

LINDA LINGLE  
GOVERNOR

JAMES R. AIONA, JR.  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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LAWRENCE M. REIFURTH  
DIRECTOR

RONALD BOYER  
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND AFFORDABLE HOUSING

TWENTY-FOURTH LEGISLATURE  
Regular Session of 2008

Thursday, February 21, 2008  
9:00 a.m.

**TESTIMONY ON SENATE BILL NO. 2052, S.D. 1 – RELATING TO HEALTH  
INSURANCE.**

TO THE HONORABLE RUSSELL S. KOKUBUN, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is J. P. Schmidt, State Insurance Commissioner (“Commissioner”),  
testifying on behalf of the Department of Commerce and Consumer Affairs  
(“Department”). The Department takes no position on this bill, which creates a  
mandated benefit for hearing aids.

The Department does not have the medical expertise necessary to express an  
informed opinion on the merits of this bill. In addition, mandated benefits help some  
patients, but also increase premiums for consumers. Weighing these complex issues is  
best left to the wisdom of the Legislature. It should also be noted that prior to enacting  
mandatory health insurance coverage, there must be a review by the Legislative Auditor  
pursuant to Hawaii Revised Statutes section 23-51.

We thank this Committee for the opportunity to present testimony on this matter.



## DISABILITY AND COMMUNICATION ACCESS BOARD

919 Ala Moana Boulevard, Room 101 • Honolulu, Hawaii 96814  
Ph. (808) 586-8121 (V/TDD) • Fax (808) 586-8129

February 21, 2008

### TESTIMONY TO THE SENATE COMMITTEE ON CONSUMER PROTECTION AND AFFORDABLE HOUSING

Senate Bill 2052, SD1 - Relating to Health Insurance

The Disability and Communication Access Board (DCAB) supports the intent of Senate Bill 2052, SD1 relating to health insurance that requires hearing aid devices be included in mandatory insurance coverage for private health insurance. While we support the intent of the bill, we understand mandated benefits may help some people but may also increase premiums for others. We defer to the Department of Commerce and Consumer Affairs regarding the cost implications of mandated insurance coverage.

Currently, private health insurance plans provide partial coverage for eyeglasses to correct vision, and some provide partial coverage for hearing aids. Hearing is an equally important sense upon which an individual depends, so an individual with a hearing loss should be assisted in purchasing hearing aids through a private insurance carrier. The Department of Human Services indicated that it included coverage for hearing aids, so the provision related to Medicaid was removed from the bill. We feel that for the Auditor to assess social and financial effects of requiring health insurers to offer coverage for hearing aids, current practices of public and private insurance plans need to be reviewed and evaluated.

Although DCAB supports the intent of Senate Bill 2052, SD1, we are aware that it is a requirement for a study to be conducted related to the social and financial effects of requiring health insurers to offer coverage for hearing aids per Section 21-51, Hawaii Revised Statutes. Due to this requirement, DCAB recommends that this measure be deferred and the Legislative Auditor conduct a study, as stated in Senate Concurrent Resolution (SCR) 38.

Thank you for the opportunity to testify.

Respectfully submitted,

PATRICIA M. NIELSEN  
Chairperson  
Legislative Committee

FRANCINE WAI  
Executive Director

# HMSA



Blue Cross  
Blue Shield  
of Hawaii

An Independent Licensee of the Blue Cross and Blue Shield Association

February 21, 2008

The Honorable Russell Kokubun, Chair  
The Honorable David Ige, Vice Chair

Senate Committee on Commerce, Consumer Protection and Affordable Housing

**Re: SB 2052 SD1 – Relating to Health Insurance**

Dear Chair Kokubun, Vice Chair Ige and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 2052 SD1 which would require health plans to provide coverage for hearing aid devices.

HMSA's plans do provide coverage for hearing aids under both our Preferred Provider Plan and Health Plan Hawaii Plus (our HMO).

