

**MISC. COMM. NO. 1**

**HAWAI'I HEALTH CONNECTOR  
BOARD OF DIRECTORS' FIRST  
AMENDED REPORT TO  
2014 LEGISLATURE**

**December 2013**

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OFFICE OF THE CLERK  
LEGISLATURE  
HONOLULU, HAWAII

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## **I. Introduction**

The following report is submitted in accordance with Section 2, Subpart E of the Hawai'i Health Insurance Exchange Act (Act 205, Session Laws 2011), codified in Hawai'i Revised Statutes Chapter 435H.

The Hawai'i Health Connector began in 2011 with an Act establishing the Connector with an interim board of directors helping to guide its implementation, and the hiring of its first employee, Executive Director Coral Andrews.

In 2012, the Connector added more employees, on-boarded its initial IT Consultant, Public Consulting Group (PCG), submitted its Blueprint to CCIIO and signed a contract with its IT Vendor, CGI Technologies. Governor Neil Abercrombie also reaffirmed that the State of Hawai'i would pursue a state based marketplace, and was the first state to submit a declaration letter to the Centers for Medicare and Medicaid Services (CMS), stating so.

In 2013, the Connector added more employees and began its IT design, development and implementation build. During 2013, the Connector also established its Marketplace Assister or Hi'i Ola Program and began recruiting both Program Specialists for each of the Islands, along with Market Place Assister Organizations to provide Kōkua to help inform and educate the communities about the health insurance options available to its members.

The Connector began planning for its Contact Center in 2013. Thus, on September 15, 2013, the Connector's Contact Center opened for business, taking inquiries from the public about the upcoming open enrollment period.

On October 1, 2013, operating as a state-based marketplace, the Connector opened for business. The Connector staff relaunched its website on October 15, 2013, with additional functionality, including the ability for consumers to select and compare health insurance plans.

## II. Background

On March 23, 2010, President Barack Obama signed the Patient Protection and Affordable Care Act (ACA) into law. The law brought, among other things, changes to the healthcare delivery system, brought accountability to health insurance companies, and provided for the establishment of health insurance exchanges (also called Marketplaces).

In 2011, the State Legislature introduced legislation to establish Hawai'i's health insurance exchange, and on July 8, 2011, Act 205 which established the Hawai'i Health Connector (the Connector), was signed into law. This subsequently became *Hawai'i Revised Statutes Chapter 435H*.

By signing Act 205, Governor Neil Abercrombie enabled Hawai'i to build its health insurance exchange; guided by an interim board of directors specifically seated to implement the health insurance exchange according not only to the ACA, but also existing state law and subsequent federal regulations. Having a state-based exchange allowed Hawai'i to comply with the ACA while integrating the mandates of the Prepaid Health Care Act (PHCA), which has been a part of the health insurance in Hawai'i since its passage in 1974.

In late 2011, the Connector hired its first Executive Director, Coral Andrews. In early 2012, the IT Consultant, Public Consulting Group (PCG), was hired and Executive Director Andrews began hiring Connector Staff. Offices were leased in downtown Honolulu, and the Connector finally had its headquarters. Connector Staff continued to be hired.

In a letter from Governor Abercrombie in June 2012, Hawai'i became the first state to declare its intention to be a state-based health insurance exchange, and in support of this declaration, the Connector submitted its Exchange blueprint in November 2012, outlining its proposed build of the Exchange. After releasing its Request for Proposals (RFP) for an IT Vendor to build the Exchange in accordance with CCIIO procurement requirements, the Connector selected CGI Technologies and Solutions (CGI).

After the contract with CGI was negotiated and signed, the Connector's staff and vendors met to work out the requirements for building the Exchange. Once the requirements were agreed upon, all of the parties moved into the production phase in 2013.

### III. Accomplishments in 2013

In 2013, the Connector began building its web portals, established its Hi'i Ola program, expanded its staff, opened its Contact Center, and focused on opening for business.

#### A. 2013 Launch

The Connector, as with all of the other Marketplaces, anticipated opening for business on October 1, 2013.

On the eve of opening, it was brought to the Connector's attention that, despite all of the testing held to date, the portal may not perform as expected. Erring on the side of caution, it was decided to delay the launch of the Connector's portal until October 15, 2013.

