

**SB 2110**



LINDA LINGLE  
GOVERNOR  
JAMES R. AIONA, JR.  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: (808) 586-2850  
Fax Number: (808) 586-2856  
[www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

LAWRENCE M. REIFURTH  
DIRECTOR  
RONALD BOYER  
DEPUTY DIRECTOR

TO THE SENATE COMMITTEES ON HEALTH AND  
COMMERCE, CONSUMER PROTECTION AND AFFORDABLE HOUSING

TWENTY-FOURTH LEGISLATURE  
Regular Session of 2008

Friday, February 1, 2008  
1:15 p.m.

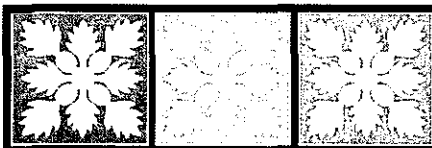
**TESTIMONY ON SENATE BILL NO. 2110 – RELATING TO HEALTH INSURANCE**

TO THE HONORABLE DAVID Y. IGE AND RUSSELL S. KOKUBUN, CHAIRS, AND  
MEMBERS OF THE COMMITTEES:

My name is J. P. Schmidt, State Insurance 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 screening for colorectal cancer by colonoscopy every ten years, beginning at age fifty.

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.



## Hawaii Association of Health Plans

February 1, 2008

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

Senate Committee on Commerce, Consumer Protection and Affordable Housing  
Senate Committee on Health

**Re: SB 2110 – Relating to Health Insurance**

Dear Chair Kokubun, Chair Ige and Members of the Committees:

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 2110, which would require health plans to cover screening for colorectal cancer by colonoscopy every ten years, beginning at age 50.

We request that the Committee consider that there is an established medical protocol for establishing the need for a colonoscopy for the 15,000 Hawai‘i residents who become age 50 each year:

- a. Fecal occult blood test positive result
- b. Flexible sigmoidoscopy
- c. Then, performing the colonoscopy procedure

The cost of a colonoscopy, including outpatient surgery suite, gastroenterologist and anesthesia to HAHP member organizations is over \$3500 per procedure. Failure to apply this entirely sensible medical protocol and instead permit any 50+ year old health plan member to

self-refer for a screening colonoscopy would make the cost of this particular mandate very expensive without delivering a significant benefit to the overall health of Hawai'i residents.

HAHP recognizes that this and other 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.
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,



Rick Jackson  
President

TESTIMONY OF THE AMERICAN COUNCIL OF LIFE INSURERS  
COMMENTING ON S.B. 2110 RELATING TO HEALTH INSURANCE

February 1, 2008

Via E Mail: [testimony@capitol.hawaii.gov](mailto:testimony@capitol.hawaii.gov)  
Senator David Y. Ige, Chair  
Committee on Health  
State Senate  
Hawaii State Capital, Conference Room 016  
415 S. Beretania Street  
Honolulu, HI 96813

Dear Chair Ige and Committee Members:

Thank you for the opportunity to comment on Senate Bill 2110, relating to Health Insurance.

Our firm represents the American Council of Life Insurers ("ACLI"), a national trade association whose three hundred fifty-three (353) member companies account for 93% of the life insurance premiums and 94% of the annuity considerations in the United States among legal reserve life insurance companies. ACLI member company assets account for 93% of legal reserve company total assets. Two hundred sixty-one (261) ACLI member companies currently do business in the State of Hawaii.

As currently drafted Section 10A-116, HRS, states "[e]very person insured under a policy of accident and health or sickness insurance delivered or issued for delivery in this State shall be entitled to the reimbursements and coverages specified below:

...."

ACLI submits that the reimbursements and coverage described in that section are intended to apply only to "health insurance".

However, "accident and health or sickness insurance" is defined in Section 431:1-205, to include disability insurance issued by life insurers.

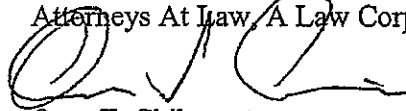
In order to dispel any confusion that Section 10A-116, HRS, including the amendment which is the subject of Senate Bill 2110, is to apply to anything other than health insurance ACLI suggests that 10A-116, HRS, be further amended as follows:

Every person insured under a policy of accident and health or sickness insurance, other than disability income insurance, delivered or issued for delivery in this State shall be entitled to the reimbursements and coverages specified below:

...."

Again, thank you for the opportunity to comment on Senate Bill 2110.

CHAR HAMILTON  
CAMPBELL & YOSHIDA  
Attorneys At Law, A Law Corporation

A handwritten signature in black ink, appearing to read 'Oren T. Chikamoto', is written over the text of the law firm.

Oren T. Chikamoto  
737 Bishop Street, Suite 2100  
Honolulu, Hawaii 96813  
Telephone: (808) 524-3800  
Facsimile: (808) 523-1714  
E mail: [ochikamoto@chctlaw.com](mailto:ochikamoto@chctlaw.com)

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 1, 2008

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

Senate Committees on Commerce, Consumer Protection and Affordable Housing and Health

**Re: SB 2110 – Relating to Health Insurance**

Dear Chair Kokubun, Chair Ige and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 2110 which would mandate health plans provide coverage for colorectal cancer screening. HMSA is unsure as to the necessity of this legislation.

