



NEIL ABERCROMBIE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

KEALI'I S. LOPEZ
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2013

Friday, February 1, 2013
8:30 a.m.

TESTIMONY ON HOUSE BILL NO. 848 – RELATING TO HEALTH INSURANCE.

TO THE HONORABLE DELLA AU BELATTI, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Gordon I. Ito, State Insurance Commissioner ("Commissioner"), testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). Thank you for hearing this bill. The Department strongly supports this Administration bill.

The purpose of this bill is to make Hawaii's insurance laws found in Title 24, Hawaii Revised Statutes ("HRS"), consistent with the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and Patient Protection and Affordable Care Act of 2010 ("PPACA") by amending the definition of "small employer" and applying the statutory requirements for the licensing of insurance producers to health maintenance organizations and mutual benefit societies.

Small employers will be able to buy health insurance from the health insurance exchange known as the Hawaii Health Connector starting in 2014. HRS §431:2-201.5(b) currently defines "small employer" as an employer who employs between one and no more than 50 employees. Under the PPACA, in 2016 the definition of small

business goes to 100 employees or fewer. This bill conforms the state definition of “small employer” to the PPACA definition.

This bill also applies Hawaii’s Producer Licensing Law found in article 9A, chapter 431, HRS, to insurance producers selling health insurance products offered by health maintenance organizations and mutual benefit societies. Under PPACA, starting in 2014, health insurers will offer health insurance to the public through the health insurance exchange known as the Hawaii Health Connector. To protect the public, we believe that producers who sell health insurance should be licensed in the same way that other insurance producers are licensed. We see no reason to exempt health insurance producers from the general requirement.

We thank this Committee for the opportunity to present testimony on this matter and ask for your favorable consideration.