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February 1, 2016

To: The Honorable Rosalyn H. Baker, Chair,
The Honorable Michelle N. Kidani, Vice Chair, and
Members of the Senate Committee on Commerce, Consumer Protection,
and Health

Date: Wednesday, February 3, 2016
Time: 9:00 a.m.
Place: Conference Room 229, State Capitol

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

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

Chair Baker, Vice Chair Kidani, 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, and request an amendment for your consideration.

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 five departments to effectuate a transition that would incur the least disruption to enrollees.

Under this temporary 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

At this time, the Hawaii Health Connector has no staff and insufficient assets to operate

a state exchange as required by chapter 435H, HRS. Federal managers have indicated they will not forward additional funds for the establishment of 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 Therefore, the chapter is no longer needed and should be repealed.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, but are unable to receive grant monies until a new state exchange is named. To avoid any disruption for policyholders, DHS and DLIR advanced limited general funds to cover costs but cannot continue to do so.

Your support is requested to 1) accept the amendment below establishing a new exchange in DLIR, and 2) agree to the existing language in the bill that repeals Chapter 435H.

We also urge you to accomplish this as expeditiously as possible. Thank you for the opportunity to provide input on this measure.

Chapter 371, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

SECTION X. Hawaii health insurance programs; purpose. (a)

There is established in the department a state health insurance exchange, named the Hawaii health insurance programs (HHIP), pursuant to the federal act. The purpose of the Hawaii health insurance programs is to enable the provision of health insurance to comply with federal Patient Protection and Affordable Care Act, P.L. 111-148, as amended.