Another concern was the security of the portal and securing the information received by the Connector from consumers and issuers. Although the Connector received security clearance from both the Internal Revenue Service (IRS) and the Center for Medicare and Medicaid Services (CMS), the Connector again decided to proceed cautiously to ensure the safety of the information received.

Since October 15, 2013, consumers have been able to review plans, fill out and submit applications, and select and enroll in plans. The system is under continuous refinement in order to meet the demands of the public. The Connector is considered to be a "smart application," because of the many components that need to interoperate seamlessly behind the Connector's portal. The Connector's portals must be able to interact not only with the consumer, but coordinate information received from the Department of Human Services, and State Data Services Hub through which information is transmitted and obtained from the Federal Services Data Hub.<sup>1</sup> The Connector is obligated to present a seamless experience for all consumers and the coordination between all entities involved is a complex one. See, Appendix A.<sup>2</sup>

The Connector currently provides 95 plans from two health issuers and three dental plan providers to the residents of Hawai'i. All health insurers in the State of Hawai'i who seek to list plans with the Connector must first submit plans for approval to the Insurance Division at the Department of Commerce and Consumer Affairs.

As of December 21, 2013, the Connector received the following:

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<sup>1</sup> The Federal Data Services Hub is a port through which requests for verification of information submitted such as income, and citizenship. The information is gathered from various agencies such as the IRS and Immigration, and transmitted to the states requesting the verification.

<sup>2</sup> Appendix A is a workflow diagram of the entire Hawai'i exchange, including both the Connector and DHS systems. The Connector portions are tan colored. This diagram was part of Interim Executive Director Tom Matsuda's presentation to a House legislative briefing on December 12, 2013.

Individuals:

- 146,346 Unique Visitors to the Website
- 9,810 Completed Applications
- 1,303 Enrolled into Health Plans

SHOP:

- 281 Employers Completed Applications
- 1 Payment Received from an Employer<sup>3</sup>

## A. Community Outreach

Reaching out to the communities around the state and educating the public about health insurance and the Affordable Care Act has been a high priority for the Connector.

Since the Connector on-boarded its staff in 2012, the Community Outreach team, in partnership with the Program Specialists, attended events across the state to educate residents about their health care choices and the Affordable Care Act generally.

Educating the public about the Affordable Care Act (ACA) is not defined as only signing up consumers for plans, but also about informing the public about the ACA, and how it affects them.

This year, 2013, has been busier than ever. To date, the Community Outreach team has attended and/or conducted over one thousand (1,000) events on all islands except Ni'ihau, to educate the public about the healthcare options available both inside and outside of the Connector. The events have included town hall meetings sponsored by legislators for their constituents, senior fairs, Youth Day at the State Capitol, public family events, small business events, and by request from various groups. For a listing of the events for 2013, please see attached Appendix B.

Aside from the uninsured and underinsured populations in Hawai'i, the Connector staff has been reaching out to the COFA (Compacts of Free Association) population in Hawai'i, providing them information on their eligibility for financial assistance programs as lawfully present residents. This population is made up of residents from the Federated States of Micronesia, Republic of Marshall Islands and Republic of Palau. Hawai'i has the largest COFA population of any state in the nation. In 2010, the total COFA population in the State of Hawai'i numbered approximately 21,226.<sup>4</sup>

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<sup>3</sup> This is an accomplishment for the Connector because the Connector is just one of a few, if not the only Marketplace with a SHOP portal, and the only one with the Dual Rules Environment (DRE) to accommodate the dictates of the Prepaid Health Care Act. This could very well be the first payment received by a SHOP nationwide.

<sup>4</sup> Population figures taken from the 2010 Decennial Census Data as compiled by the Office of U.S. Representative Colleen Hanabusa.

Looking forward to 2014 and beyond, the Connector hopes to partner with community based groups to extend its outreach into the communities that are underserved and help to educate these populations about the services available to them, including health insurance plans, APTC, the Affordable Care Act, and Medicaid (in coordination with the Department of Human Services (DHS)).

## **B. Hi'i Ola Program**

The Hi'i Ola Program (“Embracing Wellness”) is the Connector’s in-person assister program and the driving force of the Connector. The program is comprised of a variety of Marketplace Assisters (“Kōkua”), which currently consists of In-Person Assisters (IPAs) and Certified Application Counselors (CACs).<sup>7</sup> In recognition of the unique characteristics throughout the islands, the program was designed to build on community connections and trusted relationships.

