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TO THE HOUSE COMMITTEE ON FINANCE

TWENTY-FIFTH LEGISLATURE
Regular Session of 2010

Wednesday, February 10, 2010
2:00 p.m.

**TESTIMONY ON HOUSE BILL NO. 2875 – RELATING TO THE HAWAII HURRICANE
RESERVE TRUST FUND.**

TO THE HONORABLE MARCUS R. OSHIRO, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is J.P. Schmidt, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”) and the Hawaii Hurricane Relief Fund (“HHRF”) Board of Directors. The Department opposes this bill, which enables loans from the HHRF to the general fund. It is not clear that a current Legislature may legally obligate a future legislature to repay moneys or appropriate moneys. In addition, this bill should be checked for compliance with Section 12 of Article VII of the Hawaii State Constitution, which defines the parameters under which the State government may become indebted. Although HHRF is part of the State government it is outside the state treasury.

On a less technical level, the Department would be concerned about a loan for a short period of time when it is not clear that the Hawaii economy will change sufficiently over that period to make the moneys for repayment of any such loans readily available.

We thank this Committee for the opportunity to present testimony on this matter and ask that this bill be held.



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February 10, 2010

To: The Honorable Marcus R. Oshiro
Chair, House Committee on Finance

From: 'Ohana Health Plan

Re: House Bill 2875-Relating to the Hawai'i Hurricane Relief Trust Fund

Hearing: Wednesday, February 10, 2010, 2:00 p.m.
Hawai'i State Capitol, Room 308

'Ohana Health Plan (OHP) is a health plan offered by WellCare Health Insurance of Arizona, Inc. WellCare is a leading provider of managed care services dedicated to government-sponsored health care programs, focusing on Medicaid and Medicare. We operate a variety of health plans for families, children, the aged, blind or disabled as well as prescription drug plans and private fee-for-service plans. Our local team of over 140 Hawai'i residents have been serving approximately 22,500 low-income, aged, blind, and disabled clients through the QUEST Expanded Access (QExA) program since February 1, 2009.

We appreciate this opportunity to submit our comments in strong support of House Bill 2875-Relating to the Hawaii Hurricane Relief Trust Fund (HRF).

'Ohana Health Plan (OHP) is one of the five health care plans contract under the QUEST program through the Department of Human Services (DHS). As a new plan, operating largely with the support of government funding from the State of Hawai'i, we are deeply concerned about the potential for a three to four month payment deferral by the DHS. This deferral may significantly impact our ability to pay our contracted providers in a timely manner and could cause a disruption in services to our members, which are low-income, aged, blind and disabled residents of our State. As a contracted provider of services for the State of Hawai'i, we take our federally mandated responsibility to make covered services available and accessible through a sufficient delivery network very seriously.

We greatly appreciate this measure that would authorize the loan of moneys from the Hawai'i HRF to the general fund to help fill some of the State's obligations, including payment to QUEST healthcare plans. Passage of this legislation, will help ensure our ability to compensate our contracted providers in a timely manner.

We respectfully request that this committee pass this measure and appreciate your assistance in securing additional funding to avoid the DHS payment deferral option. Thank you for the opportunity to provide these comments regarding House Bill 2875.