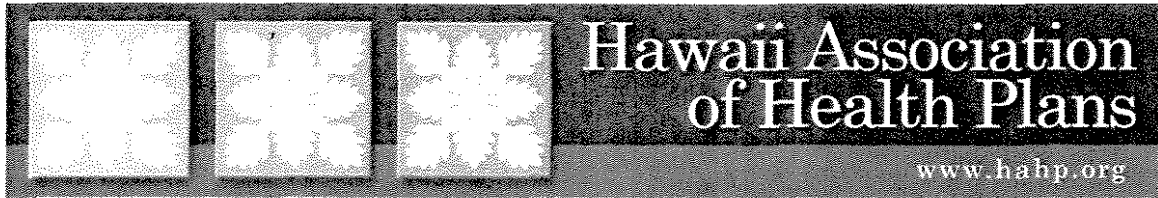
In addition, we believe that prior to passing any new legislation which would require health plans to provide benefits not currently covered in their plan offerings, the Legislature should request an Auditor's study as required under Hawaii Revised Statutes 23-51 and 23-52. This study will provide decision-makers with objective information prior to including these new benefits. With health care costs continuing to escalate it is important to consider the impact that requiring such benefits will have on the cost of health care, especially for local employers who typically bear the brunt of such cost increases.

Thank you for the opportunity to provide testimony on SB 2052 SD1.

Sincerely,

A handwritten signature in black ink, appearing to read "JD".

Jennifer Diesman  
Director, Government Relations



February 21, 2008

The Honorable Russell Kokubun, Chair  
The Honorable David Ige, Vice Chair

Senate Committee on Commerce, Consumer Protection and Affordable Housing

**Re: SB 2052 SD1 – Relating to Health Insurance**

Dear Chair Kokubun, Vice Chair Ige and Members of the Committee:

My name is Rick Jackson and I am President of the Hawaii Association of Health Plans (“HAHP”). HAHP is a non-profit organization consisting of seven (7) member organizations:

AlohaCare  
Hawaii Medical Assurance Association  
HMSA  
Hawaii-Western Management Group, Inc.

MDX Hawai‘i  
University Health Alliance  
UnitedHealthcare

Our mission is to promote initiatives aimed at improving the overall health of Hawaii. We are also active participants in the legislative process. Before providing any testimony at a Legislative hearing, all HAHP member organizations must be in unanimous agreement of the statement or position.

Thank you for the opportunity to testify in opposition to SB 2052 SD1, which would require health plans to provide coverage for hearing aid devices. HAHP recognizes that legislative health mandates are often driven by the desire for improved health care services to the community; as health plans, our member organizations are committed to the same ideal. In general, however, HAHP member organizations oppose legislative health mandates as inefficient mechanisms for health care improvement for three (3) reasons:

1. Mandates, by their basic nature, increase health care costs for employers and employees.
2. We believe employers should have the right to, working with their insurer, define the benefit package they offer to their employees. Mandates misallocate scarce resources by requiring consumers (and their employers) to spend available funds on benefits that they would otherwise not choose to purchase.

• AlohaCare • HMAA • HMSA • HWMG • MDX Hawaii • UHA • UnitedHealthcare •  
HAHP c/o Howard Lee, UHA, 700 Bishop Street, Suite 300 Honolulu 96813  
[www.hahp.org](http://www.hahp.org)

3. Mandates impose static clinical procedures which can fail to promote evidence-based medicine, defined as the daily practice of medicine based on the highest level of available evidence determined through scientific study. Evidence-based medicine promotes high quality care. Unfortunately, even when a mandate promotes evidence-based medicine when adopted, the mandate does not timely change to reflect medical advances, new medical technology, or other new developments. Mandates can become obsolete or even harmful to patients.

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Jackson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rick Jackson  
President



OFFICERS

Cynthia Jean Goto, MD  
President

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Secretary

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Paula Arcena  
Executive Director

February 21, 2008

To: Sen. Russell S. Kokubun, Chair  
Sen. David Ige, Vice Chair  
Committee on Human Services and Housing

From: Cynthia Goto, M.D., President  
Linda Rasmussen, M.D. and Philip Hellreich, M.D.,  
Legislative Co-Chairs  
Paula Arcena, Executive Director  
Dick Botti, Government Liaison

RE: SB2052 SD1 Relating to Health Insurance (requires that hearing aid devices be included in mandatory insurance coverage for Medicaid and private health insurance).

The HMA supports the intent of the above-stated bill to provide for needed medical care, but has concerns about adding to Hawaii's already long list of mandated health insurance benefits. The addition of more benefits increases health care costs, thereby increasing premiums and putting health care coverage out of reach for more of our residents. For that reason and those explained below, the HMA is opposed to mandated benefits.

Mandated benefits should consist of core benefits that are limited to medical needs. Many existing benefits, such as mammograms, immunizations, mental health and alcohol and drug dependence treatment, are necessary to maintain the health of Hawaii's citizens. These benefits warrant mandating because they are cost effective by preventing future illness, which would be far more costly to treat and cure. The HMA strongly believes that every member of our society needs and deserves a core group of medical and surgical benefits, including psychiatry and addiction medicine.

Over and above these benefits, the HMA generally favors free market solutions and opposes mandated benefits, because they significantly increase the cost of health care and ultimately increase the number of uninsured or underinsured people. However, it is important to retain some flexibility in order to reflect advances in medical science and to address those instances in which the free market does not induce third party payers to cover new diagnostic and therapeutic services.

Please deliver to:  
Committee Consumer  
Protection &  
Affordable Housing.  
2-21-2008,  
Wednesday.  
9am  
Conf. Rm.229

Hawaii Medical Association  
1360 S. Beretania St.  
Suite 200  
Honolulu, HI 96814  
(808) 536-7702  
(808) 528-2376 fax  
www.hmaonline.net

While it is vitally important to consider the cumulative cost of mandated benefits, the delivery of quality health care should not be prohibited with an arbitrary cap.

Following the 2001 legislative session, the HMA participated in the Mandated Benefits Task Force, convened by the Insurance Commissioner, and served on committees led by former Representatives Ken Hiraki and Dennis Arakaki and Senator Brian Taniguchi. The task force and its committees spent a significant amount of time discussing this issue.

Unfortunately, the legislature did not act upon the recommendations of the task force. While the report is 6 years old, we think it would be helpful for this committee to review the Task Forces' report and re-visit this issue before adding mandated benefits.

Thank you for the opportunity to testify on this matter.

MCCORRISTON MILLER MUKAI MACKINNON LLP

ATTORNEYS AT LAW

February 19, 2008

Russell S. Kokubun, Chair  
Senator David Y. Ige, Vice Chair  
Committee on Commerce, Consumer Protection and Affordable Housing  
Senate  
State Capitol  
415 South King Street  
Honolulu, Hawaii 96813

Re: S.B. No. 2052, S.D.1 RELATING TO HEALTH INSURANCE

Dear Chair Kokubun, Vice Chair Ige, and Committee Members:

On behalf of the American Family Life Assurance Company of Columbus (AFLAC), we respectfully submit the following written testimony with respect to Senate Bill No. 2052, S.D.1, relating to health insurance which is to be heard by your Committee on Commerce, Consumer Protection and Affordable Housing on February 21, 2008.

S.B. No. 2052, S.D.1, is intended to require that hearing aid devices be included in mandatory insurance coverage for medicaid and private health insurance. However, there are certain types of supplementary health insurance for which such mandated coverage of hearing aid devices would not be appropriate. Specifically, there are certain types of limited benefit insurance, for example, supplemental insurance covering only accidental injuries, hospital stays or specific diseases, for which it would not be appropriate to mandate coverage of hearing aid devices.

At present, limited benefit insurance policies allow consumers to acquire supplemental insurance coverage, for example for specific diseases, at a low cost. Requiring that such limited benefit insurance policies (*e.g.*, accidental injury, hospital confinement or specified disease) also include hearing aid devices is not appropriate and is unnecessary because such policies are intended to be supplemental and limited in nature. Requiring limited benefit insurance to cover hearing aid devices will not result in additional protection for the consumer, as such coverage will be provided in the primary insurance, and will likely harm the consumer by unnecessarily increasing the cost of limited benefit insurance and/or causing such insurance to become unavailable.



Russell S. Kokubun, Chair  
Senator David Y. Ige, Vice Chair  
Committee on Commerce, Consumer Protection and Affordable Housing  
February 19, 2008  
Page 2 of 2

For the foregoing reasons, we support the amendment of Section 2 of S.B. No. 2052, S.D.1, to delete from subsection (a) of the new section to be added to Hawaii Revised chapter 431:10A "limited benefit insurance" by adding the following, which is based upon the language currently contained in Hawaii Revised Statutes section 431:10A-121:

"§431:10A- Hearing aid devices; notice. (a) Any other law to the contrary notwithstanding, each health policy, contract, plan, or agreement issued or renewed in this State after December 31, 2008, other than an accident-only, specified disease, hospital indemnity, medicare supplement, long-term care, dental, vision or other limited benefit health insurance policy, shall provide, not as an employer option, coverage for the cost of hearing aid devices for the policyholder and individuals covered under the policy, contract, plan, or agreement."

(Additional language underscored.)

