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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. 2894, S.D. 2, H.D. 1 – RELATING TO HEALTH INSURANCE.

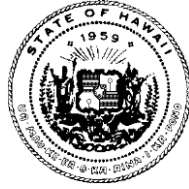
TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”).

The Department strongly supports this bill.

The Department has been working closely with the Department of Labor and Industrial Relations, the Department of Human Services, and other government entities in transitioning insureds from the Hawai`i Health Connector to the federal platform. The Affordable Care Act requires exchanges as part of the delivery mechanism for health insurance. This bill greatly enables the State to continue with progress as a state-based marketplace utilizing the federal platform for individuals and families, and in reducing the uninsured rate and cost of uncompensated care for vulnerable populations across Hawaii.

We thank this Committee for the opportunity to present testimony on this matter and respectfully request that this bill be passed.



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

March 20, 2016

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

FROM: Rachael Wong, DrPH, Director

SUBJECT: **SB 2894 SD2 HD1 - 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) strongly supports this administration bill to sustain the state's Prepaid Health Care Act (1974) and continue Hawai'i's leadership in ensuring health insurance coverage for all of its residents by transitioning state-based marketplace functions to various state agencies, including outreach activities, with DHS Med-QUEST division.

PURPOSE: The purpose of the bill is to preserve the benefits of the Prepaid Health Care Act for Hawaii residents and to ensure a smooth transition from a state-based marketplace to a state-based marketplace using the federal platform for individuals and families, and to develop a system to allow small businesses to continue to take advantage of tax credits afforded by the Affordable Care Act.

One of the necessary functions that needs continuation is outreach and consumer assistance for health insurance, including Medicaid. These functions will be provided by DHS. Since Hawai'i has been a leader in providing health insurance coverage for decades, the remaining uninsured population is more difficult to reach using conventional means and must rely on more grassroots, community-level efforts. To meet that need, DHS will contract with community groups as navigator/marketplace assister organizations. The outreach efforts also require the continued development of

communication materials, supplies, travel, and other administrative support. In addition, there is a continued need for a contact center to answer questions about both the marketplace and Medicaid, as well as the federal requirement to intake Medicaid phone applications. As these are not functions that have been provided by DHS in the past, we estimate the need for additional staff to be able to perform these functions: an outreach manager; four outreach coordinators located on Oahu and neighbor islands; a purchasing specialist to assist with the additional contracts; a financial specialist to help track all the various budget items and funding sources; and a clerical support person. These outreach efforts align with overall Medicaid and DHS goals of supporting healthy families and communities because access to health insurance and health care is a critical component of the vitality and health of our families and community. DHS also looks forward to the continued engagement with our sister agencies as we continue to transition to the state-based marketplace using the federal platform.

The appropriation request for \$2,918,788 in general funds breaks down as follows:

Description		Fed matching funds @ 28.5%	General Fund Request
Premium Assistant TPL	\$ 35,000		\$ 35,000
Purchasing Specialist III	\$ 49,000	\$ 13,965	\$ 35,035
Communications/Content Producer	\$ 53,000	\$ 15,105	\$ 37,895
Outreach Manager	\$ 80,000	\$ 22,800	\$ 57,200
Outreach Coordinator	\$ 62,000	\$ 17,670	\$ 44,330
Outreach Coordinator	\$ 62,000	\$ 17,670	\$ 44,330
Outreach Coordinator	\$ 62,000	\$ 17,670	\$ 44,330
Outreach Coordinator	\$ 62,000	\$ 17,670	\$ 44,330
Outreach Clerical	\$ 40,000	\$ 11,400	\$ 28,600
Communications and Outreach	\$ 250,250	\$ 71,321	\$ 178,929
Contact Center	\$ 2,445,000	\$ 696,825	\$ 1,748,175
Navigator Grants	\$ 360,000	\$ 102,600	\$ 257,400
MAO Grants	\$ 362,220	\$ 103,233	\$ 258,987
Travel, Supplies, and Support	\$ 145,800	\$ 41,553	\$ 104,247
FY2017 Total:	\$ 4,068,270	\$ 1,149,482	\$ 2,918,788

Thank you for the opportunity to testify on this bill.



March 21, 2016 at 3:00 PM
Conference Room 325

House Committee on Consumer Protection and Commerce

To: Chair Angus L.K. McKelvey
Vice Chair Justin H. Woodson

From: George Greene
President and CEO
Healthcare Association of Hawaii

Re: **Testimony in Support**
SB 2894 SD 2 HD 1, Relating to Health Insurance

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 180 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

We would like to thank the committee for the opportunity to testify in **support** of SB 2894 SD 2 HD 1, which would, among other things, establish the Hawaii Health Insurance Exchange Programs within the Department of Labor and Industrial Relations (DLIR) to conform to federal requirements. This measure would also provide resources for DLIR and the Department of Human Services to carry out necessary tasks and create an oversight committee for matters related to the *Affordable Care Act*.

