

Honolulu, Hawaii

Apr: 16, 2009

RE: S.B. No. 940
S.D. 1
H.D. 1

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 S.B. No. 940, S.D. 1, 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 require:

- (1) Insurers, mutual benefit societies, and health maintenance organizations to make direct payments to the State for the provision of ambulance treatment and transport services generated through the State's 911 system (Part I); and
- (2) Insurance entities, within 90 days of contracting with the State for the provision of Medicaid coverage, to enter into written contracts with at least half of all hospitals and providers in their coverage area (Part II).

Hawaii Pacific Health testified in support of this bill. The Department of Health supported Part I of this measure. The Department of Commerce and Consumer Affairs, Department of Human Services, and MDX Hawaii opposed Part II of this bill. Hawaii Medical Service Association opposed Part I of this measure. American Family Life Assurance Company of Columbus provided comments.

SB940 HD1 HSCR CPC HMS 2009-3466



This bill is composed of two distinct parts. Part I facilitates compensation to the State for the provision of ambulance services. Some insurers do not directly compensate the State for these services in the absence of a contract. Instead, claim remittances or direct payments are sent to patients, burdening the patient with billing processing and triggering collection costs for the State. This bill seeks to prevent these situations by requiring insurers to directly reimburse the State for ambulance services in the absence of a contract providing for direct payments.

Part II of this bill attempts to ensure an operable network of hospitals and healthcare providers in Medicaid service areas by requiring insurers contracting with the State for Medicaid services to contract with a minimum amount of providers in the coverage area within a certain time period after contracting with the State. However, there are concerns that this requirement gives healthcare providers tremendous negotiation leverage by allowing providers to hold out for high reimbursements that are eventually passed on to the State, who pays for Medicaid costs.

In light of these considerations, your Committee notes the effective date of this bill is July 1, 2020, and therefore is moving it along for further discussion.

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 S.B. No. 940, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

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



ROBERT N. HERKES, Chair



Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: SB 940 SBI HDI	Committee Referral: HLT, CPC	Date: 3/20/09		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)	✓			
2. WAKAI, Glenn (VC)	✓			
3. BELATTI, Della Au	✓			
4. CABANILLA, Rida	✓			
5. CARROLL, Mele				✓
6. ITO, Ken				✓
7. KARAMATSU, Jon Riki	✓			
8. LUKE, Sylvia	✓			
9. McKELVEY, Angus L.K.	✓			
10. MIZUNO, John M.				✓
11. MORITA, Hermina M.	✓			
12. SOUKI, Joseph M.	✓			
13. TSUJI, Clift	✓			
14. MARUMOTO, Barbara C.	✓			
15. THIELEN, Cynthia	✓			
TOTAL (15)	12	0	0	3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 150px;">committee acronym(s)</small>				
Vice Chair's or designee's signature: _____ <div style="text-align: center; font-size: 2em; margin-top: -10px;"> </div>				
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