

SB 1079

Measure Title: RELATING TO HEALTH INSURANCE.

Report Title: Health Insurance

Description: Amends the definition of "small employer" contained in section 431:2-201.5, Hawaii Revised Statutes; amends sections 432:1-102(b) and 432D-19(d), Hawaii Revised Statutes, by including the producer licensing requirements contained in article 9A of chapter 431, Hawaii Revised Statutes.

Companion: [HB848](#)

Package: Gov

Current Referral: CPN

Introducer(s): KIM (Introduced by request of another party)

<u>Sort by Date</u>		Status Text
1/24/2013	S	Introduced.
1/24/2013	S	Passed First Reading.
1/24/2013	S	Referred to CPN.
1/29/2013	S	The committee(s) on CPN has scheduled a public hearing on 02-07-13 9:00AM in conference room 229.



NEIL ABERCROMBIE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

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TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2013

Thursday, February 7, 2013
9 a.m.

TESTIMONY ON SENATE BILL NO. 1079 – RELATING TO HEALTH INSURANCE.

TO THE HONORABLE ROSALYN H. BAKER, 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.

HMSA



Blue Cross
Blue Shield
of Hawaii

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February 7, 2013

The Honorable Rosalyn H. Baker, Chair
The Honorable Brickwood Galuteria, Vice Chair

Senate Committee on Commerce and Consumer Protection

Re: SB 1079 – Relating to Health Insurance

Dear Chair Baker, Vice Chair Galuteria, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 1079 which amends the Insurance Code to (1) define “small employer” as one that hires between one and 100 employees; and (2) applies producer licensure to insurers, health maintenance organizations, and mutual benefit societies. HMSA supports this Bill.

The Affordable Care Act (ACA) mandates small businesses to purchase health care benefit coverage for their employees through the state’s health exchange. And, it incentivizes participation by providing tax credits. Currently, eligible employers may receive a credit for up to 35 percent of their contribution toward the employees’ health insurance premiums. For 2014 and beyond, small businesses who purchase coverage through the new health insurance exchanges can receive a tax credit for two years of up to 50 percent of their contribution.

The ACA requires each state to define the size of the small business as including from one to 50 employees, or from one to 100 employees. SB 1079 defines Hawaii’s small businesses as including from one to 100 employees. In selecting this definition of a small business, the State will ensure a broader participation in the Hawaii Health Connector, and a greater opportunity for the success of our State exchange.

We would like to point out one matter for your consideration. There currently are discrepancies within the federal law and between the federal and State laws with respect to the definition of an “employee.” This may pose issues for the State and the Connector. However, federal regulations are anticipated to be finalized this Spring, and any impact on this legislation, hopefully, may be addressed before the end of the legislative session.

Thank you for the opportunity to testify in support of this measure.

Sincerely,

A handwritten signature in black ink, appearing to read 'JDiesman'.

Jennifer Diesman
Vice President
Government Relations



HPCA

HAWAII PRIMARY CARE ASSOCIATION

Senate Committee on Commerce and Consumer Protection

The Hon. Rosalyn H. Baker, Chair

The Hon. Brickwood Galuteria, Vice Chair

Testimony in Support of Senate Bill 1079

Relating to Health Insurance

Submitted by Nani Medeiros, Policy and Public Affairs Director

February 7, 2013, 9:00am, Room 229

The Hawai'i Primary Care Association, which represents community health centers in Hawai'i, **supports** SB 1079, Relating to Health Insurance, which moves to expand the definition of small employers from 50 to 100 individuals.

An insurance exchange relies on a large number of consumers to minimize the associated risk for all purchasers. Already the State of Hawaii is at a disadvantage in this regard because the Prepaid Healthcare Act covers such a large percentage of working individuals. As the pool of individuals in the exchange shrinks, consumers become more susceptible to risk. This susceptibility simultaneously reduces the consumer's purchasing leverage and enhances the bargaining power of insurers. Expanding the definition of small employers would add to the number of participants in the Hawaii Health Exchange and enhance the purchasing capabilities of consumers.

We thank you for the opportunity to testify on SB 1079.



The Honorable Rosalyn H. Baker
Chair, Committee on Commerce and Consumer Protection

Re: Testimony in support of SB 1079 Relating to the Health Insurance.
Hearing scheduled for February 6, 2013 at 9:00 am.

Chair Baker, and members of the Committee on Commerce and Consumer Protection,

My name is Coral Andrews, Executive Director of the Hawaii Health Connector.

The Board of Directors of the Connector supports SB 1079 which expands the definition of “small employer,” as defined in HRS § 431:2-201.5(b), to encompass employers who employ at least one (1) employee but no more than one hundred (100) employees. HRS §431:2-201.5(b) currently defines a small employer as one who employs one (1) but no more than fifty (50) employees.

Amending the definition of a small employer in this way will make HRS §431:2-201.5(b) consistent with the Patient Protection and Affordable Care Act §1304(b)(2) and make the Connector’s Small Business Health Options Program (“SHOP”) available to more employers thus broadening the health plan options of Hawai’i employers.

Affordable health insurance exchanges offer qualified health plans to qualified individuals and employers through internet websites, and maintain toll-free hot lines, in-person assisters, and navigators to assist qualified individuals and employers in obtaining and utilizing their qualified health plans. The Connector’s internet website goes live on October 1, 2013 to offer qualified health plans for 2014. Expanding the definition of small employer will enable broader access to the exchange marketplace.

Thank you for the opportunity to testify in support of SB 1079.