

SB 654



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TO THE SENATE COMMITTEE ON HEALTH
TWENTY-SEVENTH LEGISLATURE
Regular Session of 2013

Monday, January 28, 2013
1:15 p.m.

WRITTEN TESTIMONY ONLY

TESTIMONY ON SENATE BILL NO. 654 – RELATING TO HEALTH INSURANCE.

TO THE HONORABLE JOSH GREEN, 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”). The Department takes no position on this bill and offers the following comments.

The purpose of this bill is to add a new mandated health insurance benefit requiring health insurers to provide coverage for tobacco use cessation treatment that is not subject to any copayment, deductible, or coinsurance and to provide written notice of this coverage to policyholders.

The addition of a new mandated coverage may trigger section 1311(d)(3) of federal Patient Protection and Affordable Care Act, which requires states to defray the additional cost of any benefits in excess of the essential health benefits of the state’s qualified health plan.

Any proposed mandated health insurance coverage requires the passage of a concurrent resolution requesting the State Legislative Auditor to prepare and submit a

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DCCA Testimony of Gordon Ito
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report assessing the social and financial impacts of the proposed mandate, pursuant to Hawaii Revised Statutes § 23-51.

We thank the Committee for the opportunity to present testimony on this matter.

The American Heart Association mission is:
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Testimony In Support of SB654, “Relating To Health Insurance”

The American Heart Association supports SB 654, “Relating To Health Insurance”, but suggests that the definition of coverage be made more specific by adding language indicating that “coverage of ‘pharmacotherapy’” means that the plan must cover products identified for cessation use and listed in the US Preventive Services Guidelines. Also, coverage for “counseling” must include group, private and telephone counseling. We also suggest clarifying that bill must require all health plans to provide the benefit, including those that are “grandfathered” under the Affordable Care Act.

Cigarette smoking is the single leading cause of preventable disease and preventable death in the United States (US), leading to more than 400,000 deaths annually. The CDC and the U.S. Department of Health and Human Services have both issued guidelines on smoking cessation to help people to quit smoking that include: access to counseling, access to all FDA-approved over-the-counter and prescription medications; multiple quit attempts; and reduced or eliminated co-pays. However, access to these aids is limited since many payers do not cover these treatments.

The American Heart Association (AHA) supports the provision of evidence-based preventive cardiovascular services of proven and substantial value to all patients who might benefit from their receipt. The value of such services to the individual patient and to society as a whole has been clearly and unequivocally demonstrated. Given that insurance coverage is a very important determinant of access to healthcare, the AHA advocates that all public and private health insurance programs should cover such preventive cardiovascular services. Insurers should update their coverage of preventive services annually to reflect substantive changes in the evidence base. Services covered should reflect the individual patient’s risk.

Among the primordial and preventive cardiovascular services that the AHA recommends be covered by health insurers includes all evidence-based treatment, including both individual and group counseling, and drugs for smoking cessation, following the US Preventive Services Guidelines.

The AHA also recognizes that requiring an individual contribution to receive services, e.g. co-pays and deductibles, can have a negative impact on utilization, especially in some populations, such as the elderly and the poor. For this reason, the AHA strongly supports the bill’s provision requiring that public and private insurers eliminate all cost-sharing for evidence-based preventive cardiovascular services that are proven to be of substantial benefit.

A study completed by Penn State University in 2010 estimated that in Hawaii the annual direct costs to the economy attributable to smoking were in excess of \$1.1 billion, including workplace productivity losses of \$215 million, premature death losses of \$449 million, and direct medical expenditures of \$444 million. While the retail price of a pack

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For information on the AHA’s educational or research programs, contact your nearest AHA office, or visit our web site at www.americanheart.org.

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Please remember the American Heart Association in your will.

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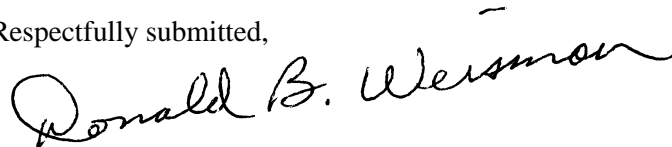
of cigarettes in Hawaii is on average \$7.45, the combined medical costs and productivity losses attributable to each pack of cigarettes sold are approximately \$23.26 per pack of cigarettes. The ratio of benefits to cost varies from \$0.84 to \$2.28 saved per dollar spent on smoking cessation programs, depending upon the type of intervention.

