

STAND. COM. REP. NO. 1243

Honolulu, Hawaii

MAR 23 2007

RE: H.B. No. 1479
H.D. 2
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Health, to which was referred H.B.
No. 1479, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH INSURANCE SUPPORT FOR
SMALL BUSINESSES,"

begs leave to report as follows:

The purpose of this measure is to require, beginning
September 1, 2007, all group health issuers to offer small group
health plans to self-employed individuals who live, work, or
reside in a group health issuer's service area.

Your Committee received testimony in support of this measure
from the Department of Commerce and Consumer Affairs; Hawaii
Association of Realtors; and Maui Chamber of Commerce. Comments
were received from the Hawaii Medical Service Association and
Kaiser Permanente.

Your Committee finds that existing law does not specifically
provide for mandatory health insurance coverage for self-employed
individuals such as sole proprietors. As a result, most health
insurers do not provide a group policy to sole proprietors unless
they become incorporated. Sole proprietors may not incorporate
because of burdensome administrative formalities associated with
incorporation. This means that many sole proprietors are subject
to the pre-existing condition exclusions in individual policies
and are subject to medical underwriting despite the fact that they
are businesses just like any other business.

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The intent of this measure is to provide parity for sole proprietorships by requiring group health issuers to offer group health insurance policies to the self-employed. This would put them on the same footing with corporations and other business entities in obtaining health insurance.

Your Committee is cognizant of the testimony to the effect that this measure may result in possible adverse actuarial consequences to small group underwriting by way of higher premiums. Nonetheless, your Committee believes this measure is necessary in the interests of promoting health in the population as a whole, inasmuch as sole proprietors represent a significant number of business owners in Hawaii.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of consistency and style and by changing the effective date to July 1, 2050.

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. 1479, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1479, H.D. 2, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

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




DAVID Y. ICE, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:* HB 1479 HD2	Committee Referral: HTH, CPH	Date: 3/21/07		
<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
IGE, David Y. (C)	✓			
FUKUNAGA, Carol (VC)	✓			
BAKER, Rosalyn H.	✓			
MENOR, Ron	✓			
WHALEN, Paul				✓
TOTAL	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

*Only one measure per Record of Votes