The Hi'i Ola Program consists of ten Program Specialists, key Connector personnel recruited and hired from local communities:

- 3 on Hawai'i Island
- 2 on Maui
- 1 for Lana'i and Moloka'i
- 2 on O'ahu
- 1 on Kaua'i

The Program Specialists are the foundation of the Connector’s outreach and education program and provide support, assistance, and training of the Kōkua associated with the Marketplace Assister Organizations (MAO) or Certified Applications Counselor Organizations (CACOs), either in specified geographic areas throughout the State or addressing the needs of unique populations. These Program Specialists coordinate community outreach events, and ensure that the MAO and Kōkua are kept current with the regulations, and, most importantly, make sure that applicants who request in-person assistance are matched up with the appropriate Kōkua.

In 2013, and continuing to build on community connections, the Connector designed a grantmaking component to award funding to MAOs. A Request for Applications (RFA) for Marketplace Assister Organizations was issued, and in response, applications were received from community organizations/agencies throughout the state.

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<sup>7</sup> The Patient Protection and Affordable Care Act requires the Marketplaces to have Navigators as a part of the assister programs. The Navigators are to be funded by grants issued by the Marketplaces, but not utilizing any of the federal grants received by the Marketplaces to build the web portals. At this time, the Connector has elected to implement the Navigator side of the Marketplace Assisters at a later date when it is self-sustaining and able to provide these grants in accordance with the ACA.

The applications received were carefully screened based on several criteria, including its roots in the community, the extent of its community outreach, the population to be served, number of in-person assisters (“Kōkua”) to be provided, etc. Upon selection of the MAO, the Connector continued its due diligence to ensure the integrity of the organization and proposed program which included a background check of the organization. Each MAO signs a one-year sub-recipient Agreement with the Connector which outlines the number of full and part-time Kōkua responsible for educating and assisting individuals, families and small businesses to sign up for health insurance through the Connector.

Also in 2013, the Connector designed the process and solicited applications from organizations interested in becoming CACOs (Certified Application Counselor Organization) and providing counselors (CACs) to support consumers in the enrollment process. CAC organizations and businesses do not receive funding, but extend the reach and network of the Hi‘i Ola Program to populations served by them.

Finally, in 2013, and consistent with federal regulations, the Connector has begun the process to secure non-federal funding to support Navigator grants to organizations to provide services similar to MAOs.

To ensure safety and security of consumer information, all designated Kōkua are/will be subject to a criminal background check and must complete a training program to become certified. The training is approximately 30 hours (face-to-face) with additional on-line training, and covers topics including but not limited to ACA regulations, the individual and SHOP portals, details of the plans offered on the Connector, tax credits available to individuals and SHOP, and an overview of eligibility criteria for Medicaid, security, and HIPPA.

As of December 30, 2013, there are 35 MAOs, 21 CACOs (12 are MAO and CACO and 9 are uniquely CACO) and 135 Kōkua (102 In-Person Assisters and 33 Certified Application Counselors) who are certified. A list of the Marketplace Assister Organizations and Certified Application Counselors Organizations is attached as Appendix C. Under the ACA, federal funding for the Marketplace Assister programs nationwide expires at the end of 2014.

### **C. Contact Center**

In March 2013, the Connector issued its Request for Proposal (RFP) for its Contact Center. Proposals were received from various entities, oral presentations were held, and the Board of Directors of the Connector eventually elected to award the contract for the Contact Center to Maximus Health Services, Inc. (Maximus) in July 2013.

Maximus is based in Reston, Virginia and a leader in providing business services to government health and human services agencies in countries around the world. In addition to running the Contact Center for the Connector, Maximus also runs the call center for the Connecticut health insurance marketplace.



The Connector's Contact Center is located in a secured building in downtown Honolulu. In addition to a secured building, all lines going in and out of Contact Center must meet applicable federal requirements, including those of the IRS. This is due to the confidential nature of information collected during the course of filling out the applications for health insurance. In addition to secured transmission lines, the Contact Center also has a secured mailroom to safeguard the information of any applications it may receive through the mail.

