

Honolulu, Hawaii

Feb 7 8, 2008

RE: H.B. No. 3157  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Sir:

Your Committee on Health, to which was referred H.B. No. 3157  
entitled:

"A BILL FOR AN ACT RELATING TO DIRECT PAYMENT TO PROVIDERS,"

begs leave to report as follows:

The purpose of this bill is to protect the financial stability of Hawaii's healthcare system by allowing healthcare providers to receive payments for services rendered directly from insurers, mutual benefit societies, or health maintenance organizations when a healthcare provider does not have a contract with an insurer.

The Department of Commerce and Consumer Affairs, Hawaii Health Systems Corporation, Hawaii Psychiatric Medical Association, Healthcare Association of Hawaii, Hawaii Medical Association, Hawaii Government Employees Association, and numerous concerned individuals testified in support of this bill. AARP supported the intent of this measure. The Hawaii Medical Services Association, Hawaii Association of Health Plans, and ILWU Local 142 testified in opposition to this bill. Kaiser Permanente and American Family Life Assurance Company of Columbus submitted comments.

Currently, if an individual uses the services of a non-participating healthcare provider, the healthcare payer makes a payment to the individual that received the services. The healthcare provider is then faced with the problem of having to



collect the fee for service directly from the patient, which adds collection and other costs to the healthcare provider and may result in these costs being passed on to the individual receiving the services.

It is not the intention of your Committee to increase healthcare costs for consumers with this legislation. Rather, this legislation is meant to encourage insurers to negotiate more readily with healthcare providers.

Your Committee has amended this measure by:

- (1) Inserting a provision to repeal this legislation on May 1, 2013; and
- (2) Making technical, nonsubstantive amendments 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 H.B. No. 3157, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3157, 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,

  
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JOSHUA B. GREEN, M.D., Chair



