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TO THE SENATE COMMITTEE ON WAYS AND MEANS

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2013

Friday, February 22, 2013
9:00 a.m.

WRITTEN TESTIMONY ONLY

TESTIMONY ON SENATE BILL NO. 1073, S.D. 1 – RELATING TO DENTAL SERVICE CORPORATIONS.

TO THE HONORABLE DAVID Y. IGE, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Gordon 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 establish the licensing and regulation of dental service corporations under the Commissioner.

Under the federal Patient Protection and Affordable Care Act, starting in 2014, individual and small employer group health plans will include a pediatric dental component. Also, stand alone dental plans can be sold through the health insurance exchange known as the Hawaii Health Connector (“Connector”). In order for a dental insurer to sell on a stand alone dental plan on the Connector, it has to be licensed.

This bill would create a licensing requirement for dental insurers to enable it to sell on the Connector. It also places dental insurers under insurance regulation and

establishes financial solvency oversight. This will increase public confidence in the process while also protecting the public from detrimental effects such as insolvencies.

The Department estimates the fiscal impact will be less than \$3,000 per year in additional revenue.

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