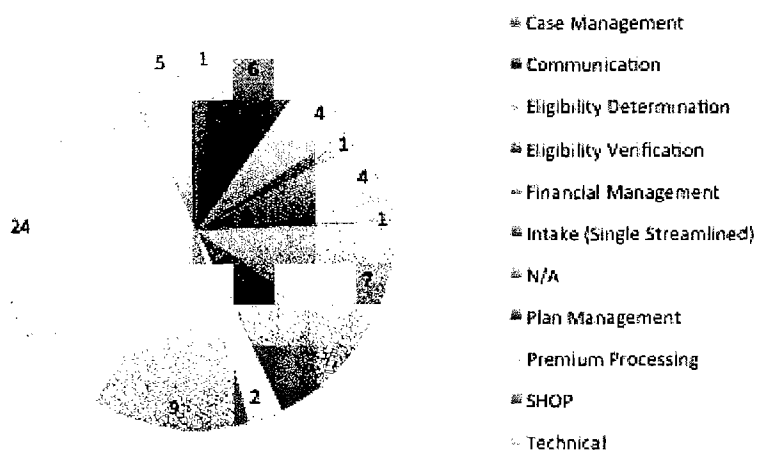
The Customer Service Representatives (CSRs) handle all of the phone calls, email inquiries and web chat for the Connector. The CSRs must also undergo extensive training (including security training), similar to that of the Kōkua, before they are allowed to handle any incoming inquiries from the public. To date, there are 24 CSRs, including managers and supervisors.

#### **D. IT System**

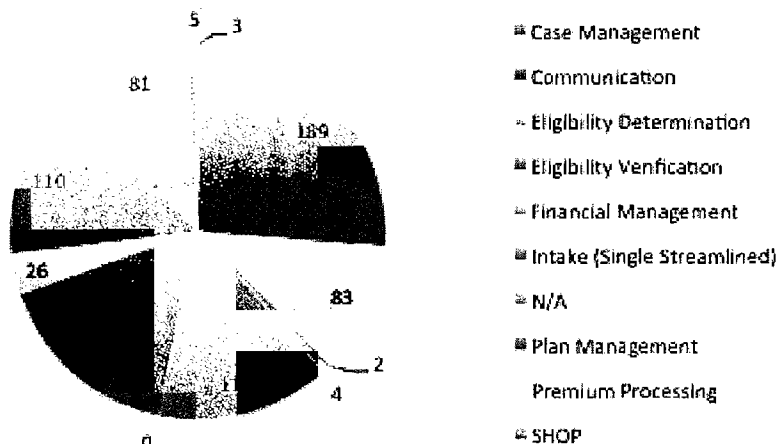
The online marketplace was designed and delivered to comply with federal requirements for states that opted to implement their own State-based exchange. Some of the major functions of the online exchange include, but are not limited to: assisting applicants to fill out a single streamlined online application for intake of qualifying information; perform eligibility determination; present and manage qualified health plans (QHPs); process enrollments; process invoicing, notifications, payments and premium aggregation; and provide consumer assistance across the end to end experience. These functions were designed and delivered via an online information system (Exchange system) for Hawai'i in order to support individuals and families, as well as employers and employees.

The design and delivery of the Hawai'i exchange system required a complex team providing a wide cross section of skills, an aggressive delivery schedule and a large procurement of various vendors. Over 70 business functions with more than 700 requirements were the primary factors that drove the design of the Hawai'i's State-based Marketplace (SBM) System.

### Total count of Business Functions by Area



### Total Count of Requirements by Area



Each of the core systems were developed with the assistance of federal grant monies to deliver business functions and requirements that include:

- Application intake;
- Eligibility and enrollment system;
- Financial management system;
- Plan management system;
- Contact and case management system;
- Hi'iola Portal;
- Training and learning management system;

- Additional technical integrations between or within the Connector footprint and external entities (DHS Medicaid KOLEA system)

All of these business functions and requirements were designed and delivered in 2013—and not without their host of challenges.

Across the country in late 2012 and early 2013, various models between the State based exchanges and State Medicaid Agencies emerged. Hawai'i made a decision to have DHS determine Medicaid eligibility and use that determination as a precondition and basis for all financial aid determinations for each Connector enrollment function (Advanced Premium Tax Credits (APTC) and Cost Sharing Reductions (CSR)). At this time, individuals and families are unable to receive real-time determinations of their eligibility for financial assistance. However, the Connector is working closely with DHS to provide this to consumers as soon as possible.

