

STAND. COM. REP. NO.

2506

Honolulu, Hawaii

FEB 15 2008

RE: S.B. No. 2530
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Health, to which was referred S.B. No. 2530
entitled:

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

begs leave to report as follows:

The purpose of this measure is to require group health
issuers to offer small group health plans to self-employed
individuals who are licensed by the Department of Commerce and
Consumer Affairs and are located in the group health issuer's
service areas.

This measure also allows limits on timing of enrollment and
reenrollment to control adverse selection and plan costs.

Testimony in support of the measure was submitted by the
Department of Commerce and Consumer Affairs, the Hawaii
Association of Realtors, Kaiser Permanente, and the National
Federation of Independent Business. Comments on the measure were
also submitted by the Hawaii Medical Service Association.

Your Committee finds that health insurance coverage is an
extremely important, although often expensive, necessity for
individuals in our communities. Although the Hawaii Prepaid
Health Care Act provides for healthcare insurance for many
residents in the State, there are still a large, growing number of
individuals who are without such coverage, due to cost, the nature
of their work, or lack of eligibility for other reasons. This

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measure extends health insurance coverage to self-employed individuals who work or reside within a group health issuer's service area, unless the group health issuer is determined to lack adequate capacity for such enrollment. Your Committee determines that requiring group health issuers to provide such coverage will help to reduce the number of uninsured individuals, comprised largely of self-employed individuals.

Your Committee received testimony raising a concern with requiring group health insurers to offer all small group health plans to self-employed individuals, while the law authorizes the offering of only one small group health plan to small employers who employ only one employee. Your Committee finds that equitable treatment is warranted through the grant of discretionary authority by the Insurance Commissioner.

Accordingly, your Committee has amended this measure by:

- (1) Authorizing, rather than requiring, the Insurance Commissioner to exempt group health plans offered to small employers that employ only one employee if such plan satisfies the requirements of chapter 393, Hawaii Revised Statutes, and upon determination by the Insurance Commissioner as to the adequacy of the insurer's capacity; and
- (2) Making a technical, nonsubstantive change for purposes of clarity and to reflect preferred drafting 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. 2530, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2530; 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. ISE, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:* SB 2530	Committee Referral: HTH, CPH	Date: 02-11-08		
<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 Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes