

STAND. COM. REP. NO.

1332

Honolulu, Hawaii

APR 09 2009

RE: H.B. No. 690  
H.D. 2  
S.D. 2

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 690, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to expand the availability of health insurance by requiring insurers to offer the same health insurance coverage to employees who work at least fifteen hours per week as is offered to employees who work at least twenty hours per week.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs. Testimony with comments on this measure was received from Hawaii Association of Health Plans, Hawaii Medical Service Association, and Kaiser Permanente. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that part-time workers constitute a significant portion of Hawaii's uninsured population. Your Committee further finds that because of the prevalence of tourism-related and service sector employment in Hawaii's job market, many Hawaii workers hold part-time jobs that do not provide health insurance. Additionally, many workers have experienced a reduction in working hours that makes them ineligible for insurance benefits under the Prepaid Health Care Act. Your Committee finds that in difficult economic times, it is important



to ensure that adequate health care remains within reach of Hawaii's workers.

Your Committee further finds that small businesses and their employees often bear the brunt of an economic downturn. Employees of businesses with between two and nineteen employees are not entitled to continuation of health insurance coverage under federal Consolidated Omnibus Budget Reconciliation Act (COBRA) provisions. Your Committee finds that the loss of health insurance due to unemployment or a reduction in working hours can be devastating to small business employees who often have no other means of obtaining health insurance outside of employer-provided group plans.

Your Committee notes that federal stimulus funds are currently available to assist individuals with paying the higher monthly premiums associated with continuation of coverage. However, these funds are, at present, only available through December 2009. Your Committee notes that although the effective date of this measure is currently deferred to January 1, 2020 for the purpose of encouraging further discussion, it is the intention of your Committee that this measure be implemented in time for Hawaii residents to benefit from federal continuation of coverage assistance. It is also the intention of your Committee that the article added by section 1 of this measure expire after two years, at which time it shall be subject to review by the Legislature.

Your Committee has amended this measure by:

- (1) Adding a new section to extend continuation of health insurance benefits to small business employees who are ineligible for continuation of coverage under federal law;
- (2) Defining the eligibility, notice, and enrollment requirements for continuation of coverage for small business employees;
- (3) Clarifying that the health insurance coverage provided to part-time employees shall include family coverage if the health insurance provided to regular employees also includes family coverage;



- (4) Clarifying that an employer is responsible for the administrative duties necessary to provide health insurance to part-time employees;
- (5) Clarifying that "part-time employee" means a person employed by a single employer for at least fifteen but less than twenty hours per week;
- (6) Deleting the requirement that a certain percentage of part-time employees elect to receive coverage before health insurance may be extended to part-time employees;
- (7) Clarifying that a part-time employee shall have been employed for at least eighteen months with a single employer in order to be eligible for health insurance coverage;
- (8) Adding a new section to apply the requirements for coverage of part-time employees to fraternal benefit societies;
- (9) Adding two new sections to update existing statutes governing mutual benefit societies and health maintenance organizations in order to include the article added by section 1 of this measure;
- (10) Specifying that part I of this measure shall take effect upon the approval of this measure and shall be repealed on July 1, 2011;
- (11) Deferring the effective date of part II of this measure to encourage further discussion and specifying that Part II shall be repealed five years after its enactment; and
- (12) Making technical, nonsubstantive changes, including the division of this measure into two parts, for the purpose of clarity and accuracy.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 690, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 690, H.D. 2, S.D. 2.



Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,



ROSALYN H. BAKER, Chair



