

STAND. COM. REP. NO.

179

Honolulu, Hawaii

FEB 17 2015

RE: S.B. No. 1338  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 1338 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII HEALTH CONNECTOR,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Enable the Hawaii Health Connector (Connector) to offer large group coverage to insurers;
- (2) Require insurer participation in the Connector if an insurer has a share of the small group market in the State that exceeds twenty percent;
- (3) Expand the potential small businesses market in the Connector by amending the current definition of "small employer" under section 431:2-201.5, Hawaii Revised Statutes;
- (4) End transitional renewal policies, beginning January 1, 2016; and
- (5) Require health insurers to provide notice to group health plans offering continuation coverage about options to secure affordable coverage under the Connector.



Your Committee received testimony in support of this measure from the Hawai'i Health Connector and Hawai'i Primary Care Association. Your Committee received testimony in opposition to this measure from the Chamber of Commerce Hawaii and Hawaii Medical Service Association. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that this measure offers a number of options to strengthen the Connector, including enabling the Connector to offer large group coverage to insurers and changing the definition of "small employers" in Hawaii from fifty employees to the nationally accepted threshold of one hundred employees. These options will encompass a greater number of businesses in the State, which will provide for a stronger Connector and a better marketplace for consumers.

Your Committee further finds that transitional renewal policies, also known as grandmothers health plans, do not provide all of the features and protections of the federal Patient Protection and Affordable Care Act of 2010 (Affordable Care Act). Ending transitional renewal policies on January 1, 2016, as proposed by this measure, will simplify health plan choices for individuals and small businesses and will ensure that all plans offered in Hawaii are fully compliant with the Affordable Care Act.

Your Committee additionally finds that it is important that individuals on unemployment be made aware of potential savings through programs that provide tax credits and other cost-sharing reductions that may lower the overall price of health care. Accordingly, this measure requires health insurers to provide notice to group health plans offering continuation coverage about options to secure affordable coverage under the Connector.

Your Committee has heard the concerns that requiring an insurer who has over twenty percent of the small group market to participate in the Connector's small business health options program (SHOP) may place that insurer at a competitive disadvantage against other insurers who are not subject to the twenty percent market share threshold. Your Committee has also heard testimony that required participation in SHOP may raise certain constitutional concerns. Your Committee therefore concludes that amendments to the required participation provisions in this measure are necessary.

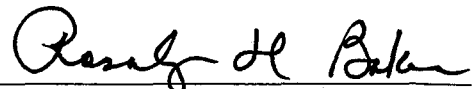


Accordingly, your Committee has amended this measure by:

- (1) Deleting language that would have required insurer participation in the Hawaii Health Connector if an insurer has a share of the small group market in the State that exceeds twenty percent;
- (2) Inserting an effective date of July 1, 2020, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 S.B. No. 1338, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1338, S.D. 1, and be referred to the Committees on Judiciary and Labor and Ways and Means.

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

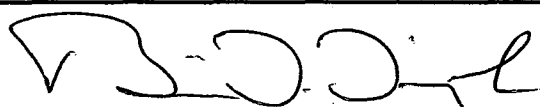


ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <b>SB 1338</b>	Committee Referral: <b>CPN, JDL/WAM</b>	Date: <b>2/11/13</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
KAHELE, Gilbert	✓			
KIDANI, Michelle N.				✓
NISHIHARA, Clarence K.	✓			
WAKAI, Glenn	✓			
SLOM, Sam				✓
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes