

STAND. COM. REP. NO. 2593

Honolulu, Hawaii

FEB 28 2008

RE: S.B. No. 3015
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. 3015, S.D. 1,
entitled:

"A BILL FOR AN ACT RELATING TO THE PATIENTS' BILL OF RIGHTS
AND RESPONSIBILITIES ACT,"

begs leave to report as follows:

The purpose of this measure is to help protect consumers of
health insurance by establishing prohibited practices for managed
care plans.

Specifically, this measure adds a new section to chapter
432E, Hawaii Revised Statutes, that:

- (1) Prohibits disenrollment of a health plan because of a
medical condition;
- (2) Prohibits withdrawal of authorization for a procedure by
the health plan after the provider has provided health
care services;
- (3) Prohibits health insurance contract modifications during
the term of the contract, unless the modifications are
agreed upon;
- (4) Prohibits post claims underwriting, such as terminating
an individual's health plan coverage because the insurer



discovers a medical condition that the individual did not know about at the time of underwriting; and

- (5) Provides that eligible charges for nonparticipating providers should be the same as for participating providers.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, and the Hawaii Medical Service Association.

Chapter 432E, Hawaii Revised Statutes, relating to the Patients' Bill of Rights, does not contain provisions for unfair or deceptive acts or practices in managed care plans. According to the Insurance Division of the Department of Commerce and Consumer Affairs, this measure is intended to protect consumers by establishing prohibited practices for managed care plans. This measure is based partly on the California Knox-Keene Act regulating managed care plans and federal law.

Your Committee finds that this measure adds protection for consumers by allowing action against insurers by way of complaint or investigation, rather than by external review. Often, consumers cannot obtain legal representation for external review appeals.

Your Committee has amended this measure by:

- (1) Changing the effective date from upon its approval to January 1, 2009, to allow time for all health plans to ensure that current contract language complies with the requirements of this measure; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to help protect consumers of health insurance.

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. 3015, S.D. 1, as amended



herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3015, 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 3015 SDI	HTH, CPH	2/22/08		
<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
KOKUBUN, Russell S. (C)	✓			
IGE, David Y. (VC)				✓
ESPERO, Will	✓			
IHARA, Jr., Les				✓
SAKAMOTO, Norman	✓			
TANIGUCHI, BRIAN T.	✓			
TRIMBLE, Gordon	✓			
TOTAL	5			2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Will Espero</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes