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TO THE HOUSE COMMITTEE ON  
CONSUMER PROTECTION AND COMMERCE

TWENTY-EIGHTH LEGISLATURE  
Regular Session of 2016

Monday, March 21, 2016  
3:00 p.m.

**TESTIMONY ON SENATE BILL NO. 2383, S.D. 2, H.D. 1 – RELATING TO THE  
HAWAII HEALTH CONNECTOR.**

TO THE HONORABLE ANGUS L.K. MCKELVEY, 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 supports this bill.

The purposes of this bill include repealing chapter 435H, Hawaii Revised Statutes (“HRS”), and conforming and amending subsection (d) of section 432F-2, HRS, to delete reference to chapter 435H, HRS, and to ensure that Hawaii retains its ability to determine network adequacy for Affordable Care Act plans sold on the marketplace.

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



**WRITTEN TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-EIGHTH LEGISLATURE, 2016**

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**ON THE FOLLOWING MEASURE:**

S.B. NO. 2383, S.D. 2, H.D. 1, RELATING TO THE HAWAII HEALTH CONNECTOR.

**BEFORE THE:**

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

**DATE:** Monday, March 21, 2016

**TIME:** 3:00 p.m.

**LOCATION:** State Capitol, Room 325

**TESTIFIER(S):** Douglas S. Chin, Attorney General, or  
Daniel K. Jacob, Deputy Attorney General

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Chair McKelvey and Members of the Committee:

The Department of the Attorney General submitted testimony to the Senate Ways and Means Committee regarding Senate Bill 2383, S.D.1, on February 24, 2016 suggesting that section 4 of the bill be replaced with wording that clarified that the Hawaii Health Connector's debts and liabilities are not debts and liabilities of the State. The suggestion was incorporated into Senate Bill 2383, S.D.2, and we have no further comments or recommendations at this time.

Thank you for the opportunity to testify.

The Twenty-Eighth Legislature  
Regular Session of 2016

HOUSE OF REPRESENTATIVES

Committee on Consumer Protection and Commerce

Rep. Angus L.K. McKelvey, Chair

Rep. Justin H. Woodson, Vice Chair

State Capitol, Conference Room 325

Friday, March 21, 2016; 3:00 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 2383, SD2, HD1  
RELATING TO HAWAII HEALTH CONNECTOR**

The ILWU Local 142 **supports** S.B. 2383, SD2, HD1, which, as part of the transition to a federally supported, state-based exchange, repeals the Hawaii Health Connector, specifies that any debts and liabilities of the Connector remain that of the Connector and do not constitute debts and liabilities of the State. Further specifies that the provisions in the measure shall not diminish or limit the consumer protection contained in or alter the provisions of the Hawaii Prepaid Health Care Act.

The Hawaii Health Connector officially ceased operation in December 2015 due to its inability to be financially sustainable. The State took over the functions of the Connector, including outreach and enrollment using the federal platform, to ensure that individuals and families needing to meet the individual mandate set forth in the Affordable Care Act would have help to access enrollment.

The Connector as a nonprofit entity created by the State is effectively no longer in existence. S.B. 2383, SD2, HD1 will formalize the dissolution of the Connector by repealing the statute that created it. The bill further clarifies that the Connector is a separate entity and, as such, the debts and liabilities of the Connector shall not be transferred to the State. The Connector was a noble effort to comply with the mandates of the Affordable Care Act, but the effort failed and should now be put to rest.

The ILWU urges passage of S.B. 2383, SD2, HD1. Thank you for allowing us to testify on this measure.

DAVID Y. IGE  
GOVERNOR



RACHAEL WONG, DrPH  
DIRECTOR

PANKAJ BHANOT  
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STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

P. O. Box 339  
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March 21, 2016

LATE TESTING

**LATE**

TO: The Honorable Angus McKelvey, Chair  
House Committee on Consumer Protection and Commerce

FROM: Rachael Wong, DrPH, Director

SUBJECT: **SB 2383 SD 2 HD 1 – Relating to Insurance**

Hearing: Monday, March 21, 2016, 3:00 p.m.  
Conference Room 325, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the opportunity to testify in support of this bill.

**PURPOSE:** Repeals the Hawaii Health Connector (Connector) as part of the transition to a federally supported, state-based exchange. Specifies that any debts and liabilities of the Connector remain that of the Connector and do not constitute the debts and liabilities of the State. Specifies that the provisions in the measure shall not diminish or limit the consumer protections contained in or alter the provisions of the Hawaii Prepaid Health Care Act.

Given the transition to a state-based marketplace using the federal platform (SBM-FP), and the Connector ceasing operations, it is necessary to update and delete, where appropriate, any references to the Connector in the Hawaii Revised Statutes and relevant session laws. Additionally, it is necessary to maintain that the debts and liabilities of the Connector shall not constitute debts or liabilities of the State.

Thank you for the opportunity to testify on this bill.

DAVID Y. IGE  
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March 21, 2016

LATE TESTIMONY  
LATE TESTIMONY

LINDA CHU TAKAYAMA  
DIRECTOR

LEONARD HOSHIJO  
DEPUTY DIRECTOR

LATE

To: The Honorable Angus L.K. McKelvey, Chair,  
The Honorable Justin H. Woodson, Vice Chair, and  
Members of the House Committee on Consumer Protection & Commerce

Date: Monday, March 21, 2016  
Time: 3:00 p.m.  
Place: Conference Room 325, State Capitol

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

**Re: H.B. No. 2383 SD2 HD1 Relating to the Hawaii Health Connector**

Chair McKelvey, Vice Chair Woodson, and Members of the Committee:

My name is Linda Chu Takayama and I am the Director of DLIR. We are in strong support of this measure.

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 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 to administer the federal grant.

At this time, the Hawaii Health Connector has no staff and insufficient assets to operate a state exchange as required by chapter 435H, Hawaii Revised Statutes. Therefore, the chapter is no longer needed and should be repealed. A court hearing has already been scheduled for March 22, 2016 to begin the process of formal dissolution.

Thank you for the opportunity to provide input.