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TO THE HOUSE COMMITTEE ON  
CONSUMER PROTECTION AND COMMERCE

TWENTY-EIGHTH LEGISLATURE  
Regular Session of 2016

Monday, February 8, 2016  
2:05 pm

**TESTIMONY ON HOUSE BILL NO. 2325 – RELATING TO INSURANCE.**

TO THE HONORABLE ANGUS L.K. MCKELVEY, 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 strongly supports this Administration bill. The  
companion bill is Senate Bill 2854.

The Department believes the various provisions proposed in this bill will update  
and improve Hawaii’s Insurance Code in a number of areas. Specifically, this measure  
will do the following:

SECTION 1 of the bill adds a new article, to be known as the Hawaii Mandatory  
Catastrophe Reserve Act, to chapter 431 and amends § 431:3-306.5(a). Hawaii  
insureds pay annually for catastrophe coverage as part of their property insurance  
premiums. However, catastrophes occur infrequently. This situation results in  
significant underwriting gains for insurers during the years in which no catastrophe  
occurs. Insurers should retain these underwriting gains in the event of future  
catastrophic losses. The Hawaii mandatory catastrophe reserve, created by this article  
and established by authorized property insurers that issue an insurance policy or  
reinsurance contract covering losses resulting from a catastrophe for property risks

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located or resident in this State, would be used to pay claims resulting from qualifying losses.

SECTION 2 of the bill adds a new part to article 10E of chapter 431 to apply part of § 431P-10(b) and § 431P-17 to property insurers.

SECTION 3 of the bill amends § 431:2D-107(g) to correct a sentence fragment error that was intended to comply with the National Conference of Insurance Legislators (“NCOIL”) Insurance Compliance Self-Evaluative Privilege Model Act.

SECTION 4 of the bill amends § 431:3-306.5 to require that an insurer’s Hawaii mandatory catastrophe reserve be made accessible to the Commissioner to verify that the insurer has the financial assets and ability to cover its hurricane insurance exposure.

SECTIONS 5 and 6 of the bill amend §§ 431:7-201(a) through (c) and 431:7-202(f) to reduce the administrative cost of processing the premium tax statement and checks that are due monthly. The premium tax collections would be deposited into the general fund faster and more efficiently.

SECTION 7 of the bill amends § 431:10-104 to benefit the public by requiring conspicuous disclosure of preexisting conditions provisions in short-term health policies.

SECTIONS 8 and 9 of the bill amend § 431:10A-206.5(a) and (e) to correct punctuation and add physician assistant-delivered services to maintain uniformity with section 431:10A-115.5.

SECTION 10 of the bill amends § 431:13-108(c) to make clear that the person filing a claim is entitled to notice.

SECTIONS 11 and 12 of the bill amend §§ 431:19-304 and 431:19-305(a) to add flexibility to captive laws of sponsored captive insurance companies by allowing a risk retention group (“RRG”) to participate in a sponsored captive insurance company as a protected cell by establishing a separate account to fund the liability of the sponsored captive insurance company. The amendments also help sponsored captive insurance companies stay competitive with captives domiciled in other states. Captive domiciles such as Vermont, Delaware, Montana, and the District of Columbia allow an RRG to participate in a sponsored captive insurance company.

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SECTION 13 of the bill amends § 431M-4(b) to add licensed dietitians as a provider type who can approve an individualized treatment plan for mental health services, as some health plans currently exclude such coverage.

SECTION 14 of the bill amends § 431P-10(b) as a result of adding a new part to article 10E of chapter 431 in SECTION 2 of the bill.

SECTION 15 of the bill amends § 431R-5 to maintain its uniformity with chapter 431 by requiring an entity to respond during the course of an investigation or examination.

SECTION 16 of the bill amends § 432:1-102(b) to add two consumer protections (delivery of policy and notice of cancellation or renewal) to MBS policies. This section also amends § 432:1-102(b) to provide coverage-specific services to maintain its uniformity with article 10A of chapter 431 and chapter 432D.