HMSA recognizes the importance of our members receiving appropriate screenings in order to detect illnesses in their early and treatable stages. At this time HMSA's HMO and PPP plans both provide coverage for colon cancer screenings according to recognized national guidelines.

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 testify on SB 2110.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jennifer Diesman".

Jennifer Diesman  
Director, Government Relations

MCCORRISTON MILLER MUKAI MACKINNON LLP

ATTORNEYS AT LAW

January 31, 2008

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

Re: S.B. No. 2110 RELATING TO HEALTH INSURANCE

Dear Chairs Kokubun and Ige, Vice Chair Fukunaga, 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. 2110, relating to health insurance which is to be heard by your Committee on Commerce, Consumer Protection and Affordable Housing, and Committee on Health, on February 1, 2008.

S.B. No. 2110 is intended to mandate health insurance coverage to screen for colorectal cancer by colonoscopy every ten years, beginning at age fifty.

Section 1 of S.B. No. 2110 amends section 431:10A-116 of the Hawaii Revised Statutes by adding a new subsection (7) thereto. As currently drafted, subsection (7) does not apply to policies covering only "specified diseases or other limited benefit coverage."

AFLAC agrees that it is not appropriate to mandate coverage of screening for colorectal cancer by colonoscopy in limited benefit insurance, but suggests that, for the sake of clarity, the exception refer to "an accident-only, specified disease, hospital indemnity, medicare supplement, long-term care, dental, vision or other limited benefit health insurance policy" as follows:

"(7) Notwithstanding any provision to the contrary, each policy, contract, plan, or agreement, except for ~~[policies that only provide coverage for specified diseases or other limited benefit coverage]~~ an accident-only, specified disease, hospital indemnity, medicare supplement, long-



Honorable Russell S. Kokubun, Chair, Chair  
Honorable David Y. Ige, Vice Chair  
Committee on Commerce, Consumer Protection and Affordable Housing  
Honorable David Y. Ige, Chair  
Honorable Carol Fukunaga, Vice Chair  
Committee on Health  
January 31, 2008  
Page 2 of 2

term care, dental, vision or other limited benefit health insurance policy, but including policies issued by companies subject to chapter 431, article 10A, part II and chapter 432, article 1 shall provide coverage for the screening of colorectal cancer by colonoscopy every ten years, beginning at age fifty."


(Added language underscored; deleted language in brackets and strikethrough.)

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

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

Senate Committee on Health  
The Honorable David Y. Ige, Chair  
The Honorable Carol Fukunaga, Vice Chair

Friday February 1, 2007  
1:15 pm  
Conference Room 016

#### **SB 2110 RELATING TO HEALTH INSURANCE (Colonoscopy)**

Chairs Kokubun and Ige and committee members, thank you for this opportunity to provide testimony on SB 2110 which requires health insurance plans to cover screening for colorectal cancer by colonoscopy every ten years, beginning at age 50.

**Kaiser Permanente Hawaii opposes this bill because of its effect on medical care.**

Currently we provide screening colonoscopy for high-risk individuals at no cost (or in some cases the co-pay of an office visit -\$14). For average risk patients Fecal Occult Blood Test (FOBT) and flexible sigmoidoscopy is provided at no cost and a colonoscopy is provided at no cost if these tests are positive. The definition of high-risk that we use is evidence based. For example: the risk of colon cancer in an individual with 1 first degree relative (father, mother, sibling, or child) with colon cancer after the age of 60 is no different than the general population.

We are currently doing close to the maximum we can do with current staffing. To provide universal screening as proposed would require at least 2 additional gastroenterologists. Each gastroenterologist, taking into account salary, benefits, malpractice, a nurse, a technician, a medical assistant, and equipment costs about \$1,000,000 a year.

Even if funded we would still have a problem because of the shortage of gastroenterologists. It took us 2 years to recruit the last hire. There is a nationwide shortage and it is even more severe in Hawaii. Outside of Kaiser, with not providing average risk screening, the average wait time is approximately 3 months. This is for high risk (blood positive stools, family history, symptomatic patients, etc). To increase the burden by mandating average risk screening could potentially lengthen the time that a high-risk patient goes without an exam.

The risk of injury or adverse event during a colonoscopy is approximately 30 times that of a flexible sigmoidoscopy. The published rate of injury for colonoscopy is about 1/1,000 exams, whereas a flexible sigmoidoscopy is 1/30,000. Nobody to date has published a study showing that colonoscopy, as a screening exam, is superior in terms of net outcomes. It is intuitively logical that a more complete exam will find more lesions, but at what cost in terms of money, delaying wait times for high risk individuals, and injuries due to colonoscopy and sedation?

This mandate could have negative outcomes if there is a shift from hemocults and sigmoidoscopy to colonoscopy. It could result in a more thorough evaluation for far fewer patients. With the same resources we can screen 4 patients with a sigmoidoscopy or 1 patient with a colonoscopy.