The Federal Health Insurance Reform legislation will require private insurers to provide the coverage described above beginning in 2014, however a grandfather clause will allow policies already in place at that time to continue without the mandated coverage until such time that changes to the existing policies take place. It could take several years beyond that date before all policies reflect the mandated tobacco cessation services. During the interim, some policy holders will continue to face barriers to the services that they might find useful in quitting their nicotine addiction. They will continue to add to the healthcare costs borne in Hawaii primarily by its businesses.

The American Heart Association recommends moving ahead and establishing that important health care coverage as soon as possible. The Hawaii legislature has done its part to encourage smokers to try and quit by increasing the cost of tobacco products through higher prices, and limiting where smoking tobacco products can take place. Legislators should also provide those, who as a result of the Legislature's efforts, now want to quit using tobacco products with the scientifically-based therapies that are available to assist tobacco users end their addiction.

Please support SB654 with the recommended amendments stated above.

Respectfully submitted,



Donald B. Weisman
Hawaii Government Relations Director
American Heart Association

Testimony of
John M. Kirimitsu
Legal and Government Relations Consultant

Before:
Senate Committee on Health
The Honorable Josh Green, M.D., Chair
The Honorable Rosalyn H. Baker, Vice Chair

January 28, 2013
1:15 pm
Conference Room 229

Re: SB 654 Relating to Health Insurance

Chair, Vice Chair and committee members, thank you for this opportunity to provide testimony on SB 654 Relating to Health Insurance.

Kaiser Permanente supports the intent of this measure.

Kaiser Permanente's usual position on legislative health mandates is to oppose them, in part because they often tend to dictate how medicine should be practiced, which sometimes results in medicine that is not evidence based and usurps the role and expertise of the practicing physician in providing safe, quality medical care, treatment and services.

That being said, Kaiser Permanente already provides what is being proposed in SB 654 through its base plans at no charge, and we are always proud to sponsor healthy lifestyles.

Thank you for your consideration.



STATE OF HAWAII
DEPARTMENT OF HEALTH
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In reply, please refer to:
File:

SENATE COMMITTEE ON HEALTH
SB0654, RELATING TO HEALTH INSURANCE

Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Director of Health

January 28, 2012
1:15PM, Room 229

1 **Department's Position:** The Department of Health (DOH) appreciates the intent of SB0654 and defers
2 to the Commissioner on Insurance on the potential cost implications to the state.

3 **Fiscal Implications:** No appropriations requested.

4 **Purpose and Justification:** This measure requires that the U.S. Public Health Services Clinical
5 Practice Guideline on Treating Tobacco Use and Dependence evidence-based tobacco use cessation
6 treatment be covered by every insurance provider and in every plan. Tobacco use is the leading cause of
7 preventable death and disease in Hawaii, claiming 1,100 lives each year and creating \$336 million in
8 annual health care costs directly attributable to smoking. Despite the fact that Hawaii has made
9 significant gains in tobacco prevention and control, an estimated 176,000 adults in the state report being
10 current smokers, and some populations are particularly at risk.

11 Nicotine addiction is treatable, and data show that most smokers want to quit (54% of Hawaii
12 smokers report such) and that covering treatment improves the chances that a person will quit smoking.
13 According to the U.S. Public Health Services Clinical Practice Guideline on Treating Tobacco Use and
14 Dependence (the gold standard for cessation services) : 1) Tobacco cessation treatments help people
15 quit smoking; 2) Participation rates for treatment programs are higher when there is no cost-sharing; 3)

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1 Combining counseling with tobacco cessation medications is more effective than using one type of
2 treatment alone; and 4) Quit rates are higher when health insurance covers tobacco cessation treatments.

3 Under the 2010 Patient Protection and Affordable Care Act (ACA), state health insurance
4 exchanges must offer an Essential Health Benefit (EHB). One of the 10 categories within the EHB is
5 tobacco cessation. However, there is no specific requirement for state insurance plans to provide a
6 comprehensive tobacco cessation benefit as a standard of coverage. Only nine states require private
7 insurance plans to cover tobacco cessation treatments. SB0654 would assure that all insurance providers
8 in Hawaii would guarantee comprehensive coverage of evidence-based tobacco cessation treatment and
9 would complement the ACA law.

10 The DOH supports this bill as helping smokers quit not only saves lives, it also saves money.
11 These savings come from lower health-care costs, increased workplace productivity, and averted
12 premature deaths.

13 Thank you for the opportunity to testify.