



THE UNITED STATES  
HOUSE OF REPRESENTATIVES  
COMMITTEE ON ENERGY AND COMMERCE  
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

**“An Overdue Checkup: Examining the ACA’s State Insurance Marketplaces”**

Testimony of:

Jeffrey M. Kissel  
Executive Director  
Hawaii Health Connector

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Good morning, Chairman Murphy, Ranking Member DeGette, and other Honorable members of the Oversight and Investigations Subcommittee.

Thank you for inviting us to participate in this informational briefing today. My name is Jeffrey M. Kissel, Executive Director of the Hawai'i Health Connector, speaking on behalf of the Connector and its Board of Directors, Hawaii's State-based Exchange.

## **Opening Remarks**

Members of the Committee; it is a pleasure to come before you today to report on the activities of the Hawaii Health Connector. Before discussing the State-based Exchange, however, I would like to explain the health care environment in Hawaii to help you understand the context of my remarks.

While Hawaii has among the lowest "uninsured" rates in the nation, it differs from other small states and larger states with comparable uninsured rates. With the passage of the Hawaii Prepaid Healthcare Act of 1974, the state undertook, as a matter of policy, the responsibility for providing access to health care and wellness resources to virtually every employed resident. Over the past 45 years, both



Democratic and Republican administrations in Hawaii have not only supported the provisions of the Act, they have devoted substantial resources to leading the insurance and health care industry to actually deliver these services to an ever increasing percentage of our population.

The evidence of our success is clear, even though Hawaii does not rank among the states with the lowest rates of diabetes, obesity, infant mortality and other critical public health metrics, our population enjoys a longer lifespan, and, by any measure, healthier outcomes from the diseases and other health issues faced by our diverse ethnic and cultural mix. I believe that this is a direct result of our community's ability to develop excellent health care access and secure its viability through our Prepaid Healthcare Act with its employer mandate to provide insurance. This is a substantial accomplishment for a state with just 1.4 million residents including 315,000 military and their dependents. That means that, prior to the implementation of the Affordable Care Act, fewer than 1 million people were successfully supporting one of the most successful health care and wellness delivery systems in the nation.

In this context, the passage of the Affordable Care Act was widely viewed as an opportunity to extend access to health care and wellness resources to even more of Hawaii's population. For the most part that effort has been successful. Taken together, the expanded Medicaid program and Affordable Care Act insurance policies have reduced the Hawaii uninsured rate by more than 50% to date.

Unfortunately, a lack of planning, unclear business process design, and utterly inadequate program management as the technology systems were implemented, resulted in both excessive spending and delays in delivering these important services to the people who needed them most in our state. Since I became Executive Director, however, the team at the Hawaii Health Connector, working with their counterparts in government and private industry, have come a very long way toward achieving our goal of harmonizing the benefits of Hawaii's forward thinking Prepaid Healthcare Act of 1974, with the provisions Affordable Care Act.

The first year of operations was more challenging than anyone anticipated. Qualified Health Plan enrollment was only about 8,500, the technology was not fully functional and our failure to test business processes created barriers rather than pathways for customers to access the benefits of the Affordable Care Act.

We changed that in our second year. I joined the Connector in early October of 2014. Since then, we added transparency to our communication, revamped our enrollment and outreach processes, implemented conventional project controls, and successfully completed the technology build. I'm pleased to say that, as of June 2015, according to TurningPoint, our Independent Validation and Verification contractor, we were the only State-based Exchange to have successfully passed its IT Blueprint testing scenarios, providing third party validation that we have a working IT system. Our business processes now utilize the technology to support



our well-trained outreach workers as they assist our customers with the enrollment process. This change in approach converted our computer systems to a resource rather than a barrier to entry.

Throughout this process we disclosed our challenges and the opportunities brought about by the Affordable Care Act to the public, discussed the details with our government officials, the insurance community and our federal partners. We went into fully detailed explanations about the cost and benefits of Hawaii's approach to fulfill the requirement of the Affordable Care Act as we continued to enroll more and more of our residents into the programs available, as a result of the ACA.

In December of 2014 we produced a comprehensive 10-year strategic and business plan, a copy of which is attached to this testimony. It is a detailed report on our condition, activities, and sustainability required by both the Affordable Care Act and enabling state legislation. It also presented both the advantages and the challenges we faced as the Exchange commenced the second full year of operations.

In that plan we explained to CMS and our state administration how we would meet the sustainability and other important requirements of the Affordable Care Act. We recommended an approach to finance our deficit until we could generate sufficient revenue to become sustainable.



By way of example, we indicated that we needed about 70,000 enrollees generating issuer fees of about \$12 million a year to pay our expenses and put enough aside for the renewal of our technology.

In fact our enrollment for 2015 increased by more than 400%. It was nearly 40,000 and I believe that it would have exceeded 50,000 if we had completed the year with our Small Business Health Options program. Moreover, the Hawaii Health Connector was able to add thousands of individuals to the expanded Medicaid program.

Even though we were able to overcome the first year technology challenges, it became clear to all of us that Hawai'i that the cost of maintaining, upgrading and ultimately replacing the technology had the potential to exceed its initial cost. While the federal government funded the initial costs, the people of Hawai'i would be responsible for the ongoing costs. After consulting with CMS, our state administration elected to migrate to Healthcare.gov as a supported state based exchange to assure continued access to Qualified Health Plans for our residents. I fully understand the basis for that decision as the risks of operating independently are greatly mitigated by the assistance of Healthcare.gov technology and support from CMS.

As a result, we are in the midst of a process that will transfer the functions of the Exchange from the Hawaii Health Connector to state agencies and utilize



Healthcare.gov to provide the technology necessary to enroll individuals and families in Qualified Health Plans. Our community is working together to harmonize the provisions of the Affordable Care Act with Hawaii's legislative framework to continue to provide outstanding access to healthcare and wellness resources to virtually every resident and, when necessary, any of the millions of visitors we welcome to our state each year.

Honorable members, we thank you for your time, dedication and your interest in improving the quality of life in our country by addressing this important issue before the people of the United States. I look forward to any questions you might have.