The proposed exception is based upon similar exceptions in mandated coverage for limited benefit health insurance policies. *See, e.g.*, HRS § 431:10A-121 ("Each policy of accident and health or sickness insurance providing coverage for health care, other than an accident-only, specified disease, hospital indemnity, medicare supplement, long-term care, or other limited benefit health insurance policy, that is issued or renewed in this State, shall provide coverage for outpatient diabetes self-management training, education, equipment, and supplies . . .").

Thank you for your consideration of the foregoing.

Very truly yours,

MCCORRISTON MILLER MUKAI MACKINNON LLP



Peter J. Hamasaki

POLICY ADVISORY BOARD FOR ELDER AFFAIRS (PABEA)  
NO.1 CAPITOL DISTRICT  
150 SOUTH HOTEL STREET, SUITE 406  
HONOLULU, HAWAII 96813

TO: SENATE-SGT-AT- ARMS

FEBRUARY 20, 2008  
Fax 586-6659

FROM: Bruce McCullough  
Legislative Committee, PABEA

FOR: Committee for Commerce, Consumer Protection and  
Affordable Housing  
Senator Russell S. Kokubun, Chair  
Senator David Y. Ige, Vice Chair

RE: SB 2052 Sd1 Relating to Hearing Aides

DATE: February 21, 2008

TIME: 9:00 AM

PLACE: RM 229

I am offering testimony on behalf of PABEA, which is a State appointed Board tasked with advising the Executive Office on Aging (EOA). My testimony does not represent the views of the EOA, but of the board.

PABEA is in strong support of this proposed legislation.

We have one concern; which is that the coverage amount should be meaningful. The bill talks about "maximum payment limits." We want to be sure that these payment limits are not just token amounts.

Testimony of  
Phyllis Dendle  
Director of Government Affairs

Before:  
Senate Committee on Commerce, Consumer Protection, and Affordable Housing  
The Honorable Russell S. Kokubun, Chair  
The Honorable David Y. Ige, Vice Chair

February 21, 2008  
9:00 am  
Conference Room 229

**SB 2052 SD1 RELATING TO HEALTH INSURANCE (Hearing Aid Devices)**

Chair, Vice Chair, and committee members, thank you for this opportunity to provide testimony on SB2052 SD1 which requires that hearing aid devices be included in mandatory insurance coverage for Medicaid and private health insurance.

**Kaiser Permanente Hawaii supports the intent of this bill, but requests an impact assessment report pursuant to HRS Sections 23-51 and 23-52.**

Kaiser Permanente's usual position on proposed legislative mandates of health coverage is to oppose them, on several grounds:

1. First, because they generally tend to raise the cost of delivering health care, thereby resulting in higher premiums and increased cost to the purchasers and payors of health plan coverage, whether they be employer groups or individuals;
2. Second, because they often tend to dictate how medicine should be practiced, which sometimes results in medicine that is not evidence based and usurps the role and expertise of the practicing physician and other health care professionals who provide medical treatment and services; and
3. Finally, because they often lock in statutory requirements that become outdated and do not keep pace with the ever evolving and advancing fields of medicine and medical technology.

Nevertheless, in this case, Kaiser Permanente supports the intent of this bill and the concept of making hearing aid devices available and affordable for the hearing impaired.

We note, however, that an impact assessment report is required pursuant to Sections 23-51 and 23-52 of the Hawaii Revised Statutes to assess, among other things:

- a) the extent to which the treatment or service is generally utilized by a significant portion of the population;
- b) the level of public demand for the treatment or service;
- c) the extent to which this mandated insurance coverage would be reasonably expected to increase the insurance premium and administrative expenses of policy holders; and
- d) the impact of this mandated coverage on the total cost of health care.

Additionally, we note that this bill does not differentiate or consider utilization by, or impact of delivery to, different populations of hearing impaired: the under-18 population, those who are genetically impaired, or those impaired due to disease, injury, or due to aging. The needs of and utilization by these different populations is likely to vary according to the nature or extent of hearing loss, type of hearing aid needed, frequency of replacement of the hearing aids, effectiveness of the hearing aids, cost of the hearing aids, and other factors. The bill also does not adequately define "hearing aids" or "hearing aid devices", whether to mean only external hearing aids or to include devices such as cochlear implants. Accordingly, Kaiser Permanente recommends that the bill, or a resolution requesting a legislative auditor's study, address these issues.

Thank you for your consideration.



SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION,  
AND AFFORDABLE HOUSING  
Senator Russell Kokubun, Chair

Conference Room 229  
February 21, 2008 at 9:00 a.m.

