

STATE INNOVATION WAIVER TASK FORCE

Meeting 11

MINUTES

**Date** Thursday, May 14, 2015  
**Time** 9:00 a.m.  
**Place** DCCA, Queen Liliuokalani Room.  
335 Merchant St., Honolulu, HI 96813

**Attendance** State Innovation Waiver Task Force Members - Present

Beth Giesting, Chair, Governor's Office  
Joan Danieleley, Senate Health Care Appointee  
Jennifer Diesman, HMSA  
Bryan FitzGerald, OIMT  
Robert Hirokawa, HPCA  
Gordon Ito, Insurance Commissioner  
Daniel Jacob, Office of the Attorney General  
Royden Koito, DLIR  
Christine Sakuda, Hawaii HIE  
Leslie Tawata, MedQUEST  
Sandra Yahiro, EUTF  
Paul Young, HAH

State Innovation Waiver Task Force Members - Absent

David Hong, House Small Business Appointee  
Lorrin Kim, DOH  
Jeff Kissel, Hawaii Health Connector  
Sherry Menor-McNamara, Chamber of Commerce of Hawaii  
Paula Yoshioka, Queen's Health System

**Call to order**

The meeting was called to order and roll taken by Chair Giesting at 9:03 a.m.

**Public Comment**

There was no opening public comment.

**Review of minutes of April 9, 2015**

Chair Giesting noted an amendment submitted by Arlene Ige related to the statement attributed to her and included in the 4/19/15 minutes. The proposed amendment reads: *"Guest Arlene Ige from the Insurance Division reported that the Division is working with plans now to ensure their ability to meet QHP timelines, which include the processes to load ACA QHPs on the FFM platform. This would address the requested contingency plan to allow Hawaii to be a Supported State-Based Marketplace (SSBM)."* Members FitzGerald moved and Danieleley seconded approval of minutes as amended. There was no public comment. The motion was unanimously approved.

**Creation of Permitted Interaction Groups**

Members Diesman moved and Danieleley seconded a motion to authorize a PIG to attend HHC board and committee meetings and report back on any issues pertinent to this Task Force. Members are Kissel, Koito, and Sakuda.

Members Koito moved and Danieley seconded a motion to authorize a second PIG to identify next steps needed to develop a waiver and report back to the Task Force. Members are Danieley, Diesman, FitzGerald, Giesting, Hirokawa, Ito, Jacob, Kissel, Koito, and Young.

There was no public comment and both motions were unanimously approved.

### **ACA Waiver Federal and Legislative Updates**

Guest Laurel Johnson from the Governor's Office summarized activities that the Governor's Office and the Hawaii Health Connector have been engaged in to develop and share a contingency plan with the federal DHHS. The first draft was submitted May 11<sup>th</sup> with a goal to ensure that Hawaii remain a SBM. Already allocated funds are being requested to make technical or programmatic changes that may be needed to support the contingency plan. While HHS is emphasizing the need to address the individual market, decisions about it can't be made without considering what should be done about SHOP or plans for a 2017 waiver.

Chair Giesting noted that HB 576, amending legislative directives to the ACA Waiver Task Force, was passed but without an appropriation. Clarification was offered that the final version does include that the TF examine *"the feasibility of options for providing affordable insurance coverage for uninsured and underinsured individuals in Hawaii that include innovations to the State's existing medicaid program."* Members Ito and Hirokawa suggested that that could give the task force scope to look at options for COFA migrants.

There was no public comment.

### **Waiver Recommendations**

Chair Giesting led the task force through decision-making on the remainder of items reported by the Waiver Options PIG at the February 12, 2015 meeting and subsequent discussion at the February 26, 2015 meeting.

PIG purpose: Explore ACA sections to waive or modify

Members: Kissel/Alborg, Diesman, Giesting, Ito, Jacob, FitzGerald

### Health Insurance Exchange

#### **Sections 1311/1312 - SHOP Exchange**

Members Diesman moved and Young seconded a motion to recommend that Hawaii waive ACA SHOP requirements while retaining Prepaid Health Care Act requirements for small businesses. The motion carried with all members present in support except for members Danieley and Ito, who abstained.

Members Hirokawa moved and Sakuda seconded a motion to recommend enhancing transparency and competition in the purchase of health insurance for small businesses by creating a robust, dynamic website that allows small businesses to enter employee age and smoking data to get accurate insurance quotes. Such website would provide rate information even if employee data was not entered, and would support anonymous browsing. The task force makes no recommendations at this time about whether the website should be maintained by the Connector or by a state agency. The motion carried with all members present in support except for member Danieley, who abstained.