Hawaii has long been recognized as a leader in providing access to quality, affordable care for its residents. A recent analysis pegged Hawaii as the third best state in the nation when it comes to health insurance coverage with an uninsured rate of approximately five percent. The *Affordable Care Act's* insurance coverage provisions and the Medicaid expansion undoubtedly helped our state achieve this. To continue our progress forward, we are supportive of collaborative efforts to ensure that the benefits of health care reform are available to all residents without interruption.

In considering this measure, we would ask for your continued support of efforts to improve the healthcare system in Hawaii. Thank you again for the opportunity to testify on this matter.



An Independent Licensee of the Blue Cross and Blue Shield Association

March 21, 2016

The Honorable Angus McKelvey, Chair
House Committee on Consumer Protection and Commerce
The Honorable Justin Woodson, Vice-Chair
House Committee on Consumer Protection and Commerce

Re: SB 2894, SD2, HD1 – Relating to Health Insurance

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

The Hawaii Medical Service Association (HMSA) supports SB 2894, SD2, HD1 which establishes the Hawaii Health Insurance Programs (HHIP) for the purpose of the State effectuating the Patient Protection and Affordable Care Act and the Prepaid Health Care Act (PHCA).

Due to the State's transition from a state-based health insurance exchange to the federally supported state-based marketplace a significant degree of coordination and labor shifted from the Hawaii Health Connector to DHS and DLIR. SB 2894, SD2, HD1 seeks to provide necessary support and statutory authority to the Department of Labor and Industrial Relations, in the form of the HHIP, in order to comply w/ the ACA while also administering and protecting the essential parts of the PHCA.

Thank you for allowing us to testify on SB 2894, SD2, HD1.

Sincerely,

Jennifer Diesman
Vice President, Government Relations

Testimony of Phyllis Dendle
Director, Government Relations

Before:
Committee on Consumer Protection & Commerce
The Honorable Angus L.K. McKelvey, Chair
The Honorable Justin H. Woodson, Vice Chair

March 21, 2016
3:00 pm
Conference Room 325

SB 2394 SD2 HD1 RELATING TO HEALTH INSURANCE

Chair McKelvey and committee members, thank you for this opportunity to provide testimony on SB 2394 SD2 HD1 which seeks to allow the state to comply with federal ACA requirements while preserving the prepaid health care act.

Kaiser Permanente Hawaii supports this bill.

Kaiser Permanente supported the efforts of the Hawaii Health Connector to meet the requirement of the federal Affordable Care Act and we were eager to provide greater choice and transparency to Hawaii's employees. However, with Hawaii's small number of uninsured employees and individuals it became impossible to sustain the connector as constructed. In the absence of the connector, the state Department of Human Services and the Department of Labor and Industrial Relations have inherited the functions of the connector. This bill permits them to effectively provide the needed services for the state to conform to federal requirements. We urge you to pass it.

Thank you for your consideration.



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March 21, 2016

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

From: 'Ohana Health Plan
Wendy Morriarty, State President

Re: SB 2894, SD2, HD1, Relating to Health Insurance; In Support
March 21, 2016; Conference Room 325

'Ohana Health Plan ('Ohana) is a member of the WellCare Health Plans, Inc.'s ("WellCare") family of companies and provides healthcare for Hawai'i residents statewide. Since 2009, 'Ohana has utilized WellCare's national experience to develop a Hawai'i -specific care model that addresses local members' healthcare and health coordination needs. By focusing on the state's Medicaid and Medicare population, 'Ohana serves Hawaii's most vulnerable residents: low-income, elderly, disabled, and individuals with complex medical issues. Our mission is to help our members' lead better, healthier lives.

'Ohana Health Plan offers our support of SB 2894, SD2, HD1, which authorizes the Department of Human Services (DHS) to develop and administer outreach as required by the Affordable Care Act and establishes a state health insurance exchange to conform Hawaii law to the Affordable Care Act (ACA).

While Hawaii has been a longtime national leader in covering its residents, we know that there are still members of our community who lack healthcare coverage. Providing funding to DHS to support grassroots outreach efforts will help the state identify the remaining uninsured individuals and move closer to the ultimate goal of healthcare coverage for every resident. In addition, protecting Hawaii's Prepaid Act will help ensure that Hawaii residents will continue having access to care through employer-mandated plans.

Thank you for the opportunity to submit testimony on this measure.

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

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

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 2894, SD2, HD1
RELATING TO HEALTH INSURANCE**

The ILWU Local 142 **supports** S.B. 2894, SD2, HD1, which authorizes the Department of Human Services (DHS) to develop and administer outreach as required by the Affordable Care Act and establishes a state health insurance exchange (the Hawaii Health Insurance Programs) in the Department of Labor and Industrial Relations (DLIR) to conform Hawaii law to the Affordable Care Act. Appropriates funds to DLIR and DHS. Repeals the Hawaii Health Insurance Exchange Programs on 1/1/2018.

