



February 27, 2018

The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice Chair
House Committee on Finance

Re: HB 1520, HD1 – Relating to Insurance

Dear Chair Luke, Vice Chair Cullen, and Committee Members:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to provide comments in support of HB 1520, HD1, which establishes requirements for regulation of limited-duration health insurance by the Insurance Commissioner and establishes maximum term, disclosure requirements, rate standards, and form approval requirements.

Earlier this year the U.S. Department of Labor (DOL) issued new proposed rules regarding short term limited duration health plans (STLD). These types of plans are generally intended for interim use; however, the new proposed rules have resulted in some people instead using this as their regular insurance. Under the proposed rules, plans can be issued for up to 364 days (old rules 90 days) and may not provide comprehensive coverage in many cases. In addition, some STLD plans limit coverage for preventative services, and can exclude coverage for pre-existing conditions. Such plans could, without adequate state regulations, erode the benefits of Hawaii's Prepaid Health Care Act and the federal Affordable Care Act.

As such, HB 1520, HD1 seeks to ensure STLD plans offered in the state are required to provide consumers with explicit information detailing the limitations of the plan and limit their duration. Furthermore, this Bill affirms the Insurance Commissioner's regulatory oversight of limited duration health plans offered within the state to ensure protection of Hawaii's consumers.

Thank you for allowing us to provide comments on HB 1520, HD1.

Sincerely,

Pono Chong
Vice-President, Government Relations

HB-1520-HD-1

Submitted on: 2/26/2018 9:19:36 AM

Testimony for FIN on 2/27/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Rachel L. Kailianu	Ho`omana Pono, LLC	Support	Yes

Comments:

IN STRONG SUPPORT.

Testimony of
Jonathan Ching
Government Relations Specialist

Before:
House Committee on Finance
The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice Chair



LATE

February 27, 2018
11:00 a.m.
Conference Room 308

Re: HB1520 HD1, Relating to Insurance

Chair Luke, Vice-Chair Cullen, and committee members, thank you for this opportunity to provide testimony on HB1520 HD1, which creates requirements for the regulation of limited-duration health insurance by the Insurance Commissioner, as well as establishing maximum term, disclosure requirements, rate standards, and form approval requirements.

Kaiser Permanente Hawai'i offers the following comments on HB1520 HD1 and requests an AMENDMENT

In October 2017, President Trump issued an Executive Order instructing the Departments of Health and Human Services, Labor, and the Treasury to consider proposing regulations or revising guidance to promote healthcare choice and competition by expanding the availability of short-term, limited-duration insurance. As a direct result of this, on Tuesday, February 20, 2018, the Departments issued a proposed rule that would change the maximum duration of such coverage to less than 12 months, as opposed to the current maximum duration of less than three months.

Kaiser Permanente Hawai'i has concerns that if this federal rule goes into effect, it would hurt our residents as we believe that short-term, limited-duration insurance plans lack consumer protections. They typically exclude coverage of people with pre-existing medical conditions, limit the dollar amount of benefits that a person can receive from the plan, and omit 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.

We believe that the goal of a well-functioning individual health insurance market is to provide affordable coverage options for all people who purchase their own coverage, regardless of health status. A well-functioning market requires broad-based enrollment and a stable regulatory environment that facilitates fair competition. Policies that encourage healthy people to enroll in

alternatives to individual health insurance coverage (such as short-term, limited-duration insurance plans), destabilize the individual health insurance market and lead to increases in health insurance premiums for comprehensive coverage. The segregation of the market has a particularly harmful impact on those with pre-existing conditions who may not be able to buy a short-term, limited-duration insurance plan.

We believe that Hawai'i should protect its residents and markets by banning short-term plans that do not meet insurance market rules. We do appreciate that HB1520 HD1 clearly defines that short-term, limited-duration health plans have a three-month limit, as opposed to the 364-day limit proposed federal rule, so these plans are truly "short-term." However, to adequately protect consumers, we suggest the committee consider amending the HB1520 HD1 to consider an outright prohibition on the sale of short-term, limited-duration insurance policies starting in 2019.

We note that New York, New Jersey, Massachusetts and Vermont currently prohibit short-term, limited-duration insurance plans. In addition, the California Legislature is currently considering a bill (SB910), which would ban the sale of short-term, limited-duration insurance plans instead of imposing a time limit.

Thank you for the opportunity to testify on this important measure.