



STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

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

March 29, 2016

TO: The Honorable Representative Sylvia Luke, Chair  
House Committee on Finance

FROM: Rachael Wong, DrPH, Director

SUBJECT: **SB 2383 SD 2 HD 2 – Relating to Insurance**  
Hearing: Wednesday, March 30, 2016, 2:00 p.m.  
Conference Room 308, State Capitol

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

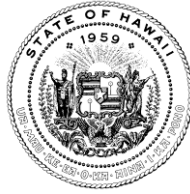
**PURPOSE:** Repeals the Hawaii Health Connector (Connector) as part of the transition to a federally supported, state-based exchange. Specifies that any debts and liabilities of the Connector remain that of the Connector and do not constitute the debts and liabilities of the State. Specifies that the 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  
GOVERNOR

SHAN S. TSUTSUI  
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA  
DIRECTOR

LEONARD HOSHIJO  
DEPUTY DIRECTOR

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

830 PUNCHBOWL STREET, ROOM 321

HONOLULU, HAWAII 96813

[www.labor.hawaii.gov](http://www.labor.hawaii.gov)

Phone: (808) 586-8844 / Fax: (808) 586-9099

Email: [dlir.director@hawaii.gov](mailto:dlir.director@hawaii.gov)

March 30, 2016

To: The Honorable Sylvia Luke, Chair,  
The Honorable Scott Y. Nishimoto, Vice Chair, and  
Members of the House Committee on Finance

Date: Wednesday, March 30, 2016  
Time: 2:00 p.m.  
Place: Conference Room 308, State Capitol

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

**Re: S.B. No. 2383 SD2 HD2 Relating to the Hawaii Health Connector**

Chair Luke, Vice Chair Nishimoto, 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. Court proceedings began on March 22, 2016 to begin the process of formal dissolution.

Thank you for the opportunity to provide input.



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

**STATE OF HAWAII**  
**OFFICE OF THE DIRECTOR**  
**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
[www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

CATHERINE P. AWAKUNI COLÓN  
DIRECTOR  
JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON FINANCE

TWENTY-EIGHTH LEGISLATURE  
Regular Session of 2016

Wednesday, March 30, 2016  
2:00 p.m.

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

TO THE HONORABLE SYLVIA 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 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.



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Finance  
Wednesday, March 30, 2016 at 2:00 P.M.  
Conference Room 308, State Capitol**

**RE: SENATE BILL 2383 SD 2 HD 2 RELATING TO THE HAWAII HEALTH  
CONNECTOR**

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2383 SD 2 HD 2, which 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.

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.

While the Hawaii Health Connector succeeded by insuring many Hawaii residents, it did not work well with Hawaii's unique business healthcare market. Also, individuals may still access healthcare coverage through the federally-supported state-based exchange. We support the repeal as we are concerned with the cost of operating the Connector.

Thank you for the opportunity to testify.



350 S. Grand Avenue, #3800  
2 California Plaza  
Los Angeles/ CA / 90071 / USA  
Tel. 213-239-5900 | Fax 213-239-5301

[cgi.com](http://cgi.com)

3/29/2016

To: Representative Sylvia Luke, Chair and Members  
House Committee on Finance

From: Heidi Green, Vice President Consulting, CGI

Re: SB 2383, SD2, Relating to the Hawaii Health Connector  
House Committee on Finance, Hearing Wednesday, March 30, 2016 at 2:00pm

**Position:** Comments Requesting Amendment

Dear Chair Luke, Vice Chair Nishimoto, and Members:

We are writing to express our opposition to the portion of this bill, which purports to immunize the State of Hawai'i from all liabilities for the debts and liabilities of the Hawaii Health Connector ("the Connector").

The non-profit Connector has ceased operations, the majority of the Board members have resigned, and the state Attorney General has begun a judicial dissolution of the non-profit. The remaining member of the Board of Directors is Catherine Awakuni Colón, who serves ex-officio in her capacity as the Director of the State Department of Commerce and Consumer Affairs. As the sole member of the Board, she does not have authority to act on behalf of the Connector. This has left us, and likely other creditors, without recourse to collect payments owed to us.

CGI provided services to the Connector in good faith. It was paid for nearly all of its services, and it received a full release against all claims related to those services in 2015. Thereafter, a new contract was executed and we continued to provide services at the Connector's request through December 19, 2015. Our invoices submitted to the Connector for services provided from October 1, 2015 through December 19, 2015 have not been paid.

In addition to being owed for our services, we are in possession of data, most notably federal tax information and protected health information that are the property of the Connector. We would like to transfer this information to the appropriate entity, to avoid the added cost of maintenance.

While it has been represented that the Connector had no cash on hand, at the time it ceased operations, the Connector had data, software and other valuable assets, which should be marshalled and sold for the benefit of all of its creditors, including CGI. We are concerned that these assets may have been turned over to the state for use in continuing the functions of the Connector without compensation to the Connector.

It would be very unfair to the Connector's creditors if the State of Hawai'i obtained any tangible or intangible assets of the Connector without paying fair value for those assets. We object to anything in this bill which is intended to, or may be construed to, permit the State to obtain the benefit of the Connector's assets without liability. All of the assets of the Connector



should be dealt with in the matter provided in Hawai`i Revised Statutes Chapter 414D, which governs the dissolution of non-profit entities.

We are NOT asking that the state assume general or unlimited liability for the Connector's debts and liabilities; we are asking only that the State not take advantage of its relationships with the Connector to the detriment of the Connector's non-governmental creditors. We request that SB 2383 be clarified on this point and suggest the following amendment to the end of Section 4:

The State of Hawaii is responsible for preserving the assets of the Connector and ensuring payment of fair market value for any assets transferred from the Connector to the State or other entities.

Directors of six State agencies served as board members of—and fiduciaries to—the Connector. The five private members of the Board of Directors of the Connector resigned at the end of 2015. Five of the six ex-officio Directors resigned leaving Director Colón without authority to act on behalf of the Connector. We ask for your help protecting the assets of the Connector as we wait for the judicial dissolution process to proceed.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Heidi Green".

Heidi Green  
Vice President Consulting Services  
CGI Technologies and Solutions Inc.