SECTION 17 of the bill amends § 432:1-602.5(e) to add physician assistant-delivered services to maintain its uniformity with article 10A of chapter 431 and chapter 432D.

SECTION 18 of the bill amends § 432:1-604.5(d) to add pharmacist-delivered medical contraceptive services to maintain its uniformity with article 10A of chapter 431 and chapter 432D.

SECTION 19 of the bill amends § 432D-14(b) to maintain its uniformity with chapter 432 regarding suspension, revocation, or denial of a certificate of authority.

SECTION 20 of the bill amends § 432D-19(d) to add two consumer protections (delivery of policy and notice of cancellation or renewal) to health maintenance organization policies.

SECTION 21 of the bill repeals § 431P-17 as a result of adding a new part to article 10E of chapter 431 in SECTION 2 of the bill.

We thank the Committee for the opportunity to present testimony on this matter and ask for your favorable consideration.

## TESTIMONY OF MICHAEL TANOUE

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HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE  
Representative Angus L.K. McKelvey, Chair  
Representative Justin H. Woodson, Vice Chair

Monday, February 8, 2016  
2:05 p.m.

### **HB 2325**

Chair McKelvey, Vice Chair Woodson, and members of the Committee on Consumer Protection & Commerce, my name is Michael Tanoue, counsel for the Hawaii Insurers Council. Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately thirty-six percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council (HIC) **opposes** Sections 1 and 4 of this bill and submits comments on Sections 2, 3, 5, and 6. Virtually all members of HIC would be adversely affected by Sections 1 and 4 of this bill as it seeks to establish the Hawaii Mandatory Catastrophe Reserve Act. This concept was attempted as a regulation in New York in 2009 and not adopted. We are not aware of this provision existing in any other state. While these provisions appear to be a way to ensure solvency of property insurers, we believe adequate safeguards exist today.

HIC believes these provisions if enacted, would have significant unintended consequences and perhaps result in a more restricted marketplace with higher insurance premiums for property and hurricane insurance. The legislation appears to control the way companies underwrite risk and allocate capital.

Is Hawaii's hurricane insurance market competitive? After Hurricane Iniki, there was no market in Hawaii providing hurricane insurance resulting in the formation of the Hawaii Hurricane Relief Fund in 1993. After Zephyr came into the market in 2000, there was still a dearth of competition in the market for many years. Today, the hurricane insurance market is vibrant with many carriers who underwrite both the homeowner's portion and the hurricane portion of the risk as well as carriers who underwrite hurricane-only risks. This bill could cause a constriction in the marketplace as it requires insurers to tie up capital for ten years. The definition of catastrophe is also very broad as it includes any event declared a natural disaster by the governor which could include a number of property perils in addition to hurricane.

Will this proposal provide a significant amount of money? HIC does not believe this proposal would yield as much in capital as current reinsurance products can provide. In the current reinsurance marketplace, \$1 million of premium can often buy \$20 million to \$50 million in reinsurance protection. Mandating that companies set aside cash prevents them from utilizing it as they see fit whether to purchase additional reinsurance, innovate, or otherwise.

These funds will still be considered taxable income by the IRS. The IRS does not allow a tax deduction for pre-event catastrophe reserves. Therefore, the after-tax rate of return of impacted insurers will be reduced and insurers will likely seek to adjust their rates to include this impact.

Competitive disadvantage to licensed insurers. These provisions will create a competitive disadvantage to those carriers licensed in Hawaii and allow unlicensed surplus lines companies to sell their products at a lower price for not having the same requirements, but could still be higher than today's prices. This reduces options for consumers in Hawaii and could lead to higher premiums.

As insurers evaluate their own risks and ability to pay claims as a normal part of doing business, every state has a backstop in the event of an insolvency which is the guaranty fund. In Hawaii, there have been very few insolvencies of property and casualty insurance companies and we believe this mechanism is appropriate. Finally, we believe the insurance commissioner has existing powers to examine and evaluate any one or more insurers if he believes they are not properly reserved and therefore these provisions are unnecessary. We ask that you hold sections 1 and 4 of this bill.

