

Honolulu, Hawaii

April 4, 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 Finance, to which was referred S.B. No. 2820, S.D. 2, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to update various statutes relating to insurance in accordance with federal requirements or to facilitate regulatory oversight by:

- (1) Implementing requirements of the federal Patient Protection and Affordable Care Act by:
 - (A) Prohibiting rescissions of coverage under a health benefit plan except in cases of fraud, misrepresentation, or failure to make required payments and requiring notice of rescission of coverage; and
 - (B) Mandating parity of coverage for alcohol and substance abuse disorders and mental health treatment with other medical and surgical coverage, and repealing conflicting or obsolete language;



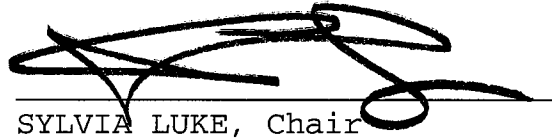
- (2) Clarifying that companies with general casualty insurance authority can write accident and health or sickness insurance only as incidental or supplemental, and not primary, coverage;
- (3) Clarifying the retention requirements for tax records for foreign or alien insurers, surplus lines brokers, and independently procured insureds;
- (4) Clarifying the authority of the Insurance Fraud Investigations Branch to review and take appropriate action on complaints of fraud relating to insurance, excluding workers' compensation insurance;
- (5) Including long-term care insurance as a type of limited benefit health insurance while providing for continuity in its regulation;
- (6) Making risk retention captive insurance companies subject to regulation as producer controlled property/casualty insurers, in accordance with the accreditation standards of the National Association of Insurance Commissioners;
- (7) Clarifying the definition of "uncovered expenses" for health care services that are the obligation of a health or dental insurer;
- (8) Uniformly applying immunity, liability, and record-keeping requirements for regulatory purposes to all types of health insurers; and
- (9) Making other housekeeping changes for purposes of clarity, style, and consistency.

The Department of Commerce and Consumer Affairs, Kaiser Permanente, Hawaii Medical Service Association, Aloha House, Inc., Hawaii Substance Abuse Coalition, Ku Aloha Ola Mau, and The CHOW Project supported this measure. Hina Mauka, The Salvation Army Addiction Treatment Services and Family Treatment Services, American Council of Life Insurers, and The Institute for Family Enrichment, LLC commented on this measure.



As affirmed by the record of votes of the members of your Committee on Finance 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. 2, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