After the initial launch of its contingency plan (online application), Hawai'i launched its exchange portal on October 15, 2013 and as of December 8, 2013 it includes SHOP. In comparison with other IT efforts across the nation, Hawai'i has launched functionality in line with other State-based exchanges.

Other key Hawai'i design considerations were made relating to the Small Business Health Options Program (SHOP) in order to align the online marketplace functions to support the PHCA. Hawai'i has launched the first SHOP of its kind in the nation, aligning the ACA with PHCA, with functionality in line or greater than other State-based marketplaces.

The Connector continues to work to improve its system in order to provide consumers with a first class user experience, efficiency and high standard of quality in achieving greater healthcare access and affordability.

## **E. Grant Status**

The Connector is currently funded by federal grants specifically set aside for the establishment of the health insurance exchanges, now known as health insurance marketplaces. All funds must be spent in accordance with the allocations outlined in each grant application. Funds not expended and/or not expended in accordance with the grant allocations, would need to be remitted to the federal government.

The first Level One grant (Level One-1) in the amount of \$14.4 million dollar was initially awarded to the Insurance Division of the Department of Commerce and Consumer Affairs (DCCA) on or about November 17, 2011, for a term of one year. At this time, the interim board under Act 205 had not been appointed and the Executive Director had not yet been hired.

The Level One-1 grant was subsequently reassigned to the Connector on March 11, 2013, with an amount of approximately \$10.2 million remaining in the grant. An extension was obtained to November 17, 2013.

The funds in the Level One-1 were utilized to retain the IT Consultant (PCG) to establish the project management office, establish the Connector offices, hire staff and meet criteria as required for a mandatory design review with CCIIO (Center for Consumer Information and Insurance Oversight), who oversees the exchanges and grants.

As of the end of June 2013, approximately \$8.5 million had been expended to establish the Connector and to begin the IT process.

The second Level One grant (Level One-2) was applied for by the Connector in June 2012. The federal government awarded the Connector \$61.8 million on August 23, 2012. This is the primary funding source for the Connector to build its IT system that would become the health insurance marketplace for Hawai'i.

A large portion of the funds were "restricted" until the Connector was able to release specific information pertaining to its vendors, to CCIIO. The primary vendors supported by this grant are: 1) CGI Technologies (IT Vendor); 2) Turning Point (IV & V contractor); 3) PCG (IT Consultant/Project Manager); 4) Mansha Consulting (IPMO); 5) MVNP (communications); and other smaller vendors.

This funding also provided support for the operational expenses such as establishing the Hi'i Ola program and continued operation of the Connector.

The funds in the Level One-2 were set to expire on August 22, 2013; however, the Connector has received an extension to August 21, 2014.

The Connector applied for its Level Two grant in February 2013. The federal government awarded the amount of approximately \$128.1 million to the Connector on April 8, 2013. The funds are set to expire on April 7, 2014; however, if needed, the Connector may request an extension for the funds.

The Level Two grant is the primary source of funding for the operations of the Connector through 2014, its first year of implementation. The grant provides support, including but not limited to, for:

- Increased staff (including staffing for Neighbor Islands)
- Implementation of the Hi'i Ola Program (grants to MAOs, training for in-person assisters, Certified Application Counselors (CAC), and agents and brokers)
- Variety of IT and non-IT contracts

The Connector is required to file regular reports to CCIIO with respects to the grants status and expenditure. These reports consist of parts that include Financial Information, an IT Profile, and Performance Report by each core area.

## **F. Annual Audit**

As a recipient of federal grant funds, the Connector is required to undergo an A-133 audit on an annual basis. A third party auditing firm does this and all prior audits are available upon request.

In addition, at the time of the submission of this report, the Connector is working with the office of the State Auditor to conduct the state audit required under Act 205. The current A-133 financial audit is scheduled to be completed by March 2014 and will be available upon request.

