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TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2013

Friday, March 15, 2013
8:30 a.m.

TESTIMONY ON SENATE BILL NO. 1073, S.D. 2 – RELATING TO DENTAL SERVICE CORPORATIONS.

TO THE HONORABLE DELLA AU BELATTI, 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 may 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.

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

Hawaii State Legislature
State House of Representatives
Committee on Health

State Representative Della Au Belatti, Chair
State Representative Dee Morikawa, Vice Chair
Committee on Health

Friday, March 15, 2013, 8:30 a.m. Room 329
Senate Bill 1073 SD 2 Relating to Dental

Honorable Chair Della Au Belatti, Vice Chair Dee Morikawa and
members of the House Committee on Health,

My name is Russel Yamashita and I am the legislative representative for the Hawaii Dental Association (HDA) and its 960 member dentists. I appreciate the opportunity to testify in opposition of Senate Bill 1073, SD 2 Relating to Dental Service Corporations. The bill before you today would repeal the current statutory authority which establishes the criteria and corporate structure of the currently established dental service corporation. The “purpose” of this legislation is allegedly to provide an “insurance” frame work for dental service corporations in order to be in compliance the Affordable Care Act(ACA).

This legislation goes over board in its revision of the Dental Service Corporation law. In reviewing this bill, the alleged “purpose” is achieved with a substantial number of radical changes to the ownership, governance and licensing laws of Hawaii.

The first and primary objection is the change in the definition of “Provider” in the current law and expands the definition to permit any person “otherwise authorized to furnish dental care services”. This is a back door way to allow persons not licensed under Hawaii law (HRS Chapter 448) to provide dental services to Hawaii residents. This also creates a question of jurisdiction as to whether or not the Department of Commerce and Consumer Affairs can even regulate or discipline unlicensed dentists or hygienists for violations of standards of dental care, if they are not properly licensed under HRS Chapter 448.

Second, the "coordination of benefits" in Section -19 of the bill must be mandatory in order for the financial benefits and savings to be realized by the consumer. By allowing "coordination of benefits" to be permissive or optional, the insurers will not pass on the savings to the purchasers of the policies. In other words, you are allowing the insurers to add further financial burdens on the consumer with the pyramiding of costs that the insurers will pass on. If "coordination of benefits" is not mandated, the consumer will not receive any cost savings from the ACA.

In lieu of these changes, the HDA will be in opposition to this legislation as it now written and would request that the bill be held if the proposed amendments are not substituted for the current language.