

STAND. COM. REP. NO. 889

Honolulu, Hawaii

MAR 06 2015

RE: S.B. No. 1028  
S.D. 2

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1028, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII HEALTH CONNECTOR,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the Hawaii Health Connector to expand the services it offers and to provide for its self-sustainability.

More specifically, this measure:

- (1) Authorizes the Hawaii Health Connector to issue debentures;
- (2) Establishes the Hawaii Health Connector Debenture Guarantee Trust Fund to serve as the reserve for the debentures;
- (3) Appropriates general funds into the trust fund;
- (4) Expands the role of the Hawaii Health Connector to include servicing non-qualified health plans of employers and employees; and
- (5) Defines "qualified health plans" and establishes requirements for their certification.



Your Committee received written comments in support of this measure from Hawaii Primary Care Association and one individual. Written comments in opposition to this measure were received from HMSA, The Chamber of Commerce Hawaii, and the Hawaii Hurricane Relief Fund. Written comments on the measure were received from the Department of Commerce and Consumer Affairs and the Department of the Attorney General.

Your Committee finds that the Hawaii Health Connector is capable of providing additional services to the community through the expanded use of its business model and technologies. However, the Attorney General expressed concern that the federal Patient Protection and Affordable Care Act prohibits the Hawaii Health Connector from offering non-qualified health plans to consumers, as currently authorized by this measure. Your Committee notes that as this measure is considered by the House of Representatives, the proponents of this measure should work to address the concerns raised by the Attorney General in written comments your Committee received regarding this measure.

Your Committee further notes the concerns raised by the Hawaii Hurricane Relief Fund (HHRF) regarding the use of the HHRF to guarantee the debentures authorized by this measure. These concerns include the propriety of using moneys administered by HHRF, a state agency, to finance the activities of the Hawaii Health Connector, a private nonprofit entity, and the lack of HHRF resources to oversee the debentures under this measure. Your Committee believes that the emergency and budget reserve fund is the appropriate fund to guarantee the debentures authorized by this measure.

Accordingly, your Committee has amended this measure by:

- (1) Providing that each qualified health plan shall meet the requirements of an essential community provider under title 45 Code of Federal Regulations section 156.235;
- (2) Deleting provisions relating to the Hawaii Health Connector not compensating agents or brokers that sell non-qualified health plans through the Connector;
- (3) Deleting reference to the HHRF and instead authorizing the Director of Finance to use the emergency and budget reserve fund to guarantee, approve, and oversee the issuance of debentures by the Hawaii Health Connector;



- (4) Amending the enabling statute for the emergency and budget reserve fund to authorize appropriations for guaranteeing, approving, and overseeing the issuance of those debentures; and
- (5) Changing the source of the appropriation into the Hawaii health connector debenture guarantee trust fund from the general fund to the emergency and budget reserve fund.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1028, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1028, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



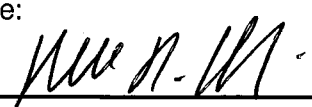
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JILL N. TOKUDA, Chair



The Senate  
Twenty-Eighth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB1028 SD 1</b>	Committee Referral: <b>CPN, WAM</b>	Date: <b>3/3/15</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	✓			
KOUCHI, Ronald D. (VC)	✓			
CHUN OAKLAND, Suzanne				✓
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
GALUTERIA, Brickwood	✓			
HARIMOTO, Breene	✓			
INOUYE, Lorraine R.	✓			
RIVIERE, Gil	✓			
RUDERMAN, Russell E.				✓
SLOM, Sam			✓	
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>1</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">  </div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes