



**HPCA**

HAWAII PRIMARY CARE ASSOCIATION

**House Committee on Health**

The Hon. Ryan I. Yamane, Chair

The Hon. Dee Morikawa, Vice Chair

**Comments on House Bill 1736**

**Relating to the Hawai'i Health Insurance Exchange**

**Submitted by Nani Medeiros, Policy and Public Affairs Director**

**Friday, January 27, 2012, 9:00 a.m. Room 329**

The Hawai'i Primary Care Association, which represents community health centers in Hawai'i takes no position on House Bill 1736, but would like to offer the following comments and questions.

1. The federal Affordable Care Act (ACA) allows states to establish one exchange that provides both individual and small market (Small Business Health Options Program) services, but **only** if the exchange has adequate resources to assist such individuals and employers. We recommend an evaluation of the resources available to the exchange to verify that it can provide services to both markets as proposed in this bill, taking into consideration the higher costs associated with separating the risk pools (making them smaller) for individual and small group markets.

An insurance exchange relies on a large number of consumers to minimize the associated risk for all purchasers. Already the State of Hawaii is at a disadvantage in this regard because the Prepaid Healthcare Act covers such a large percentage of working individuals. If the exchange were to be further parsed into individual and small market options, the smaller pools would be much more susceptible to associated risk. This susceptibility simultaneously reduces the consumer's purchasing leverage and enhances the bargaining power of insurers. Such a situation would stand in stark contradiction to the legislative intent of ACA in creating insurance exchanges.

Section 1312(c)(3) of the federal Act allows the individual and small group markets to be merged if the State deems it is appropriate, but does not mandate it. A further evaluation of this option should be done.

2. Requiring that navigators be nonprofit entities under Chapter 414D, Hawai'i Revised Statutes, is a far more narrow definition than allowed under the federal Act. The ACA allows eligible entities to include trade, industry, professional associations, commercial fishing industry organizations, ranching and farming organizations, community and consumer-focused nonprofit groups, chambers of commerce, unions, resource partners of the Small Business Administration, other licensed insurance agents and brokers, and other entities capable of carrying out the required

duties and can meet required standards and provide required information. Limiting navigators to nonprofits may significantly reduce the number of effective navigators in Hawai'i.

3. The proposed definition of a "health benefit plan" may conflict with, or contradict, services in the ten required categories of the essential health benefits package in the federal Act. The required categories are:
  - a. Ambulatory patient services.
  - b. Emergency services.
  - c. Hospitalization.
  - d. Maternity and newborn care.
  - e. Mental health and substance use disorder services, including behavioral health treatment.
  - f. Prescription drugs.
  - g. Rehabilitative and habilitative services and devices.
  - h. Laboratory services.
  - i. Preventive and wellness services and chronic disease management.
  - j. Pediatric services, including oral and vision care.

We understand that the LRB report which put forth these recommendations was recently completed on December 29, 2011. We are hopeful that these questions and concerns can be clarified, or addressed, as this and other measures relating to the Hawai'i Health Connector move through the public hearing process at the legislature.

Thank you for the opportunity to offer public comments.