The Hawaii Health Connector was created as a private nonprofit corporation to operate a state-based health insurance exchange through which individuals, families, and small businesses could enroll in health plans that met requirements of the federal Affordable Care Act (ACA). The ACA was enacted because the number of Americans without health insurance was steadily growing and impacting the overall cost of health care in this country.

By 2015, however, the Hawaii Health Connector found itself no longer financially sustainable and no longer able to rely on federal grants to remain operational. Ironically, the Connector's failures were due to the success of Hawaii's Prepaid Health Care Act, the employer mandate which provided for near-universal coverage in Hawaii. With fewer individuals and families needing to enroll in health care plans through the Connector, the private nonprofit Hawaii Health Connector was finally forced to cease operations in early December 2015 and its functions were assumed by the State.

The original language of S.B. 2894 included a section to repeal the Hawaii Health Connector. Since individuals and families are now enrolling in marketplace plans using the federal platform and the State is assuming responsibilities for outreach and facilitating small business enrollments, there no longer appears to be a need for the statute on the Hawaii Health Connector. However, the Prepaid Health Care Act needs to be protected now more than ever to ensure that health coverage for most of Hawaii residents is available through employer-mandated plans.

Appropriations to DHS and DLIR are vital to allow the State to comply with the provisions of the ACA. The outreach function provided by the State is especially crucial to ensure that Hawaii residents have the benefit of local support to enroll in health plans through the federal website.

The ILWU urges passage of S.B. 2894. SD1, HD1. Thank you for allowing us to testify on this measure.



March 21, 2016 at 3:00 PM
Conference Room 325

House Committee on Consumer Protection and Commerce

To: Chair Angus L.K. McKelvey
Vice Chair Justin H. Woodson

From: George Greene
President and CEO
Healthcare Association of Hawaii

Re: **Testimony in Support**
SB 2894 SD 2 HD 1, Relating to Health Insurance

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We would like to thank the committee for the opportunity to testify in **support** of SB 2894 SD 2 HD 1, which would, among other things, establish the Hawaii Health Insurance Exchange Programs within the Department of Labor and Industrial Relations (DLIR) to conform to federal requirements. This measure would also provide resources for DLIR and the Department of Human Services to carry out necessary tasks and create an oversight committee for matters related to the *Affordable Care Act*.

Hawaii has long been recognized as a leader in providing access to quality, affordable care for its residents. A recent analysis pegged Hawaii as the third best state in the nation when it comes to health insurance coverage with an uninsured rate of approximately five percent. The *Affordable Care Act's* insurance coverage provisions and the Medicaid expansion undoubtedly helped our state achieve this. To continue our progress forward, we are supportive of collaborative efforts to ensure that the benefits of health care reform are available to all residents without interruption.

In considering this measure, we would ask for your continued support of efforts to improve the healthcare system in Hawaii. Thank you again for the opportunity to testify on this matter.

DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHIO
DEPUTY DIRECTOR

LATE TESTIMONY

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LATE

March 21, 2016

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: S.B. No. 2894 SD2 HD1 Relating to Health Insurance

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

My name is Linda Chu Takayama and I am the Director of the Department of Labor and Industrial Relations. We are in strong support of this measure and urge you to give it your full 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 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 (1) 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 (2) managing the Federal grant.

At this time, the Hawaii Health Connector has no staff and insufficient resources to operate a state exchange as required by chapter 435H, HRS. A separate bill (SB 2383

SD2) is moving through the legislative process to repeal the Hawaii Health Connector. A hearing will be held in circuit court on March 22 on the State's proposal for dissolution of the Connector

In the meantime, the State is working with the Federal agencies to provide a new framework for enrollment that will comply with Federal mandates. The Federal ACA grantee has been changed from the Hawaii Health Connector to DLIR. To avoid any disruption for policyholders, DHS and DLIR advanced limited general funds to cover costs but cannot continue to do so.

As a result of the extraordinary efforts of the Connector's private sector board members, key legislators, and the staff of six departments plus the Governor's office, along with Federal partners, we were able to sail through a tumultuous transition period in which there was no resident in our state who did not have access to health insurance.

The transition is not over. This bill includes the statutory requests we need to get us through the next year. The items requested by DLIR include:

1. Establishing a new state health insurance exchange in DLIR to meet the requirements of the Federal act;
2. Authorizing DLIR to operate a small business health options program (SHOP) under Federal requirements for 2016;
3. Enabling health plans qualified by the Insurance Commissioner to be certified by DLIR for inclusion in the state exchange;
4. Allowing DLIR to collect issuer fees;
5. Providing six (6) temporary exempt positions in DLIR to meet the Federal requirements; and
6. Appropriating \$1.165 million for operating expenses in fiscal year 2016 - 2017.

Thank you for the opportunity to testify. I am prepared to answer any questions you may have.