

STAND. COM. REP. NO. **2601**

Honolulu, Hawaii

**MAR 03 2016**

RE: S.B. No. 2894  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committees on Judiciary and Labor and Ways and Means, to which was referred S.B. No. 2894, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH INSURANCE,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Authorize the Department of Human Services to develop and administer outreach as required by the federal Patient Protection and Affordable Care Act of 2010 (Affordable Care Act);
- (2) Create the Hawaii health insurance programs within the Department of Labor and Industrial Relations, which will conform state law to the Affordable Care Act and enable the State to:
  - (A) Preserve the benefits of the Prepaid Health Care Act;
  - (B) Ensure a smooth transition to a state-based marketplace using the federal platform for individuals and families; and
  - (C) Develop a system to allow small businesses to continue to take advantage of Affordable Care Act tax credits; and



- (3) Appropriate funds to the Department of Labor and Industrial Relations and Department of Human Services.

Your Committees received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Department of Labor and Industrial Relations, and Department of Human Services.

Your Committees find that Hawaii's state-based health insurance exchange, the private nonprofit Hawaii Health Connector, ceased operations on December 4, 2015. The State has since enlisted the assistance of six state departments to comply with federal requirements and ensure a smooth transition for enrollees from the state-based exchange to a state-based marketplace that utilizes the federal platform.

Your Committees further find that outreach and consumer assistance for health insurance, including Medicaid, continue to be needed during the transition. Also, during the transition, the Department of Labor and Industrial Relations is responsible for overseeing employers who have the option of providing health plans to their employees through Hawaii's Prepaid Health Care Act or the federal exchange, and managing the federal Affordable Care Act grant. The Department of Labor and Industrial Relations has requested transfer of the federal grant to the Department but has been informed that the State will be unable to receive federal grant monies until a new state exchange is named. This measure establishes a new state health insurance exchange in the Department of Labor and Industrial Relations and authorizes the Department to operate a small business health options program under federal requirements.

Your Committees have amended this measure by:

- (1) Clarifying that the chairs of the legislative standing committees named to the Affordable Care Act legislative oversight committee are committees having primary jurisdiction over a specified subject matter;
- (2) Inserting an effective date of January 7, 2059, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



As affirmed by the records of votes of the members of your Committees on Judiciary and Labor and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2894, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 2894, S.D. 2.

Respectfully submitted on behalf of the members of the Committees on Judiciary and Labor and Ways and Means,



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JILL N. TOKUDA, Chair



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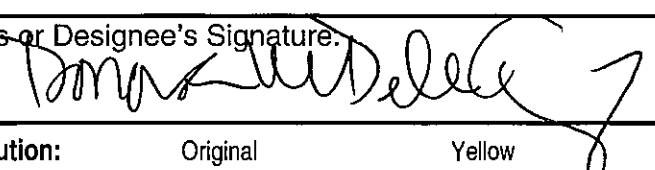
GILBERT S.C. KEITH-AGARAN, Chair





The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

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

Bill / Resolution No.:* <b>SB 2894, SD1</b>	Committee Referral: <b>CPH/HMS, JDL/WAM</b>	Date: <b>2/24/16</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)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene				/
INOUYE, Lorraine R.	/			
RIVIERE, Gil	/			
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
SLOM, Sam			/	
<b>TOTAL</b>	<b>10</b>	<b>9</b>	<b>1</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<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