



NEIL ABERCROMBIE  
GOVERNOR

SHAN S. TSUTSUI  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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KEALI`I S. LOPEZ  
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-SEVENTH LEGISLATURE  
Regular Session of 2013

Friday, February 1, 2013  
8:30 a.m.

**TESTIMONY ON HOUSE BILL NO. 877 – RELATING TO THE DESIGNEES FOR THE DIRECTORS OF THE DEPARTMENTS OF COMMERCE AND CONSUMER AFFAIRS, OF HEALTH, OF HUMAN SERVICES, AND OF LABOR AND INDUSTRIAL RELATIONS FOR THE BOARD OF DIRECTORS OF THE HAWAII HEALTH INSURANCE EXCHANGE.**

TO THE HONORABLE DELLA AU BELATTI, CHAIR,  
AND MEMBERS OF THE COMMITTEE:

My name is Keali`i S. Lopez, Director of the Department of Commerce and Consumer Affairs (“Department”) and a member of the Board of the Hawaii Health Exchange (“Hawaii Health Connector”). The Department strongly supports this Administration bill. The purpose of the bill is to allow the Directors of the named departments to select a designee for specified meetings or meetings (written request) to carry forth the timely development and implementation of the Hawaii Health Insurance Exchange. Additionally, a voting quorum may not be met without the directors’ designees.

The Department believes that this recommended change is essential for the Hawaii Health Connector's ultimate success in achieving the Hawaii Health Connector's implementation benchmarks.

We thank this Committee for the opportunity to present testimony on this vital matter and respectfully ask for your favorable consideration.



STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

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

February 1, 2013

TO: The Honorable Della Au Belatti, Chair  
House Committee on Health

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 877 – RELATING TO THE DESIGNEES FOR THE DIRECTORS OF THE DEPARTMENTS OF COMMERCE AND CONSUMER AFFAIRS, OF HEALTH, OF HUMAN SERVICES, AND OF LABOR AND INDUSTRIAL RELATIONS FOR THE BOARD OF DIRECTORS OF THE HAWAII HEALTH INSURANCE EXCHANGE.**

Hearing: Friday, February 1, 2013; 8:30 a.m.  
Conference Room 329, State Capitol

**PURPOSE:** The purpose of H.B. 877 is to allow the directors of the Departments of Commerce and Consumer Affairs, of Health, of Human Services, and of Labor and Industrial Relations to delegate voting authority to their designees for a specified meeting or meetings.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) strongly supports this Administration bill.

The successful operation of the Hawaii Health Connector will allow Hawaii's resident to take full advantage of the Affordable Health Care Act benefits and will ensure a seamless integration with the Department of Human Services' medical assistance programs.

Act 205, Session Laws of Hawaii 2011, codified as chapter 435H, Hawaii Revised Statutes, established the Hawaii Health Insurance Exchange as a Hawaii nonprofit

corporation. The corporation is also known as the Hawaii Health Connector. Section 435H-4(b), Hawaii Revised Statutes, specifies that the directors of the Departments of Commerce and Consumer Affairs, of Health, of Human Services, and of Labor and Industrial Relations or their respective designees shall be ex-officio voting members of the board of directors of the Hawaii Health Insurance Exchange.

Allowing the directors of the named departments to select a designee for specified meeting or meetings will ensure the voting representation that is critical for the successful development and implementation of the Hawaii Health Insurance Exchange. Also, a voting quorum may not be met without the directors' designees.

The implementation of a health insurance exchange is necessary for meeting the requirements of the federal Affordable Health Care Act.

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

NEIL ABERCROMBIE  
GOVERNOR



DWIGHT Y. TAKAMINE  
DIRECTOR

AUDREY HIDANO  
DEPUTY DIRECTOR

**STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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February 1, 2013

To: The Honorable Della Au Belatti, Chair,  
The Honorable Dee Morikawa, Vice Chair, and  
Members of the House Committee on Health

Date: Friday, February 1, 2013  
Time: 8:30 a.m.  
Place: Conference Room 329, State Capitol

From: Dwight Y. Takamine, Director  
Department of Labor and Industrial Relations (DLIR)

**Re: H.B. No. 877 Relating to The Designees for the Directors of the Departments of Commerce and Consumer Affairs, of Health, of Human Services, and of Labor and Industrial Relations for the Board of Directors of the Hawaii Health Insurance Exchange**

**I. OVERVIEW OF PROPOSED LEGISLATION**

This measure allows the directors of the Departments of Commerce and Consumer Affairs, of Health, of Human Services, and of Labor and Industrial Relations to delegate voting authority to their designees for a specified meeting or meetings of Board of Directors of the Hawaii Health Insurance Exchange (Board).

The department strongly supports this bill.

**II. CURRENT LAW**

The Director of Labor and Industrial Relations (DLIR) is an ex-officio, voting member of the Board as so specified under Act 205 of 2011 (codified as Hawaii Revised Statute Chapter 435). The Director's designee, however, does not have a voting privilege when attending the Board or standing committee meetings.

**III. COMMENTS ON THE HOUSE BILL**

This bill allows the Director to voice his vote through his designee when he is unable to attend the meetings of the Board of Directors. Board meetings may be scheduled on very short notice and the Director may not always be available given his daily responsibilities. The Director's designee with voting privileges, furthermore, will count towards constituting

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a quorum and will facilitate the transactions of the Board or committee in a timely manner.



EXECUTIVE CHAMBERS

HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

**HOUSE COMMITTEE ON HEALTH**

Rep. Della Au Belatti, Chair  
Rep. Dee Morikawa, Vice Chair

Feb. 1, 2013, 8:30 a.m., Room 320

**Testimony in favor of HB 877**

Relating to the designees for the Directors of the Departments of Commerce and Consumer Affairs, of Health, of Human Services, and of Labor and Industrial Relations for the Board of Directors of the Hawai'i Health Insurance Exchange.

Testimony presented by: Beth Giesting, Healthcare Transformation Coordinator, Office of the Governor

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The Office of the Governor supports HB 877. Act 205, Session Laws of the 2011 Legislature, created the Hawai'i Health Connector as an independent nonprofit corporation to fulfill the State's obligation to establish Hawai'i's health insurance exchange under the federal Affordable Care Act. Act 205 established a 15-member board of directors for the Connector and designated four of those positions for the directors of Commerce and Consumer Affairs (DCCA), Health (DOH), Human Services (DHS), and Labor (DLIR).

The Legislature designated these four positions in order to include the interests of the State Administration on the Connector Board. The four directors provide valuable perspective for the many decisions the board needs to make that cross over diverse state laws, such as insurance regulation, the Prepaid Health Care Act, Medicaid, and public health. At the same time, it can be difficult for the directors to attend every Connector board meeting due to their many obligations and crowded schedules. Recently the Connector board has been meeting twice a month due to the volume of work it needs to do to launch the exchange later this year.

The purpose of this bill is to allow the four state directors to select designees for specified meetings of the Connector board if one or more of them cannot attend. This would fulfill the underlying purpose of having the state administration's perspective and voting authority at every board meeting, without changing the board's basic structure and process. This change is consistent with the underlying purposes of Act 205 and increases the effectiveness of the Connector board. For these reasons, the Governor's Office supports HB 877.

Thank you for the opportunity to testify in favor of this measure.