

Honolulu, Hawaii
March 21, 2014

RE: S.B. No. 2820
S.D. 2
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2820, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to update Title 24, Hawaii Revised Statutes (HRS), Relating to Insurance, to:

- (1) Conform to the federal Patient Protection and Affordable Care Act by:
 - (A) Prohibiting rescissions of coverage under a health benefit plan in certain circumstances and requiring health carriers, mutual benefit societies and fraternal benefit societies, and health maintenance organizations to provide notice of rescission of coverage; and
 - (B) Mandating parity between medical and surgical benefits and benefits for alcohol dependence, drug dependence, and mental health treatment services;



- (2) Clarify that companies with general casualty insurance authority can only write accident and health or sickness insurance as incidental or supplemental coverage;
- (3) Streamline and improve the operations of the Insurance Division by clarifying the retention requirements for tax records for foreign or alien insurers, surplus lines brokers, and independently procured insureds;
- (4) Expand the authority of the Insurance Fraud Investigations Branch to review and take appropriate action on complaints of fraud relating to insurance under Title 24, HRS, but excluding workers' compensation insurance;
- (5) Include long-term care insurance as part of limited benefit health insurance;
- (6) Meet the accreditation standards of the National Association of Insurance Commissioners (NAIC) found in Article 11A of Chapter 431, HRS, (Business Transacted with Producer Controlled Property/Casualty Insurer), by amending the definition of "licensed insurer" or "insurer" to include risk retention captive insurance companies;
- (7) Specify that if any of the requirements specified in Article 10A of Chapter 431, HRS, as applied to long-term care insurance conflict with the provisions of Article 10H of Chapter 431, HRS, the provisions of Article 10H govern and control;
- (8) Adopt recommendations from the Drafting Note of the NAIC Health Maintenance Organization Model Act to clarify that the definition of "uncovered expenditures" includes out-of-area services, referral services, and hospital services; and
- (9) Make other housekeeping changes for purposes of clarity, style, and consistency.



The American Occupational Therapy Association, Inc.; Hawaii Pacific Health; Queen's Health Systems; Kaiser Permanente; Thrive For Life, LLC; Rehabilitation Hospital of the Pacific; and numerous individuals testified in support of this measure. An individual testified in opposition to this measure. The Department of Commerce and Consumer Affairs, Regulated Industries Complaints Office, and Occupational Therapy Association of Hawaii provided comments on this measure.

Your Committee has amended this measure by:

- (1) Clarifying that all individual and group accident and health or sickness insurance policies; individual or group hospital or medical service plan contracts; and nonprofit mutual benefit society, fraternal benefit society, and health maintenance organization health plan contracts shall include coverage for the benefits of alcohol use disorder and substance abuse disorder;
- (2) Repealing section 431M-3, subsection 431M-4(a), and section 431M-5, HRS, regarding, respectively:
 - (A) Peer review;
 - (B) Minimum covered benefits for mental illness, alcohol dependence, and drug dependence benefits; and
 - (C) Nondiscrimination in deductibles, copayment plans, and other limitations on payment of benefits;
- (3) Changing the effective date to July 1, 2112, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2820, S.D. 2, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as S.B. No. 2820, S.D. 2, H.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



HSCR1214-14

State of Hawaii
House of Representatives
The Twenty-seventh Legislature

Record of Votes of the Committee on Consumer Protection and Commerce

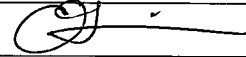
Bill/Resolution No.: SB 2820 SD 2 HD1	Committee Referral: HLT, CPC, FIV	Date: 3/19/14
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The committee is reconsidering its previous decision on the measure.

The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold
 Pass short form bill with HD to recommit for future public hearing (recommit)

CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	/			
2. KAWAKAMI, Derek S.K. (VC)	/			
3. BELATTI, Della Au	/			
4. BROWER, Tom	/			
5. CACHOLA, Romy M.	/			
6. CREAGAN, Richard	/			
7. EVANS, Cindy	/			
8. HAR, Sharon E.	/			
9. ITO, Ken	/			
10. LEE, Chris				/
11. NAKASHIMA, Mark M.	/			
12. OSHIRO, Marcus R.				/
13. TSUJI, Clift	/			
14. YAMANE, Ryan I.				/
15. MCDERMOTT, Bob				/
16. THIELEN, Cynthia				/
TOTAL (16)	11			5

The recommendation is: Adopted Not Adopted
If joint referral, _____ did not support recommendation.
committee acronym(s)

Vice Chair's or designee's signature: 

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