

# SB1028

**Measure Title:** RELATING TO THE HAWAII HEALTH CONNECTOR.

**Report Title:** Hawaii Health Connector; Hawaii Health Insurance Exchange; Sustainability; Funding

**Description:** Retains current financial and service benefits of the Hawaii health connector. Enhances the availability of services through the connector. Supports the self-sustainability of the connector by 2023 by enabling the connector to issue debentures issued in the name of the connector.

**Companion:**

**Package:** None

**Current Referral:** CPN, WAM

**Introducer(s):** BAKER, KEITH-AGARAN, Espero, Ihara, Nishihara, Taniguchi

<u>Sort by Date</u>		<b>Status Text</b>
1/28/2015	S	Introduced.
1/28/2015	S	Passed First Reading.
1/28/2015	S	Referred to CPN, WAM.
1/30/2015	S	The committee(s) on CPN has scheduled a public hearing on 02-05-15 9:00AM in conference room 229.

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION  
ON  
SENATE BILL NO. 1028

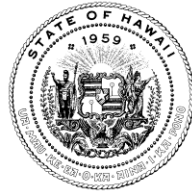
February 5, 2015

RELATING TO THE HAWAII HEALTH CONNECTOR.

Senate Bill No. 1028, among other things, supports the self-sustainability of the Hawaii Health Connector by 2023 by enabling the connector to issue debentures issued in the name of the connector, which shall be guaranteed by the State.

The Department has technical comments on this bill. The Department understands that the Attorney General's office is currently reviewing this measure, as to whether it is allowable for the State to provide a guarantee for a private entity such as the connector. If it is deemed allowable, please note that pursuant to Article VII, Section 13 of the Constitution of the State of Hawaii, the State must establish and maintain a reserve in an amount in reasonable proportion to the outstanding loans guaranteed by the State. This reserve needs to be established, funded by Legislative appropriation or Hawaii Health Connector funds, and maintained by the Hawaii Health Connector. (Historically, the reserve funding levels have been in the 15% to 25% range, depending on the degree of risk.) In addition, loans guaranteed by the State are, under certain conditions, subject to inclusion in the State's Debt Limit and as such, may affect the total amount of general obligation bonds that may be issued to fund State projects/programs.

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



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TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TWENTY-EIGHTH LEGISLATURE  
Regular Session of 2015

Thursday, February 5, 2015  
9:00 a.m.

**TESTIMONY ON SENATE BILL NO. 1028 – RELATING TO THE HAWAII HEALTH CONNECTOR.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner (“Commissioner”), testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department takes no position on the bill, and submits the following comments on this bill.

The purpose of this bill is to retain the current financial and service benefits of the Hawaii Health Connector (“Connector”), enhance the availability of services through the Connector, and support the self-sustainability of the Connector by 2023 by enabling the Connector to issue debentures issued in the name of the Connector.

The Department supports the intent of this bill to provide for other revenue options for the Connector.

We thank this Committee for the opportunity to present testimony on this matter.



**Senate Committee on Commerce and Consumer Protection**

The Hon. Rosalyn H. Baker, Chair

The Hon. Brian T. Taniguchi, Vice Chair

**Testimony on Senate Bill 1028**  
**Relating to the Hawaii Health Connector**  
**Submitted by Robert Hirokawa, Chief Executive Officer**  
**February 5, 2015, 9:00 am, Room 229**

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers (FQHC) in Hawaii, supports Senate Bill 1028 and offers amendments.

Under the Affordable Care Act (ACA), the intent behind creating state health insurance exchanges was to have a venue for competitive insurance plan comparison so as to provide for better premium rates to consumers. As such, the HPCA supports this measure, finding that a sustainable connector with a robust availability of services furthers these goals.

Further, Section 1302(g) of the ACA also states that qualified health plans (QHP) in state exchanges are required to pay FQHC's an amount no less than that defined in Section 1902(bb) of the ACA, unless a QHP and an FQHC reach a mutually agreed-to standard that is at least equal to the generally applicable payment rates of the issuer.

Given the recent decision to remove 7,500 legal COFA migrants from the Medicaid program and enroll them in the Hawaii Health Connector, Hawaii should consider statutory language that protects the continuity of care, and the provider-patient relationship, by requiring QHPs in the Connector to contract with FQHCs. In addition, the State should consider statutory language that affirms the payment methodology the federal law requires for FQHCs providing services to any QHPs enrollees.

As such, the HPCA would like to suggest the following amendment to House Bill 726:

The insurance commissioner shall require that each qualified health plan, as a condition of certification, shall (1) offer to any willing Federally-qualified health center (as defined in Section 1905(l)(2)(B) of the Social Security Act (42 USC 1396d(l)(2)(B)) providing services in geographic areas served by the plan, the opportunity to contract with such plan to provide to the plan's enrollees all ambulatory services that are covered by the plan that the center offers to provide and (2) reimburse each such center for such services as provided in Section 1902(bb) of the Social Security Act, 42 U.S.C. § 1396a(bb).

Thank you for the opportunity to testify and we look forward to further discussion on this important matter.