

Honolulu, Hawaii

FEB 13 2013

RE: S.B. No. 1079

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 1079 entitled:

"A BILL FOR AN ACT RELATING TO HEALTH INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Amend the definition of "small employer" in the Insurance Code; and
- (2) Apply producer licensing requirements to insurers, health maintenance organizations, and mutual benefit societies.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Hawaii Medical Service Association, Hawai'i Primary Care Association, and Board of Directors of the Hawai'i Health Connector.

Your Committee finds that this measure will make Hawaii's insurance laws consistent with the federal Health Insurance Portability and Accountability Act of 1996 and the Patient Protection and Affordable Care Act of 2010 (Affordable Care Act).

Your Committee further finds that small employers will be able to buy health insurance from the Hawaii health insurance exchange, known as the Hawaii Health Connector, starting in 2014. "Small employer" is currently defined in the Hawaii Revised Statutes as an employer who employs between one and fifty

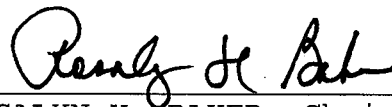


employees. In 2016, under the Affordable Care Act, the definition of "small business" will expand to one hundred employees or fewer. This measure conforms the state definition of "small employer" to the Affordable Care Act's definition of "small business" and therefore ensures broader participation in the Hawaii Health Connector. Your Committee notes that discrepancies currently exist within the federal law itself and between federal and state laws with respect to the definition of an "employee". However, federal regulations to resolve these discrepancies are anticipated to be finalized this spring, and any potential impact on this measure can hopefully be resolved at that time.

Your Committee additionally finds that under the Affordable Care Act, health insurers will be able to offer health insurance through the Hawaii Health Connector. For the protection of the public, this measure requires health insurance producers who sell health insurance to be licensed the same way other insurance producers are licensed.

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. 1079 and recommends that it pass Second Reading 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



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

| | | | | |
|--|-----------------------------------|------------------------|------------|----------------|
| Bill / Resolution No.:* SB 1079 | Committee Referral: CPN | Date: 2/7/13 | | |
| <input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313 | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| BAKER, Rosalyn H. (C) | ✓ | | | |
| GALUTERIA, Brickwood (VC) | ✓ | | | |
| NISHIHARA, Clarence K. | ✓ | | | |
| SOLOMON, Malama | ✓ | | | |
| TANIGUCHI, Brian T. | | | | ✓ |
| WAKAI, Glenn | ✓ | | | |
| SLOM, Sam | ✓ | | | |
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| TOTAL | 6 | | | 1 |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature: | | | | |
| Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy | | | | |

*Only one measure per Record of Votes