

Honolulu, Hawaii

February 19, 2016

RE: H.B. No. 1759
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1759, 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:

- (1) Clarify that payment timeframes and interest penalties pertaining to reimbursement by accident and health or sickness insurance plans apply to all clean claims; and
- (2) Amend the definition of "clean claim" to include Medicaid claims to ensure that health insurers promptly pay claims for services administered to Medicaid enrollees.

The Healthcare Association of Hawaii, Hawaii Medical Association, Hawaii Pacific Health, and The Queen's Health Systems provided testimony in support of this measure. The Department of Commerce and Consumer Affairs supported the intent of the measure. The Department of Human Services and Hawaii Medical Service Association provided comments.

Your Committee has amended this measure by:

- (1) Repealing from the clean claims definition the exemption for the claims of self-insured employer groups and claims for services rendered to individuals associated



with a health care entity through a national participating provider network;

- (2) Changing the effective date to July 1, 2112, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee notes that it adopted the amendments offered by the Queen's Health Systems to repeal Medicaid because of the unintended consequences to the process. Should your Committee on Finance deliberate this measure further, your Committee respectfully requests that it examine the feedback from the stakeholders on the effects of this amendment.

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 H.B. No. 1759, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 1759, H.D. 2.

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



ANGUS L.K. MCKELVEY, Chair