Section 2 of the bill adds a new part and requires insurers to seek authorization from the commissioner if an insurer wishes to provide standard extended coverage endorsements for residential property, including hurricane insurance. The term "authorization" is undefined so it is unclear as to what an insurer would need to do to obtain it. HIC is unsure why this provision is necessary as all rates must be submitted to the Division for its prior approval.

Section 3 of the bill amends the section of law regarding confidentiality. However, the intent of the amended language in Sec. 431:2D-107(g)(3) on page 8, lines 5-9 is not clear. The language contained in line 9 is redundant to line 8 and can be ended after the word, "remedied." We would like to work with the bill's author on clarifying the amendments to this subsection.

Section 5 and 6 of this bill mandates that insurers file their annual statement and premium tax statements electronically and that they pay their premium taxes electronically. Although HIC supports the intent of these sections, we ask that they take effect on January 1, 2017 instead of July 1, 2016 to give insurers who are not now filing electronically adequate time to set up their systems with the Division.

Thank you for the opportunity to testify.

Hawaii State Legislature  
House Committee on Consumer Protection and Commerce  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

February 5, 2016

*Filed via electronic testimony submission system*

**RE: HB 2325, Hawaii Mandatory Catastrophe Reserve Act - NAMIC's Written Testimony in Opposition to Legislation**

Dear Representative Angus L.K. McKelvey, Chair; Representative Justin H. Woodson, Vice Chair; and honorable members of the House Committee on Consumer Protection and Commerce:

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the February 8, 2016, public hearing. Unfortunately, I will not be able to attend the public hearing, because of a previously scheduled professional obligation.

NAMIC is the largest property/casualty insurance trade association in the country, serving regional and local mutual insurance companies on main streets across America as well as many of the country's largest national insurers.

The 1,300 NAMIC member companies serve more than 135 million auto, home and business policyholders and write more than \$208 billion in annual premiums, accounting for 48 percent of the automobile/homeowners market and 33 percent of the business insurance market. NAMIC has 69 members who write property/casualty and workers' compensation insurance in the State of Hawaii, which represents 30% of the insurance marketplace.

Through our advocacy programs we promote public policy solutions that benefit NAMIC companies and the consumers we serve. Our educational programs enable us to become better leaders in our companies and the insurance industry for the benefit of our policyholders.

NAMIC is opposed to Sections 1 and 4 of HB 2325 and respectfully submits the following statement of concerns:

**1) The proposed Hawaii Mandatory Catastrophe Reserve Act proposal is entirely unnecessary and inconsistent with the national trend on enhancing solvency protections.**

NAMIC is concerned that the proposal is “a solution in search of a problem”. There is no evidence to support the contention that insurers are either inadequately reserving to insure against hurricane risk or that there are any legitimate reasons to believe that there is an insurer insolvency risk in the state.

We believe that there are already plenty of regulatory safeguards in place today to ensure that insurers maintain adequate reserves and are engaged in appropriate risk management. NAMIC is hopeful that the Division of Insurance (DOI) will also have the NAIC Own Risk Solvency Assessment law in place by the end of the 2016 legislative session to assist insurers and the DOI in enhancing solvency protection. Moreover, Hawaii has a well-established insurance guaranty fund in place to address the unlikely event of insurer insolvency.

Additionally, no other state in the nation has adopted a proposal like the one contemplated in HB 2325. In 2009, New York considered a somewhat similar proposal, but after extensive debate and evaluation decided not to adopt the proposal. Consequently, NAMIC believes that the proposed mandatory catastrophe reserve proposal is a risky and unproven approach to solve a non-existent problem.

