

STAND. COM. REP. NO. 2595

Honolulu, Hawaii

FEB 28 2008

RE: S.B. No. 2530  
S.D. 2

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

Madam:

Your Committee on Commerce, Consumer Protection, and  
Affordable Housing, to which was referred S.B. No. 2530, S.D. 1,  
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 reduce the number of  
uninsured sole proprietors in Hawaii by requiring group health  
issuers to offer small group health plans to self-employed  
individuals who meet certain requirements.

Specifically, this measure amends section 431:2-201.5, Hawaii  
Revised Statutes, by:

- (1) Requiring 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;
- (2) Authorizing the Insurance Commissioner of the Department  
of Commerce and Consumer Affairs to exempt certain group  
health plans based on specified criteria; and
- (3) Allowing limits on the timing of enrollment and  
reenrollment to control adverse selection and plan  
costs.



Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, the Hawaii Association of Realtors, Kaiser Permanente, The Chamber of Commerce of Hawaii, and two private individuals. Testimony in opposition to this measure was submitted by the Hawaii Association of Health Plans. The Hawaii Medical Service Association submitted comments.

Health insurance coverage is an extremely important, although often expensive, necessity for individuals in Hawaii. Despite the Hawaii Prepaid Health Care Act, there are still a large and growing number of individuals who are without health care coverage, due to the cost, the nature of their work, or lack of eligibility for other reasons. This 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 enrollment. Your Committee finds that requiring group health issuers to provide health care coverage will help to reduce the number of uninsured individuals, comprised largely of self-employed individuals.

Your Committee has amended this measure by:

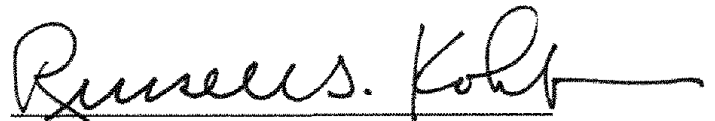
- (1) Inserting a sunset date of July 1, 2013 in order for the Legislature to revisit this issue in five years to examine the cost impact of this measure; and
- (2) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to reduce the number of uninsured sole proprietors in Hawaii.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2530, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2530, S.D. 2.



Respectfully submitted on  
behalf of the members of the  
Committee on Commerce, Consumer  
Protection, and Affordable  
Housing,



RUSSELL S. KOKUBUN, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Commerce, Consumer Protection and Affordable Housing**  
**CPH**

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2530 SDI	HTH, CPH	2/22/08

The committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312     Pass, with amendments 2311     Hold 2310     Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
KOKUBUN, Russell S. (C)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will	✓			
IHARA, Jr., Les				✓
SAKAMOTO, Norman	✓			
TANIGUCHI, BRIAN T.	✓			
TRIMBLE, Gordon	✓			
<b>TOTAL</b>	<b>6</b>			<b>1</b>

Recommendation:  Adopted     Not Adopted

Chair's or Designee's Signature:  


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\*Only one measure per Record of Votes