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STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

February 24, 2011

**MEMORANDUM**

TO: The Honorable David Y. Ige, Chair  
Senate Committee on Ways and Means

FROM: Patricia McManaman, Interim Director

SUBJECT: **S.B. 1348, S.D. 1 - RELATING TO HAWAII HEALTH INSURANCE  
EXCHANGE**

Hearing: Thursday, February 24, 2011; 9:00 a.m.  
Conference Room 211, State Capitol

**PURPOSE:** The purpose of the bill is to establish the Hawaii health connector to create a health insurance exchange pursuant to the federal Patient Protection and Affordable Care Act of 2010; create the Hawaii health insurance exchange council under a board of directors; create a board of directors; and create a task force to recommend policies and procedures to implement the governance of the health insurance exchange.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) respectfully requests an important amendment to this bill to ensure federal compliance.

As the connector is evolving to be an independent non-profit entity, its interest in supporting the Affordable Care Act (ACA) requirements for Medicaid may receive inadequate attention relative to the other requirements of the exchange affecting the

private marketplace. Under ACA, applications submitted through the health insurance exchange are required to be determined for Medicaid eligibility. Federal funding is available through Medicaid to support this function of the exchange.

To ensure that the connector gives high priority to the need to support this Medicaid requirement, DHS recommends amending Section 3 of this bill by adding a subsection (b) (4) to section 431: -B, on page 5 as follows: “(4) Interfacing with the department of human services to determine medicaid eligibility.”

Thank you for the opportunity to provide testimony on this bill.