## **E. Policy Decisions**

The Board of Directors (Board) is composed of fifteen (15) members who are responsible for making both policy and strategic decisions that pertain to eligibility and enrollment, affordability, education and outreach and marketing related to the Connector's marketplace. In 2013, the Board made the following decisions:

- Continuing to align the existing Prepaid Healthcare Act with the Affordable Care Act
- Network adequacy
- Agent & broker participation
- Issuer fees

## **IV. Looking Ahead**

### **A. Transition**

In late November, 2013, the Board of Directors announced the resignation of Executive Director Coral Andrews, effective December 6, 2013, and the appointment of Interim Executive Director Tom Matsuda to lead the organization during the search for a new Executive Director. Since starting in his new role, Matsuda has established two top priorities: increasing enrollment of consumers who want to obtain health insurance plans and, in connection with that goal, improving the IT systems in the Connector's portion of the exchange to enable faster, more user-friendly applications and enrollments.

### **B. Sustainability**

According to the ACA, the Connector must be self-sustaining as of January 1, 2015; no federal funds may be used for Connector maintenance and operations after 2014.

The Connector Board has approved an assessment of 2% of the premiums sold on the individual portal against the issuers beginning January 1, 2014, and an assessment of 2% of the premiums sold on the SHOP portal against the issuers beginning July 1, 2014.

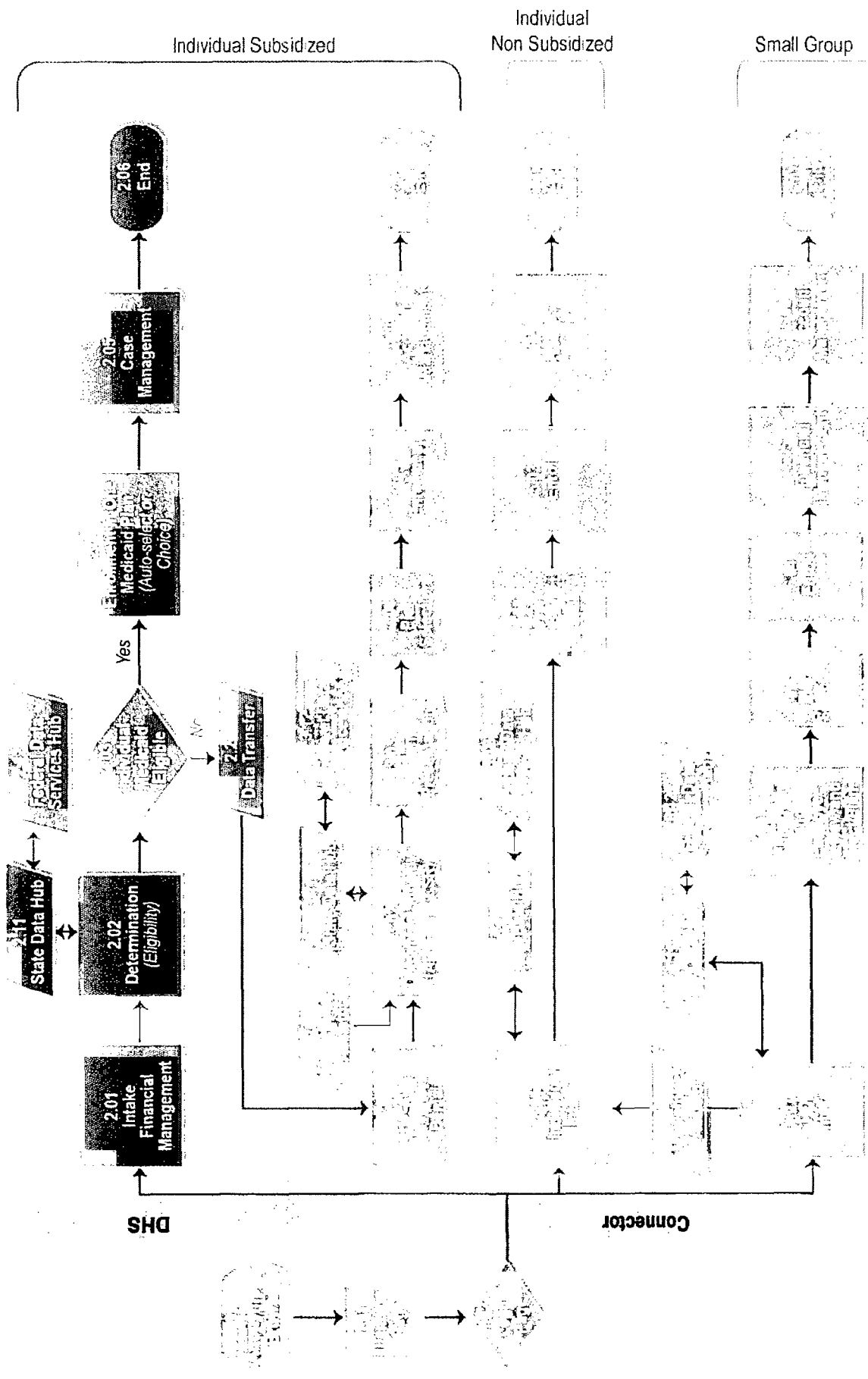
At the time of submission of this report, the Connector Board of directors is engaged in a sustainability planning process to include options for reducing operating expenses and increasing revenue.



