

STAND. COM. REP. NO.

3070

Honolulu, Hawaii

MAR 22 2018

RE: H.B. No. 1520
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health, to which was referred H.B. No. 1520, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to prohibit health insurers from providing limited-duration health insurance coverage in the State.

Your Committee received testimony in support of this measure from Kaiser Permanente Hawai'i. Your Committee received comments on this measure from the Department of the Attorney General, Department of Commerce and Consumer Affairs, and Hawaii Medical Service Association.

Your Committee finds that short-term, limited-duration insurance is intended to fulfill temporary gaps in coverage that may occur when an individual is transitioning from one plan or coverage to another plan or coverage, such as when an individual is between employment. These types of plans were not designed to compete with comprehensive major medical plans required by the federal Patient Protection and Affordable Care Act of 2010 (Affordable Care Act). Your Committee further finds that the federal Departments of Health and Human Services, Labor, and the Treasury recently issued a proposed rule that would change the



maximum duration of short-term, limited-duration health insurance coverage to less than twelve months, rather than the current maximum duration of less than three months.

Your Committee notes that under federal law, short-term, limited-duration health insurance does not need to comply with all of the requirements of the Affordable Care Act. Limited-duration health insurance plans lack many consumer protections, including typically excluding coverage of people with pre-existing medical conditions, limiting the dollar amount of benefits that a person can receive from the plan, and omitting many of the essential health benefits that are currently required of plans on the individual market, including maternity care, prescription drugs, mental health treatment, and substance use disorder services. Under the proposed federal rule, and without appropriate state regulations, these types of plans could destabilize the individual health insurance market and lead to increases in health insurance premiums for comprehensive coverage. This measure therefore prohibits health insurers from providing limited-duration health insurance coverage in Hawaii.

However, your Committee has heard testimony from the Department of Commerce and Consumer Affairs that short-term limited-duration health insurance serves a specific niche, such as a consumer who has missed the open enrollment or special enrollment period for Affordable Care Act plans. In this situation, limited-duration health insurance provides an alternative to remaining uninsured. Although your Committee appreciates that limited-duration health insurance can serve a narrow purpose, your Committee remains concerned over the lack of consumer protections available under limited-duration health insurance plans and the potential that a consumer could seek to renew or reenroll in such plans in perpetuity, rather than seeking full health insurance coverage through the federal health insurance exchange.

After further discussion, your Committee requested assistance from the Department of the Attorney General to address these concerns. Amendments to this measure are therefore necessary to incorporate language suggested by the Department of the Attorney General.

Your Committee has amended this measure by:



- (1) Specifying that an insurer is prohibited from renewing or re-enrolling an individual in a limited-duration health insurance policy or contract if the individual was eligible to purchase health insurance through the federal health insurance marketplace during an open enrollment period or special enrollment period in the previous calendar year;
- (2) Deleting language that would have prohibited a health insurer from offering or providing limited-duration health insurance coverage to individuals in the State;
- (3) Changing the duration of a policy or contract under the term "limited-duration health insurance coverage" from less than ninety-one days to an unspecified number of days;
- (4) Adding a definition of "renew or re-enroll";
- (5) Clarifying that limited-duration health insurance is subject to the same provisions of the State's Insurance Code currently applicable to limited benefit health insurance;
- (6) Changing its effective date to July 1, 2050, to encourage further discussion; and
- (7) 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, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1520, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1520, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.



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


Rosalyn H Baker

ROSALYN H. BAKER, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1520 Hb2	CPH	3/15/18		
<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)	/			
TOKUDA, Jill N. (VC)	/			
CHANG, Stanley				/
ESPERO, Will	/			
IHARA, Jr., Les	/			
NISHIHARA, Clarence K.				/
RUDERMAN, Russell E.				/
TOTAL	4			3
Recommendation:				
<input checked="" type="checkbox"/> Adopted		<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature: 				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes