

Honolulu, Hawaii

March 21, 2007

RE: S.B. No. 1803
S.D. 1
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Health, to which was referred S.B. No. 1803, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to amend state health insurance laws with respect to small insurers.

Specifically, this measure:

- (1) Exempts a small group health insurer from having to offer a group health plan to small employers that employ only one employee, if the insurer offers the small employers at least one small group health plan that meets the requirements of chapter 393, Hawaii Revised Statutes, relating to prepaid health care plans; and
- (2) Exempts any accident or sickness insurer with a less than ten per cent share of the accident and sickness insurance market from the prohibition on requiring a prospective insured to contract for another class or an additional policy of the same class of insurance in order to obtain the accident and sickness insurance policy.



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Your Committee has received testimony in support of this measure from the Hawaii Association of Realtors and testimony in opposition to this measure from the Department of Commerce and Consumer Affairs. In the latter testimony, the state Insurance Commissioner stated that:

Under Hawaii Revised Statutes section 431:13-103(a)(4)(B), part of the unfair methods of competition and unfair and deceptive acts and practices in the business of insurance statute, insurance companies are prohibited from making the purchase of one class of insurance contingent upon the purchase of another class of insurance. This is known as the "anti-bundling" provision and is designed to protect consumers from [an] insurer who would seek to force consumers to purchase multiple types of insurance in order to buy a policy that they want to buy. The rule does not prohibit an insurer from offering different classes of insurance together in an attractively priced package. There is no violation if the consumer has the option of taking the package or just taking the insurance wanted. The law only prohibits an insurer from refusing to sell one policy unless another policy or other policies are also purchased.

Your Committee finds that allowing smaller accident and sickness insurers to "bundle" different classes of insurance, such as health, dental, and vision together, allows the small accident and sickness insurer to provide broader health care coverage in single unified policies, resulting in lower overall premiums. In fact, your Committee believes this practice should be encouraged, as envisioned in the original Senate Draft of the measure.

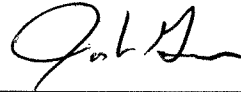
Accordingly, your Committee has expanded this measure by amending it to allow accident and sickness insurers with less than thirty per cent of the accident and sickness insurance market to require a prospective insured to purchase another class of insurance or an additional policy of the same class of insurance in order to obtain the accident and sickness insurance policy.

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. 1803, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1803, S.D.



1, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

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



JOSHUA B. GREEN, M.D., Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

HSCR 1340

Record of Votes of the Committee on Health

Bill/Resolution No.: SB 1803 SD1		Date: 3-16-07		
Committee Referral: HLT, CPC		<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.		
The recommendation is to: <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Pass, with amendments, for recommitment for further consideration				
HLT Members	Ayes	Ayes (WR)	Nays	Excused
1. GREEN, Josh, M.D. (C)	✓			
2. MIZUNO, John (VC)	✓			
3. BELATTI, Della Au		✓		
4. BERTRAM, Joe, III	✓			
5. CABANILLA, Rida T.R.	✓			
6. RHOADS, Karl	✓			
7. SHIMABUKURO, Maile S. L.	✓			
8. TAKAI, K. Mark				✓
9. TOKIOKA, James Kunane				✓
10. AWANA, Karen Leinani		✓		
11. WARD, Gene, Ph.D.	✓			
TOTAL	7	2		2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office				