# **Appendix A**



# Application Workflow Process



Notes: 1) Application generally will be complete. This update will only be an exceptional process.

## **Appendix B**

## 2013 Outreach Activity Summary

Table 1: Activities by Island

Island	# of Activities
Hawai'i Island	274
O'ahu	551
Maui	201
Lāna'i	19
Moloka'i	80
Kaua'i	41
Total Statewide	1,166

*Note: The above reflects the number of activities reported at the time of this summary.*

Table 2: Stakeholders Reached

Stakeholder Groups
Agents & Brokers
Business Executives
Elderly
Entrepreneurs & Sole-Proprietors
Ethnic Communities
Healthcare Providers
HR Professionals & PEOs
Individuals & Families
Insurance Providers
Lawyers
Legislators
Middle Income Residents
Native Hawaiians
Non-Native English Speakers
Non-Profit Organizations
Professional Associations and Organizations
Realtors
Small Businesses
Supporting Organizations
Tax Professionals & Accountants
Underserved Residents (income <\$35,000)
Young Adults (21-34yrs old)

Table 3: Types of Outreach Activities

Types of Activities
Children & Youth Fairs
Community Events & Fairs
E-Distribution Lists
E-Newsletters
Guest College & University Lecturers
Health Fairs
Informational Tables
Marketplace Demos
Neighborhood & Business Canvassing
Networking Meetings
Panels
Presentations
Professional Association & Organization Membership Meetings
Radio Interviews
Seminars & Workshops
Senior Fairs & Expos
Stakeholder Meetings
Town-hall Meetings

# **Appendix C**

**CURRENT MARKETPLACE ASSISTER ORGANIZATIONS  
AND CERTIFIED APPLICATION COUNSELOR ORGANIZATIONS**

<b>NAME</b>	<b>MAO</b>	<b>CACO</b>	<b>BOTH</b>
ARC of Hilo	X		
Bay Clinic	X		
Cardon Outreach		X	
Chinese Christian Mission		X	
County of Kaua'i Agency on Elderly Affairs	X		
FACE Maui	X		
FACE Oahu	X		
Hamakua Health Center			X
Hawaii Institute of Integrative	X		
Hawaii Health Foundation	X		
Hawaii Island HIV/AIDS Foundation	X		
Hawaii Island Workforce & Economic Development (HIWEDO)	X		
HCAP (Honolulu Community Action Program)	X		
Helping Hands Hawai'i			X
Ho'ola Lāhui Hawai'i			X
HOPE Services	X		
Hui No Ke Ola Pono	X		
IHS (Institute for Human Services)			X
Ka'u Rural Health Community	X		
Kalanihale	X		
Kanoiehua Industrial Area Association	X		
Kaua'i Economic Opportunity	X		
Ke Ola Mamo, Inc.	X		
Kipuka O Ke Ola (Friends of the Future)	X		
Ko'olauloa Community Health Center			
Kokua Kalihi Valley Comprehensive Family			X
Lanai Community Health Center	X		
Legal Aid Society	X		
Li's Translation	X		
Molokai Community Health Center			X
Na Pu'uwai	X		
Pacific Gateway Center	X		
Project Vision	X		
Hokupi'i Foundation (Sovereign Council Hawaiian Homestead Association)	X*		
Waianae Coast Community Mental Health Center	X		
Waianae Coast Comprehensive Health Center		X	
Waikiki Health Center			X
Waimanalo Health Center			X
West Hawaii Community Health Center			X
* Pending Status			
REVISED AS OF DECEMBER 30, 2013			