



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 2894 SD2 HD2 - 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) 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.

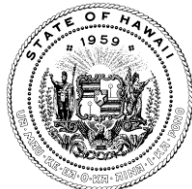
The appropriation request for \$2,918,788 in general funds breaks down as follows:

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.

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**

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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. 2894 SD2 HD2 Relating to Health Insurance

Chair Luke, Vice Chair Nishimoto, 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

SD2HD2) is moving through the legislative process to repeal the Hawaii Health Connector. . Court proceedings began on March 22, 2016 to begin the process of formal dissolution.

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.



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

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

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 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.



March 30, 2016 at 2:00 PM
Conference Room 308

House Committee on Finance

To: Chair Sylvia Luke
Vice Chair Scott Y. Nishimoto

From: George Greene
President and CEO
Healthcare Association of Hawaii

Re: **Testimony in Support**
SB 2894 SD 2 HD 2, 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 **support** SB 2894 SD 2 HD 2, 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 30, 2016

The Honorable Sylvia Luke, Chair
House Committee on Finance
The Honorable Scott Nishimoto, Vice-Chair
House Committee on Finance

Re: SB 2894, SD2, HD2 – Relating to Health Insurance

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

The Hawaii Medical Service Association (HMSA) supports SB 2894, SD2, HD2 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 the Department of Labor and Industrial Relations (DLIR). SB 2894, SD2, HD2 seeks to provide necessary support and statutory authority to the DLIR, 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 in support of SB 2894, SD2, HD2.

Sincerely,

Jennifer Diesman
Vice President, Government Relations



HPCCA

HAWAII PRIMARY CARE ASSOC

House Committee on Finance

The Hon. Sylvia Luke, Chair

The Hon. Scott Y. Nishimoto, Vice-Chair

Testimony in Support of Senate Bill 2894 SD2 HD2

Relating to Health Insurance

Submitted by Dustin Stevens, Public Affairs and Policy Director

March 30, 2016, 2:00 pm, Room 308

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports Senate Bill 2894, which authorizes the Department of Human Services (DHS) to develop and administer outreach as required by the ACA, establishes a state health insurance exchange, and appropriates funds.

Due to the overwhelming success of the Prepaid Healthcare Act and the low number of uninsured in Hawaii, financial sustainability of a state-based exchange was proved to be difficult. As a result, Senate Bill 2894 seeks to aid the transition from a purely state-based exchange to one that utilizes the federal platform for eligibility and enrollment.

In order to successfully complete that transition, the state will be required to:

- (1) Authorize DHS to develop and administer outreach; and,
- (2) Create necessary health insurance programs w/in the Department of Labor and Industrial Relations (DLIR).

Senate Bill 2894 seeks to do both, and allocates funds to make it possible.

The HPCA supports this measure, as community health centers see an inordinate number of those that remain uninsured in the state, especially w/in the Compact of Free Association (COFA) and Lawfully Present Resident (LPR) communities. This bill will continue the work already underway by the Prepaid Healthcare Act, and hopefully ensure coverage and access to care for all of Hawaii's residents.

Thank you for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 28, 2016 1:38 PM
To: FINTestimony
Cc: annie@projectvisionhawaii.org
Subject: *Submitted testimony for SB2894 on Mar 30, 2016 14:00PM*

SB2894

Submitted on: 3/28/2016

Testimony for FIN on Mar 30, 2016 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
ELIZABETH "ANNIE" VALENTIN	PROJECT VISION HAWAII	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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March 30, 2016

To: The Honorable Sylvia Luke
Chair, House Committee on Finance

From: 'Ohana Health Plan
Wendy Morriarty, State President

Re: SB 2894, SD2, HD2, Relating to Health Insurance; **In Support**
March 30, 2016; Conference Room 308

'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, HD2, 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.