**Testimony in opposition to SB 2052 SD 1.**

I am Rich Meiers, President and CEO of the Healthcare Association of Hawaii, which represents the entire spectrum of health care, including acute care hospitals, two-thirds of the long term care beds in Hawaii, as well as home care and hospice providers. I regret that I shall not be able to testify in person due to a previous commitment. However, I appreciate this opportunity to testify in opposition to SB 2052 SD 1, which mandates that all health care insurance plans cover hearing aides.

At the outset, let me say that the intent of this bill is noteworthy since it addresses a condition that can have serious effects. At the same time, however, Hawaii's Prepaid Health Care Act (PHCA) was never meant to provide total coverage for all treatments of all illnesses, injuries, and diseases because of the high costs that would be incurred. These high costs would then be reflected in health care insurance rates paid by employers and employees. Rather, the PHCA was meant to provide basic coverage to a broad population.

It is true that this bill would raise health care insurance premiums by only a small amount because it would affect only a small portion of the population. However, there are many different types of mandates that have been proposed in the past, that are currently being proposed, and no doubt will be proposed in the future. In the eyes of their advocates, all of these mandates are equally worthy. However, the adoption of all of these mandates would increase health care insurance costs significantly.

For the foregoing reasons, the Healthcare Association of Hawaii opposes SB 2052 SD 1.

Francine Aona Kenyon

dba KULI IKE KOKUA

2520 Jasmine Street

Honolulu, HI 96816

[frkenyon09@sprintpcs.com](mailto:frkenyon09@sprintpcs.com)

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Thursday, February 21, 2008 at 9:00 am in Senate Conference Room 229

**TESTIMONY  
TO  
SENATE COMMITTEE ON CONSUMER PROTECTION AND AFFORDABLE HOUSING  
ON  
SB 2052, S.D. 1, RELATING TO HEALTH INSURANCE**

I am Francine Kenyon, a long-time advocate and volunteer consultant for deaf, hard-of-hearing, and deaf-blind people of the State of Hawaii and wear many hats

I strongly support SB 2052, S.D.1, RELATING TO HEALTH INSURANCE, requiring that hearing aid devices be included in mandatory insurance coverage for Medicaid and private health insurance because hearing aids are expensive for low-income people to buy.

Hearing aids are needed to be replaced every two years but they are costly because the prices for hearing aids are always going up, up, up and up. What can't the prices of hearing aids go down and down like any electronic devices when it comes to a sale?

Vocational Rehabilitation Division provided the assistance for the Vocational Rehabilitation clients to get hearing aids or glasses only once. A few years ago HCIL had the hearing aid grants for HCIL clients referred to by Vocational Rehabilitation counselors but they stopped providing such services. The Vocational Rehabilitation Division took over again. The Lions Club used to help provide hearing aids in old days. We won't know whether the Lions Clubs are continuing the projects or not.

Just recently, Kaiser Permanente just started a new health plan Senior Advantage Health Plan for those having SSDI benefits, adding the extra benefits for dental, vision, and hearing but am not sure how this will benefit us Social Security recipients.

Cochlear implants more than \$10,000 are paid in full for by insurances. Hearing aids cost approximately from \$899 to \$3,000.00 and are not covered fully by insurances. So what is the difference about cochlea implants and hearing aids?

If this bill is passed, we hope that the health insurance would help cover the hearing aids.

Mahalo nui loa for allowing me to testify on this important bill.

Sincerely,

Francine Aona Kenyon

## testimony

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**From:** Ed Chevy [chevy59@tmail.com]  
**Sent:** Wednesday, February 20, 2008 5:51 AM  
**To:** Senatetestimony  
**Subject:** Hearing on SB 2052, SD1 (relating to health insurance)

To: Senator Russell Kokubun, Chair  
Senator David Ige, Vice Chair  
And the Committee on Commerce Consumer Protection and Affordable Housing

From: Ed Chevy, deaf parent of deaf child

Date: February 20, 2008

Subject: to testify on SB 2052, health insurance paying for hearing aids.

This letter of support requires that hearing aid devices be included in mandatory insurance coverage for private health insured. I suggested having insurance companies cover the cost of hearing for children with hearing loss. My son, Clyde, who is Deaf is the third generation in the deaf family. He wears two hearing aids. It makes a difference in his life and those that will come after. We need this bill to help our children to be able to function at school and to cope with the world.

Please SUPPORT SB 2052 for the future generations of Hawaii's keiki with hearing loss. Thank you for the opportunity to present this testimony.

Best Regards,

Ed Chevy

"Lifting ASL to a living art"