

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 891
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 891 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to amend the unfair or deceptive insurance practices statutes by prohibiting certain unfair or deceptive practices by health insurers.

Specifically, the measure:

- (1) Prohibits cancellation or nonrenewal of enrollment 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 such modifications are agreed to under a preliminary agreement;
- (4) Prohibits post claims underwriting, i.e., terminating an individual's health plan coverage because the insurer discovers a medical condition that was unknown 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. Testimony in support with proposed amendments was submitted by the Hawaii Medical Association. Testimony with comments was submitted by the Hawaii Medical Service Association. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that this measure will ensure clarity for both consumers and health insurers regarding prohibited practices by health insurers. Establishing these provisions in state law will provide clear guidelines and requirements and will help avoid potentially lengthy administrative and court rulings regarding violations.

Your Committee further finds that this measure is based in part on federal law, and the California Knox-Keene Act, which regulates managed care plans.

Your Committee has amended this measure by:

- (1) Amending the effective date to July 1, 2050, for the purpose of encouraging further discussion; and
- (2) Making technical amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 891, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 891, S.D. 1, and be placed on the calendar for Third Reading.



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



ROSALYN H. BAKER, Chair