**2) NAMIC is concerned that proposed mandatory catastrophe reserve proposal could adversely impact the marketplace and actually create an unnecessary and harmful financial drain on insurers.**

The proposed “one size fits all” mandatory reserve and regulatory restrictions proposal could adversely impact market competition in the state, which could lead to higher insurance rates for property and hurricane insurance consumers. Specifically, the proposed legislation arguably restricts the way insurance companies may underwrite risk and allocate insurer capital. NAMIC is concerned that the proposal would impose an unnecessary and imprudent financial burden on insurers by requiring them to tie up their capital for a ten year period of time. Insurers use their capital resources to purchase reinsurance coverage that provides them with protection against financial risk necessary to address sudden large-scale claims exposure.

Further, there is no evidence to support the contention that insurers are not properly investing and using their capital reserves in a financially prudent manner to address their claims exposure and solvency responsibilities. Insurer discretion as to how they manage their risk and invest their capital should be allowed so that insurers can be competitive and innovative for the benefit of insurance consumers.

NAMIC is also concerned that the proposal fails to take into consideration the adverse tax implications for insurers that will result from the creation of a mandatory catastrophe reserve program. An insurer’s capital funds placed in the program will still be considered taxable income by the IRS, because the tax code does not allow for a tax deduction for pre-event catastrophe reserves. Therefore, the after-tax rate of return of impacted insurers will be reduced and insurers will likely be forced to adjust their rates to address this new tax-related financial burden.

**3) NAMIC is concerned that the legislation fails to define what is meant by a “catastrophe”.**



The definition of a “catastrophe” is overly-broad in scope and arguably includes any event declared a natural disaster by the governor. Consequently, a number of property loss perils, in addition to hurricane related losses, could trigger use of the mandatory catastrophe reserves. A clear and limiting definition of a “catastrophe” is necessary to insulate the program from external political pressures to access the reserve funds.

**4) NAMIC believes that Section 2 of the bill will needlessly hinder market competition in insurance coverage offered to consumers.**

The legislative proposal would require an insurer to seek “authorization” from the commissioner if the insurer wishes to provide standard extended coverage endorsements for residential property, including hurricane insurance, to a policyholder. NAMIC is confused as to what alleged marketplace problem this provision is intended to remedy. Moreover, the term “authorization” is undefined in the proposed legislation, so it is unclear as to what an insurer would need to do to obtain “authorization”, what regulatory standards the DOI would use in determining whether to “authorize” the coverage, and what administrative due process will be afforded to an insurer who disagrees with the DOI’s rejection of the insurer’s request for authority. Since Hawaii is a prior approval of rates regulatory regime and the DOI approves rates and forms, there is no need for this additional and somewhat duplicative regulatory process. If the DOI has a specific concern with an insurer’s filed standard extended coverage endorsement, the DOI already possesses the regulatory authority to address their concerns through a well-established regulatory oversight procedure.

**5) NAMIC is concerned that the effective date for the proposed electronic filing and payment of premium taxes would impose an unnecessarily administrative burden on insurer.**

Although NAMIC’s members support Section 5 and 6 of the bill, which mandate that insurers file their annual statement and premium tax statements electronically and pay their premium taxes electronically, we are concerned that proposed effective date is unworkable.

Insurers need reasonable time to make necessary IT changes and internal processing adjustments to properly comply with this new filing and payment requirement. Thus, NAMIC respectfully request that the effective date deadline be extended to January 1, 2017, instead of July 1, 2016.

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at [crataj@namic.org](mailto:crataj@namic.org), if you would like to discuss NAMIC’s written testimony.

Respectfully,



Christian John Rataj, Esq.  
NAMIC Senior Director – State Affairs, Western Region

**HOUSE COMMITTEE  
ON  
CONSUMER PROTECTION AND COMMERCE**

February 8, 2016

House Bill 2325 Relating to Insurance

Chair McKelvey, Vice-Chair Woodson, members of the House Committee on Consumer Protection and Commerce, I am Rick Tsujimura, representing State Farm Mutual Automobile Insurance Company (State Farm).

State Farm offers the following comments about House Bill 2325 Relating to Insurance.

State Farm adopts and agrees with the comments submitted by Christian Rataj on behalf of NAMIC. We would like to add a few more brief comments.

