customer will pay 20 percent of medical services costs while the insurer will have to pay 80 percent of the costs for those services.

In the individual market, if a non-smoking 40 year old male making \$50,000 was looking for the cheapest health plan (bronze plan), he could pay as little as \$188.00 in monthly premiums. However, if that same individual were required to purchase a gold plan, a similar plan would cost about \$300.

In the SHOP, most small businesses will be required to be compliant with Prepaid and will offer only gold and platinum plans. The Connector can still accommodate any businesses that are eligible for a non-Prepaid plan, and those employees will experience a similar price difference as the individual market. This bill could further strengthen Prepaid by ensuring that all plans are Prepaid compliant.

Lastly, it is important to note that the Connector’s technology can support either legislative change, should it be passed into law.

Thank you for the opportunity to provide comments on H.B. 726 and H.B. 727.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Health
Wednesday, February 4, 2015 at 9:00 A.M.
Conference Room 329, State Capitol**

RE: HOUSE BILL 726 RELATING TO THE HAWAII HEALTH CONNECTOR

Chair Belatti, Vice Chair Creagan, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") would like to **express concerns** regarding HB 726, which requires health insurers with at least 20% share of the health insurance market to submit its qualified plans for inclusion in the Hawaii health connector.

The Chamber is the largest business organization in Hawaii, representing over 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber believes that private companies should have a choice of whether or not to participate in the health connector, rather than being required to participate due to their control of shares. We believe that no company should be forced to participate in a government program.

We respectfully ask the committee to defer this measure. Thank you for the opportunity to testify.