

STAND. COM. REP. NO.

484

Honolulu, Hawaii

FEB 16 2007

RE: S.B. No. 1406  
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 S.B. No. 1406  
entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to ensure that all  
individuals, particularly self-employed individuals and part-time  
employees, have access to affordable health insurance.

This measure attempts to accomplish this goal by amending the  
State's Insurance Code to include within the definition of  
"employee" individuals who work full-time, part-time, and who are  
self-employed. Further, it clarifies that a self-employed  
individual is a person operating their own business, as a sole  
proprietorship or in any other legally recognized manner, and who  
has a general excise tax license for that business.

Your Committee received testimony in support of this measure  
from the Department of Commerce and Consumer Affairs and the  
Hawaii Association of Realtors. The Chamber of Commerce of Hawaii  
submitted testimony supporting the intent of this measure with  
comments. Hawaii Medical Service Association and Kaiser  
Permanente submitted comments on this measure.

Your Committee finds that most health insurers do not provide  
a group health policy to sole proprietors unless they have become  
incorporated. The existing insurance statute does not clearly  
include the self-employed, such as sole proprietors, in the

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definition of "small business". Thus, many sole proprietors are without health insurance despite the fact that they are businesses just as any other business.

Your Committee has amended this measure by:

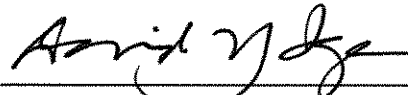
- (1) Reinstating the definition of employee to mean only those who work on a full-time basis with a normal work week of twenty hours or more;
- (2) Defining "qualifying event" as the date of issuance of a general excise tax license, the loss of a job, a reduction in hours of work, or the exhaustion of COBRA continuation coverage that results in a loss of health care coverage;
- (3) Adding an implementation date of September 1, 2007, by which issuers shall offer small group health plans to self-employed individuals;
- (4) Providing an option to group health issuers to limit periods of enrollment for self-employed individuals to a minimum of thirty calendar days; and that:
  - (A) Self-employed individuals who experience a qualifying event must enroll with a group health issuer within thirty days of the occurrence of the qualifying event; and
  - (B) Group health issuers shall be allowed to impose a one year waiting period against self-employed individuals who terminate coverage for any reason. In the event a self-employed individual terminates coverage and a one year waiting period is imposed against the individual, a group health issuer may not re-enroll the individual until the period of enrollment following the one year waiting period;
- (5) Changing the effective date to encourage further discussion and work on this measure; and
- (6) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.



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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. 1406, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1406, 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,




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DAVID Y. IGE, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Health**  
**HTH**

Bill / Resolution No.:* <p style="text-align:center">SB 1406</p>	Committee Referral: <p style="text-align:center">HTH, CPH</p>	Date: <p style="text-align:center"><i>2/14/07</i></p>		
<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	✓			
<b>TOTAL</b>	<b>5</b>			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">  </div>				
Distribution:             Original             Yellow             Pink File with Committee Report             Clerk's Office             Drafting Agency				

\*Only one measure per Record of Votes