Members Diesman moved and Tawata seconded a motion to recommend that Hawaii not move to the "Supported State-Based Marketplace" that uses the FFM platform for SHOP enrollment if it can be avoided. The motion was unanimously approved.

There was no public comment.

## Tax Credits

### **Sections 1402/36B – Premium Tax Credits and Cost Sharing**

Members FitzGerald moved and Koito seconded a motion to recommend that Hawaii

- Retain APTC and CSR tax credits for individuals that make insurance affordable.
- Negotiate with federal authorities to obtain maximum payment to the state in lieu of tax credits foregone in any waiver agreement.

The motion was unanimously approved.

### **Report from Tax Credit Methodology Permitted Interaction Group**

Chair Giesting summarized the report from the Tax Credit Methodology PIG as follows:

Purpose: Identify and use information appropriate to calculate potential tax credits.

Members: Danieley, Diesman, Giesting, Ito, Jacob, Kissel, Koito

- Small business tax credits for employee insurance coverage became effective in 2010.
- Between 2010 and 2014, the maximum credit levels were 35% for for-profit business and 25% for nonprofits.
- Starting in 2014, the maximum credits were 50% and 35%, respectively, for for-profit and nonprofit businesses. Employers had to use the SHOP exchange in the insurance marketplace to qualify.
- Eligible employers have 25 or fewer employees with an average wage of less than \$50,000/year. The smaller the number of employees and the lower the average wage, the larger the available tax credit.
- Tax credits are available for two years per employer.

The PIG consulted three sources to develop the estimated magnitude of tax credit that might be claims under a SHOP waiver. The three were: the Lewin Group's Report for Families USA and Small Business Majority (2012), the Oliver Wyman study prepared for the Hawaii Insurance Division (2012), and current employer data from DLIR. Per DLIR data, which was consistent with the estimates in the other studies, the number of potentially eligible businesses and the total number of their employees were as follows:

| <b>Small Businesses:<br/>1 – 25 Employees</b> | <b>Very Small Businesses (a subset of<br/>Column 1): 1 – 10 Employees</b> |
|---|---|
| 27,797 Employers                              | 24,494 Employers  |
| 118,726 Employees                             | 65,711 Employees  |

The PIG's tax credit methodology assumptions were that average monthly premiums are \$350 (\$4,200/year) and the average maximum tax credit was 50% of the upper limit available. Using these numbers, they estimated:

- The market-wide value of tax credits between 2010 and 2014 amounted to \$91.5 million
- The year-to-year utilization of credits is between 5 and 15%
- The year-to-year value of credits is between \$4.5 and \$13.7 million
- **Conservatively, the estimated tax credits that could be claimed for a 5-year waiver period is \$30 million**

The PIG identified the following as purposes for which tax credit funds would be appropriate because they are directly related to the goals of the ACA:

- State Premium Supplementation Program
- Initiatives that are part of health care innovation such as the state innovation program itself, HIT and the Hawaii Health Information Exchange, the Hawaii Data Center, and a Health Workforce Center.

Member Koito clarified for the task force that the State Premium Supplementation Program was begun many years ago with a small corpus that has been supplemented by interest revenues and penalties paid to the state for non-compliance. In recent years more employers have tapped the Program for premium supplementation so that funds may be depleted as early as the end of calendar year 2015. The Program can also help pay for health care costs incurred by employees whose employers failed to obtain coverage for them.

### **Report from Hawaii Health Connector Permitted Interaction Group**

Members Sakuda and Koito noted that some of what has been reported in the media is misleading. HHC is committed to working through issues to ensure the success of a SBM for Hawaii and is particularly concerned that consumers continue to be effectively assisted and are given accurate information to allay fears about current and future coverage.

Member Sakuda asked if the TF had any questions that should be presented to the Connector, to which members suggested that information be ascertained about the timeline and process for the Connector's transition between now and the end of 2016. This is pertinent because waiver plans and transition plans should be congruent to avoid waste, redundancy, and confusion.

Additional discussion addressed concerns that COFA migrants continue to be identified by plans and supported with premium assistance by the state in any move to a SSBM. The TF should consider whether a waiver and tax credit funds can support COFA needs.

Consumer assistance is essential for individuals using the exchange but is also a necessary component for Hawaii to maintain its status as a SBM or SSBM.

### **Next Meeting**

Chair Giesting announced that the next TF meeting will be on June 25, 2015 at 9:00 a.m. in the State Office Tower, Room 204.

### **Adjournment**

The meeting was adjourned at 10:25 a.m.