

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

**STATE OF HAWAII**  
**OFFICE OF THE DIRECTOR**  
**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
[www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

CATHERINE P. AWAKUNI COLÓN  
DIRECTOR  
  
JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

**TO THE HOUSE COMMITTEES ON HEALTH AND  
LABOR AND PUBLIC EMPLOYMENT**

**TWENTY-EIGHTH LEGISLATURE**  
**Regular Session of 2016**

**Wednesday, March 16, 2016**  
**9:30 a.m.**

**TESTIMONY ON SENATE BILL NO. 2894, S.D. 2 – RELATING TO HEALTH  
INSURANCE.**

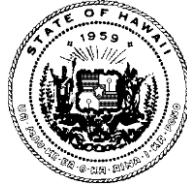
**TO THE HONORABLE DELLA AU BELATTI AND MARK M. NAKASHIMA, CHAIRS, AND  
MEMBERS OF THE COMMITTEES:**

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 Hawaiʻi 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 to 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 the Committees 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 16, 2016

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

The Honorable Mark M. Nakashima, Chair  
House Committee on Labor & Public Employment

FROM: Rachael Wong, DrPH, Director

SUBJECT: SB 2894 SD 2 Relating to Insurance

Hearing: Wednesday, March 16, 2016, 9:30 a.m.  
Conference Room 329, 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**

830 PUNCHBOWL STREET, ROOM 321

HONOLULU, HAWAII 96813

[www.labor.hawaii.gov](http://www.labor.hawaii.gov)

Phone: (808) 586-8844 / Fax: (808) 586-9099

Email: [dlir.director@hawaii.gov](mailto:dlir.director@hawaii.gov)

March 16, 2016

To: The Honorable Della Au Bellati, Chair  
The Honorable Richard P. Creagan, Vice Chair, and  
Members of the House Committee on Health

To: The Honorable Mark M. Nakashima, Chair  
The Honorable Jarrett Keohokalole, Vice Chair, and  
Members of the House Committee on Labor & Public Employment

Date: Wednesday, March 16, 2016

Time: 9:30 a.m.

Place: Conference Room 329, State Capitol

From: Linda Chu Takayama, Director  
Department of Labor and Industrial Relations (DLIR)

**Re: S.B. No. 2894 SD2 Relating to Health Insurance**

Chair Belatti, Chair Nakashima, Vice Chair Creagan, Vice Chair Keohokalole, and  
Members of the Committees:

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;
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.



949 Kamokila Boulevard, 3<sup>rd</sup> Floor, Suite 350, Kapolei, HI 96707  
808.675.7300 | [www.ohanahealthplan.com](http://www.ohanahealthplan.com)

March 16, 2016

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

The Honorable Mark Nakashima  
Chair, House Committee on Labor and Public Employment

From: 'Ohana Health Plan  
Wendy Morriarty, State President

Re: SB 2894, SD2, Relating to Health Insurance; **In Support**  
March 16, 2016; Conference Room 329

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'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, 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.



**March 16, 2016 at 9:30 AM**  
**Conference Room 329**

**House Committee on Health**

**House Committee on Labor and Public Employment**

To: Chair Della Au Belatti  
Vice Chair Richard P. Creagan

Chair Mark M. Nakashima  
Vice Chair Jarrett Keohokalole

From: George Greene  
President and CEO  
Healthcare Association of Hawaii

**Re: Testimony in Support**  
**SB 2894 SD 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 committees for the opportunity to testify in **support** of SB 2894 SD 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 16, 2016

The Honorable Della Au Belatti, Chair  
House Committee on Health  
The Honorable Richard Creagan, Vice-Chair  
House Committee on Health

The Honorable Mark Nakashima, Chair  
House Committee on Labor and Public Employment  
The Honorable Jarrett Keohokalole, Vice-Chair  
House Committee on Labor and Public Employment

**Re: SB 2894 SD2 – Relating to Health Insurance**

Dear Chair Belatti, Chair Nakashima, Vice-Chair Creagan, Vice-Chair Keohokalole and Members of the Committees:

The Hawaii Medical Service Association (HMSA) supports SB 2894 SD1, 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 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.

Sincerely,

Jennifer Diesman  
Vice President, Government Relations



DENNIS W. S. CHANG

Attorney at Law, A Limited Liability Law Corporation

WORKER'S RIGHTS - LABOR LAW  
WORKER'S COMPENSATION  
SOCIAL SECURITY DISABILITY  
LABOR UNION REPRESENTATION  
EMPLOYEES RETIREMENT SYSTEM  
BODILY INJURIES

March 16, 2016

To: The Honorable Della Au Bellati, Chair  
The Honorable Richard P. Creagan, Vice Chair, and  
Members of the House Committee on Health

To: The Honorable Mark M. Nakashima, Chair  
The Honorable Jarrett Keohokalole, Vice Chair, and  
Members of the House Committee on Labor & Public Employment

Date: Wednesday, March 16, 2016  
Time: 9:30 a.m.  
Place: Conference Room 329, State Capitol

From: Dennis W. S. Chang, Attorney-at-Law

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

It is not rocket science that we need to ensure health care for all our citizens in our Great State. I join in the support in the passage of this consequential bill.

DILLINGHAM TRANSPORTATION BUILDING

735 BISHOP STREET ● SUITE 320 ● HONOLULU, HAWAII 96813 ● TELEPHONE: (808) 521-4005