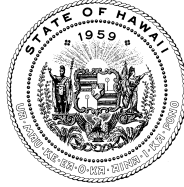


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February 24, 2016

To: The Honorable Jill N. Tokuda, Chair,
The Honorable Donovan M. Dela Cruz, Vice Chair, and
Members of the Senate Committee on Ways and Means

Date: Wednesday, February 24, 2016
Time: 10:30 a.m.
Place: Conference Room 211, State Capitol

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

Re: H.B. No. 2383 SD 1 Relating to the Hawaii Health Connector

Chair Tokuda, Vice Chair Dela Cruz, 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. Federal managers have indicated they will not forward additional funds for the establishment of

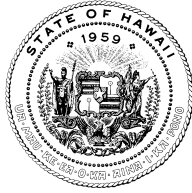
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February 24, 2016
Page 2

another private state-based marketplace exchange. Therefore, the chapter is no longer needed and should be repealed.

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. To avoid any disruption for policyholders, DHS and DLIR advanced limited general funds to cover costs.

Thank you for the opportunity to provide input.

DAVID Y. IGE
GOVERNOR



TODD NACAPUY
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AND TECHNOLOGY

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

Before the

SENATE COMMITTEE ON WAYS AND MEANS
Wednesday, February 24, 2016; 10:30 a.m.
State Capitol, Conference Room 211

SENATE BILL NO. 2383, SD1
RELATING TO THE HAWAII HEALTH CONNECTOR

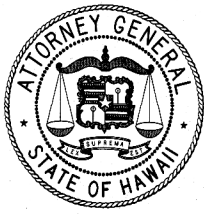
Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee:

I am Todd Nacapuy, State Chief Information Officer (CIO), testifying in **support** of Senate Bill No. 2383, SD1, which repeals Chapter 435H, Hawai‘i Revised Statutes, and associated statutory references relating to the Hawai‘i Health Connector.

As State CIO since May 2015, I served for a brief time as an ex officio member of the Board of Directors of the Connector, which ceased operations on December 4, 2015. In addition, the Office of Enterprise Technology Services (ETS), which I lead, has assisted in transitioning the functions and records from the now defunct Connector to the State Departments of Labor and Industrial Relations (DLIR) and Human Services (DHS).

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

Thank you for the opportunity to testify.



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

ON THE FOLLOWING MEASURE:

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

BEFORE THE:

SENATE COMMITTEE ON WAYS AND MEANS

DATE: Wednesday, February 24, 2016 **TIME:** 10:30 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**

(For more information, contact Deputy Attorney General Daniel K. Jacob,
at 586-1190)

Chair Tokuda and Members of the Committee:

The Department of the Attorney General offers comments to this bill.

The purpose of this bill is to repeal chapter 435H, Hawaii Revised Statutes (HRS), which established the Hawaii Health Connector as the State's health insurance exchange to comply with the federal Patient Protection and Affordable Care Act and which specified that the Hawaii Health Connector's debts and liabilities are not debts and liabilities of the State.

To address the second purpose, we suggest that section 4 on page 7, lines 8-11, of this bill be replaced with the following:

SECTION 4. Notwithstanding the repeal in section 3 of this Act of chapter 435H, Hawaii Revised Statutes, enacted as Act 205, Session Laws of Hawaii 2011, as amended by Act 233, Session Laws of Hawaii 2014, the debts and liabilities incurred by the Hawaii health connector remain the debts and liabilities of the Hawaii health connector and do not constitute the debts and liabilities of the State; nor is the State responsible for the financial operations or solvency of the Hawaii health connector.

We suggest this wording as a substitute for two reasons: (1) it clarifies that chapter 435H, HRS, and not the Hawaii Health Connector, the corporate entity, is being repealed; and (2) the reference to the Session Laws will facilitate finding the provisions that were codified as chapter 435H and the protection that was originally set forth in section 435H-2(a).

We respectfully recommend that section 4 of the bill be amended as described.