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TO THE HOUSE COMMITTEE ON FINANCE

TWENTY-EIGHTH LEGISLATURE  
Regular Session of 2015

Wednesday, April 8, 2015  
2:00 p.m.

**TESTIMONY ON SENATE BILL NO. 1338, S.D. 2, H.D. 1 – RELATING TO THE HAWAII HEALTH CONNECTOR.**

TO THE HONORABLE SYLVIA J. LUKE, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance 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 purposes of this bill are to enable the Hawaii Health Connector ("Connector") to offer large group coverage to insurers beginning on January 1, 2016, end the issuance or renewal of transitional renewal policies after October 1, 2016, and require health insurers to provide notice to group health plans offering continuation coverage about options to secure coverage through the Connector.

The Department notes that pursuant to section 1312(f)(2)(b) of the federal Patient Protection and Affordable Care Act of 2010, each state may allow issuers of health insurance coverage in the large group market to offer qualified health plans through the Connector beginning in 2017 and not before this time.

The Department also notes that ceasing transitional renewal health policies will subject certain businesses to rate increases due to the elimination of the use of loss experience in rating. These increases could be significant.

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



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Finance  
Wednesday, April 8, 2015 at 2:00 P.M.  
Conference Room 308, State Capitol**

**RE: SENATE BILL 1338 SD2 HD1 RELATING TO THE HAWAII HEALTH  
CONNECTOR**

Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **opposes** SB 1338 SD2 HD1.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 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.

We oppose the removal of transitional plans as an option for small businesses to keep their existing prepaid health care plan. We believe that this will create disruption to small businesses and possibly increase their rates.

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



An Independent Licensee of the Blue Cross and Blue Shield Association

April 8, 2015

The Honorable Sylvia Luke, Chair  
The Honorable Scott Y. Nishimoto, Vice Chair  
House Committee on Finance

Re: SB 1338, SD2, HD1 – Relating to the Hawaii Health Connector

Dear Chair Luke, Vice Chair Nishimoto and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 1338, SD2, HD1, which (1) ends transitional health plans effective October 1, 2016; (2) requires additional notification requirements for plans; and (3) authorizes the Connector to offer large group insurance coverage beginning January 1, 2016. HMSA has concerns with this Bill and offers comments.

We are concerned with the provision in this Bill that calls for the termination of the transitional “grand-mothered” plans on October 1, 2016. The President’s decision to authorize grand-mothered plans was to honor his commitment to allow people to continue to have the health insurance plans they had prior to the implementation of the ACA. It gave people the option to continue the plans they already enjoyed or to purchase an ACA plan. This Bill would preclude that option and is not consumer friendly, particularly to small businesses.

The Bill also mandates large group coverage thru the Connector beginning January 1, 2016. We believe that these provisions should not be mandated in statute. Rather, to the extent allowed under the Affordable Care Act, the Insurance Commissioner should be afforded the flexibility in determining the markets that the Connector serves. Contemporaneous consideration must be given to overall market conditions in 2017 to determine (1) whether a change would disrupt and undermine an already successful large employer market; and (2) whether the required investment in time and money needed to accommodate any changes is appropriate.

Thank you for the opportunity to testify on SB 1338, SD2, HD1. Your consideration of our concern is appreciated.

Sincerely,

Jennifer Diesman  
Vice President, Government Relations

From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, April 07, 2015 7:08 AM  
To: FINTestimony  
Cc: antonchris10@gmail.com  
Subject: \*Submitted testimony for SB1338 on Apr 8, 2015 14:00PM\*

**SB1338**

Submitted on: 4/7/2015

Testimony for FIN on Apr 8, 2015 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Chris Anton	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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