We request that you hold this bill. Thank you for your consideration.

To: Senator Kokubun, Chair, Commerce, Consumer Protection & Affordable Housing; Senator Ige, Chair, Health



From: Jackie Young  
Chief Staff Officer for Mission  
American Cancer Society  
Phone: 432-9142

2-01-08, 1:15 PM

**Testimony in support of SB 2110**  
**Mandatory Health Insurance Coverage; Colonoscopy**

My name is Jackie Young and I am writing in support of SB2110 which will reduce barriers to colorectal cancer screening in our state. Annually nearly 446 new cases of colorectal cancer are diagnosed in Hawaii and 143 deaths result from this disease. The real tragedy is that many of these cancer cases and deaths occur needlessly, as they could be prevented if more people took advantage of regular colorectal cancer screening. When colorectal cancer is diagnosed at the earliest stage the 5 year survival rate is 90 percent; after the cancer spreads the 5 year survival rate plunges to 10 percent. The pain and suffering due to a cancer diagnosis can be *completely* prevented through the early identification and removal of pre-cancerous polyps, detectable only through colorectal cancer screenings. It is critical, therefore, that barriers to screening be eliminated.

The most recent figures show that only 50% of Hawaii residents over the age of 50 report ever having had a colorectal cancer screening exam (FOBT or Sigmoidoscopy/Colonoscopy)<sup>1</sup>. While there are many reasons for low rates of colorectal cancer screening, insurance coverage is a contributing factor. Studies from across the nation have shown that limits on covered benefits impede an individual's ability to benefit from early detection of or screening for cancer.<sup>2,3</sup> Furthermore, doctors often do not refer people for tests if they believe those tests are not covered benefits.<sup>4</sup>

The most vivid evidence of this comes from comparing states that have passed law requiring insurers to cover the full range of colorectal cancer screenings (between 1999 and 2001, eleven states<sup>±</sup> passed such laws). A recent analysis by the American Cancer Society shows that colorectal cancer screening rates have risen faster and are significantly higher in these eleven states (see graph). As more states pass colorectal cancer screening coverage laws, more Americans will likely benefit from these life saving exams.

---

<sup>1</sup> American Cancer Society, Hawaii Pacific Inc., *Hawaii Cancer Facts and Figures 2003-2004*, 2003.

<sup>2</sup> Agency for Health Care Policy and Research. Women's Use of Preventive Screening Services: A Comparison of HMO Versus Fee-for-Service Enrollees. July 1997.

<sup>3</sup> Faulkner LA, Schauffler HH. The Effect of Health Insurance Coverage on the Appropriate Use of Recommended Clinical Preventive Services. *Am J Prev Med* 1997;13(6):453-8.

<sup>4</sup> J.D. Lewin and D.A. Asch, "Barriers to Office-Based Screening Sigmoidoscopy: Does Reimbursement Cover Costs?" *Annals of Internal Medicine*, vol. 130, no. 6 (Mar. 1999), pp. 525-30.

<sup>±</sup>MO, IN, VA, WV, DE, RI, TX, NC, MD, CT, and NJ were the first states to pass laws protecting insurance coverage for the full range of colorectal cancer screening exams. Currently, 19 states plus the District of Columbia have laws on the books protecting coverage.

**As in all decisions affecting one's medical care, the Society believes the decision about which screening tests are appropriate should be made between physician and patient – not the insurance company.**

The bottom line is that coverage for colorectal cancer screening is an important step toward reducing the number of Hawaii residents who die needlessly from colorectal cancer each year. The reasonable cost associated with colorectal cancer screening makes it a wise investment. We have a tremendous opportunity to save lives through colorectal cancer screening – it is an opportunity that we should not waste.

Please do not hesitate to contact me for more information.

Thank you for your time,

Jackie Young, Ph.D.



## LATE TESTIMONY

February 1, 2008

**PLEASE DELIVER TO:**

**CPH/HTH Committee**

Friday  
2-1-08  
1:15pm  
Room 016

To: Sen. David Ige, Chair  
Sen. Carol Fukunaga, Vice Chair  
Senate Health Committee

Sen. Russell Kokubun, Chair  
Sen. David Ige, Vice Chair  
Senate Commerce, Consumer Protection and  
Affordable Housing Committee

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

RE: SB2110 Relating to Health Insurance (Mandates health insurance coverage to screen for colorectal cancer by colonoscopy every ten years, beginning at age fifty)

SB2738 Relating to Autism Spectrum Disorders (Requires insurers, mutual benefit societies, and health maintenance organizations to provide coverage for the diagnosis and treatment of autism spectrum disorders for covered individuals less than twenty-one years of age.)

The HMA supports the intent of the above-stated bills 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.

### OFFICERS

Cynthia Jean Goto, MD  
President

Gary Okamoto, MD  
President Elect

Linda Rasmussen, MD  
Immediate Past President

Thomas Kosasa, MD  
Secretary

Jonathan Cho, MD  
Treasurer

Paula Arcena  
Executive Director

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

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.

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.