

STAND. COM. REP. NO. 292

Honolulu, Hawaii
Feb 18, 2009

RE: H.B. No. 690
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which
was referred H.B. No. 690, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this bill is to expand access to health
insurance by requiring insurers to offer certain part-time
employees the same group health care coverage offered to their co-
workers who are regular employees, without the employer having to
pay any portion of the premium.

This bill also requires the Insurance Commissioner to report
to the Legislature on the costs and benefits of this measure.

The Department of Commerce and Consumer Affairs and Hawaii
Medical Service Association testified in support of this bill.
Kaiser Permanente Hawaii supported the intent of this measure.

This bill seeks to reduce the number of uninsured workers in
Hawaii while minimizing the impact on employers. However, there
are concerns that allowing part-time employees the option of
purchasing coverage will produce adverse selection in which the
covered group of voluntary participants will mostly include those
who use more health care. This is because many voluntary
participants may choose not to purchase health coverage unless
they actually need health care services. The premiums for this
pool of voluntary participants are therefore likely to be higher

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than for mandatory pools with a more balanced mix of both healthy participants who use fewer health services and the less healthy who use more services.

There are also questions regarding the appropriate minimum lengths of employment for part-time employees covered by this measure.


Accordingly, your Committee has amended this bill by:

- (1) Changing to an unspecified amount, the number of requisite working hours per week for part-time employees to be eligible for the health insurance coverage under this measure;
- (2) Requiring eligible part-time employees to have worked continuously for the employer for an unspecified minimum length of time; and
- (3) Requiring that an unspecified percentage of the part-time employees must agree to purchase the health care coverage before the coverage must be offered.

Technical, nonsubstantive amendments were also made for clarity and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 690, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 690, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ROBERT N. HERKES, Chair



