

Honolulu, Hawaii

March 17, 2006

RE: S.B. No. 940
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Health, to which was referred S.B. No. 940,
S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE PATIENTS' BILL OF RIGHTS
AND RESPONSIBILITIES ACT,"

begs leave to report as follows:

The purpose of this bill is to provide for the expedient and
thorough resolution of medical care coverage disputes by:

- (1) Allowing for review of ERISA-covered managed care plan
coverage disputes by an independent review organization,
and review of non-ERISA plans by an external review
panel; and
- (2) Requiring the Insurance Commissioner (Commissioner) to
retain a nonprofit organization as a state health
consumer advocate.

The Hawaii Disability Rights Center and a concerned
individual supported this bill. The Department of Commerce and
Consumer Affairs, Kaiser Permanente, Hawaii Medical Service
Association, and Hawaii Association of Health Plans opposed this
measure.



In an effort to allow further discussion between the major parties affected by this bill, your Committee has replaced the language in this measure with similar language from House Bill No. 2318 (2006), which is more agreeable to all parties involved and will allow them to work out further details in improving this bill.

As amended, this bill, among other things:

- (1) Provides for an exemption from state procurement laws in hiring an independent medical expert or independent review organization;
- (2) Requires an estimate of the amount in controversy be provided by a managed care plan within seven days after receipt of a request for external review;
- (3) Deletes the provision requiring the Commissioner to retain a nonprofit organization as a state health consumer advocate;
- (4) Changes the effective date to the date of this Act's approval; and
- (5) Makes technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 940, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 940, S.D. 2, H.D. 1, and be referred to the Committees on Consumer Protection & Commerce and Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Health,



DENNIS A. ARAKAKI, Chair



