

STAND. COM. REP. NO. **3430**

Honolulu, Hawaii

APR 05 2018

RE: H.B. No. 2208
H.D. 1
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. 2208, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ASSOCIATION HEALTH PLANS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require association health plan policies to comply with the laws of the State regardless of the association's domicile; and
- (2) Enable certain voluntary associations, including employer associations that issue association health plans, to qualify for authorization to transact insurance in the State.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i, Planned Parenthood Votes Northwest and Hawaii, Hawaii Medical Service Association, and Kaiser Permanente Hawai'i.

Your Committee finds that for some small employers, health insurance for employees may be purchased through an association or group of multiple small employers in an arrangement known as an



association health plan. Your Committee further finds that the federal Department of Labor recently issued a proposed rule that would expand access to association health plans.

However, there are significant concerns that insurance policies sold through these types of association health plans would be subject to far fewer standards than current small group market plans. Your Committee additionally finds that under the proposed rule, association health plans would not be subject to state patient protections, including laws that provide access to emergency care, access to specialists, mandatory grievance procedures, and internal and external reviews of denied medical claims. Association health plans would also be exempt from state solvency requirements, which would put consumers at serious risk of incurring medical claims that cannot be paid by their association health plan. This measure therefore requires every association health plan issued in the State to comply with Hawaii law, regardless of the domicile of the association that has issued the policy.

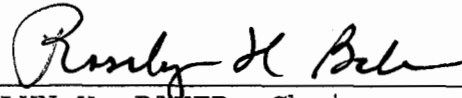
Your Committee has amended this measure by:

- (1) Clarifying that the definition of "association health plan policy" means a policy sponsored by a sponsoring association, rather than issued by a voluntary sponsoring association of employers;
- (2) Inserting a definition of "sponsoring association";
- (3) Changing its effective date to July 1, 2018, and
- (4) 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. 2208, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2208, H.D. 1, 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, 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 2208 HD1	CPH	3/13/18		
<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	6			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Clarence K. Nishihara</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes