

**SB 171**



February 23, 2009

The Honorable David Ige, Chair  
The Honorable Rosalyn Baker, Chair

Senate Committees on Health and Commerce and Consumer Protection

**Re: SB 171 – Relating to the Patient’s Bill of Rights**

Dear Chair Ige, Chair Baker 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 171, which would amend the patients’ bill of rights by prohibiting certain unfair or deceptive business practices by managed care plans, such as canceling, denying, or nonrenewing an enrollment or subscription because of a person’s health status and would prohibit rates for any individual that exceed 200% of the standard group rate.

We believe that this measure would prevent health plans from managing individual health plan coverage. Language in SB 171 would not only preclude health plans from applying underwriting processes to individual plans but also cap the premium rates at 200% of the “standard group rate.” This would have the effect of forcing plans to implement a guarantee issue policy for individual plans without any mechanism to ensure that premium rates are sufficient to cover the cost of the population.

Unfortunately, an individual plan’s experience is more affected by adverse selection. This is due to the fact that healthy individuals typically choose not to purchase individual coverage. Without these low utilizers to stabilize rates, premiums for an individual plan tend to be more than for

• 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)

group coverage. Putting a cap on premium rates in statute, could force the plans in the state offering individual coverage to cease doing so, leaving individuals with no options for health care. We believe that SB 171 could have the unintended consequence of creating an even greater population of uninsured in the state. Due to this, we would respectfully request that the Committee hold this measure.

Thank you for the opportunity to offer comments today.

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

---

**From:** Ramoda Anand [framodda@yahoo.com]  
**Sent:** Friday, February 20, 2009 11:24 AM  
**To:** HTHTestimony  
**Subject:** SB 171, hearing Feb 23 2009, 3 PM, Conference Room 061

**Categories:** Green Category, Blue Category

Aloha Committee Members

I support this bill wholeheartedly because it will ensure that people will not be taken advantage of. Please pass it out of Committee.

Sincerely,  
Ramoda Anand