



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

November 15, 2016

Mr. Kevin J. Counihan
Chief Executive Officer, Health Insurance
Market Places
Director, Center for Consumer Information
& Insurance Oversight
Centers for Medicare & Medicaid Services
Department of Health and Human Services
200 Independence Avenue, SW
Washington, D.C., 20201

Dear Mr. Counihan:

Thank you for your letter dated November 7, 2016 regarding the State of Hawai'i's application for a State Innovation Waiver under Section 1332 of the Affordable Care Act (ACA).

As requested, below are the responses to the questions presented:

1. *How does the Prepaid Premium Supplementation Fund currently work? What are the eligibility rules for receiving a benefit? How is the amount of the benefit determined? What insurance plans qualify?*

The Prepaid Premium Supplementation Fund was created to assist small businesses with paying for health insurance premiums to achieve compliance with Hawai'i's Prepaid Health Care Act. The premium supplementation fund may be used to defray costs for employers with less than eight workers entitled to and covered under the Prepaid Health Care Act. To qualify for premium supplementation, the employer must meet the criteria outlined in Section 393-45, Hawaii Revised Statutes. The Fund may also reimburse health care expenses to workers of bankrupt employers and non-complaint employers. Benefits paid from the Fund shall be recovered from those defaulting employers.

2. *Please provide Hawai'i's expenditures under the Premium Supplementation Fund for each year between [2011] and 2016. How many employers received benefits through the Premium Supplementation Fund for each year between [2011] and 2016?*

The State of Hawai'i has expended the following from the Premium Supplementation Fund.

Year	Premium Payments		Medical Payments	
	# Employers	\$ Paid	# Employees	\$ Paid
2016	10	\$69,488	0	\$ -
2015	46	\$322,503	1	\$ 256
2014	68	\$544,183	1	\$ 4,874
2013	54	\$330,868	0	\$ -
2012	79	\$520,644	1	\$ 13,765
2011	73	\$410,534	1	\$ 515
Total:	330	\$2,198,220	4	\$19,410

\$1.2 million in additional payments are pending replenishment of the Fund.

3. *How will the Federal pass-through money be utilized under the waiver? Would it increase the amount of money spent through the Premium Supplementation Fund? If not, how will it be spent?*

The Federal pass-through funds will be used to enable the Premium Supplementation Fund to provide assistance to additional employers and employees.

4. *Will the eligibility requirements, benefit amounts, and other rules under the Premium Supplementation Fund change under the waiver? If so, how? Will certain employers currently eligible for the small business tax credit be ineligible for benefits under the Premium Supplementation Fund?*

No, the rules and regulations related to the Premium Supplementation Fund will not change under the waiver.

5. *How do you expect the number of employers receiving benefits from the Premium Supplementation Fund to be changed by the waiver?*

The number of employers receiving benefits under the Premium Supplementation Fund will be increased as there will be more money available.

6. *Do all plans in Hawai'i's small group market have an out of pocket maximum?*

Hawai'i has two types of small group plans: Prepaid Health and Affordable Care Act. The Prepaid Health small group plans have an out of pocket maximum. Yes, all plans in Hawai'i's small group market have an out of pocket maximum.

7. *Does Hawai'i plan to communicate with businesses about the waiver and the implications for the Small Business Tax Credit?*

The State of Hawai'i will communicate with two groups of businesses:

- Businesses presently enrolled in SHOP Qualified Health Plans (QHPs) need to know that (a) Hawai'i is operating as a Full Federal Marketplace (FFM) in Plan Year 2017 and (b) the Small Business Tax Credit will not be available in Plan Year 2017, if the waiver is approved. As of September 30, 2016, there are 324 businesses enrolled in SHOP QHPs, covering 1,382 lives. The State is preparing to notify the businesses about the FFM change for Plan Year 2017 and would like to inform them about the waiver as soon as possible since we have not had any SHOP plans certified for sale on the FFM for Plan Year 2017.
- Businesses, in general, need to know about the waiver and its implications. The State will work with Issuers, business associations and the media to inform businesses.

With warmest regards,



David Y. Ige
Governor, State of Hawai'i