**SECTION 1 Hawaii Mandatory Catastrophe Reserve Act.**

- As NAMIC pointed out, this legislation is really unnecessary because the NAIC is going to start including a catastrophe risk charge in its **Risk Based Capital (RBC)** requirements, and this goes directly to the point of this proposed legislation. RBC is a method developed by the NAIC to measure the minimum amount of capital that an insurance company needs to support its overall business operations. RBC is used to set capital requirements considering the size and degree of the risk taken by the insurer. Companies need appropriate resources on hand to withstand the impact of catastrophic events. The NAIC and state legislatures across the country will most likely be enacting the RBC changes in the very near future, thus making this legislation unnecessary. This would be the preferred approach over state by state enactment of similarly based, yet potentially conflicting, proposals.
- As NAMIC pointed out, there are adverse tax implications that will result from creating a mandatory catastrophe reserve program that will negatively impact rates. In addition, NAIC Statutory Accounting Principles do not support forgoing the earning of premium and the establishment of a catastrophe liability.
- “A rolling term of ten years” is too short of a time to consider for infrequent, large catastrophes such as hurricanes. The New York 2009 proposal, which was rejected, was 30 years.
- Not allowing the accumulation of investment income is contrary to a fundamental principle of insurance: premiums, plus the investment earned prior to a loss event, are utilized to provide funds for the covered loss events. Not allowing the accumulation

of investment income will limit the funds available to pay a catastrophe when it occurs. The alternative would be to charge higher premiums.

- Setting an arbitrary “...no less than eighty per cent of the aggregate catastrophe load included in the premium of policies...” to fund the catastrophe reserve does not adequately consider the cost of reinsurance (or the design of alternative reinsurance programs), or other types of expenses that should be deducted from premiums, such as commissions and other acquisition and general expenses.
- The NAIC considered and rejected proposals for a tax-deferred, pre-event catastrophe reserve in 2000 and again in 2008. The concerns expressed including gaining the necessary federal tax exemption, efficient use of insurers’ capital, and technical issues related to the definition of catastrophes.

**SECTION 2. Notice Requirement; Extended Coverage.**

State Farm adopts NAMIC’s comments to this section of the bill.

**SECTION 3. Self-Evaluative Privilege.**

State Farm supports this provision of the bill.

**SECTION 4. Hawaii Mandatory Catastrophe Reserve.**

State Farm opposes this amendment to the existing statute, which references the Hawaii Mandatory Catastrophe Reserve.

**SECTION 5 and 6. Electronic Filing of Business Statements and Payment of Taxes.**

State Farm adopts NAMIC’s comments to this section of the bill. We too, support electronic filing and payment of taxes. We, however, do have concerns about the need for additional time to adapt our systems to accommodate this. We support NAMIC’s suggestion of extending the deadline to January 1, 2017, instead of July 1, 2016.

Thank you for the opportunity to present this testimony.



To: The Honorable Angus McKelvey, Chair  
The Honorable Justin Woodson, Vice Chair  
House Committee on Consumer Protection & Commerce

From: Mark Sektnan, Vice President

Re: HB 2325 Relating to Insurance  
**PCI Position: Oppose**

Date: Monday, February 8, 2016  
2:05 PM, Room 325

Aloha Chair McKelvey, Vice Chair Woodson and Members of the Committee:

The Property Casualty Insurers Association of America (PCI) is opposed to **HB 2325** which would place onerous requirements on insurers doing business in Hawaii, including the requirement to establish separate catastrophe risk funds.

In Hawaii, PCI member companies write approximately 42.7 percent of all property casualty insurance written in Hawaii. PCI member companies write 44 percent of all personal automobile insurance, 65.2 percent of all commercial automobile insurance and 75 percent of the workers' compensation insurance in Hawaii.

HB 2325 appears to control the way companies underwrite risk and allocate capital by establishing the Hawaii Mandatory Catastrophe Reserve Act. This concept was attempted as a regulation in New York in 2009 and not adopted. We are not aware of this provision existing in any other state. While these provisions appear to be a way to ensure solvency of property insurers, we believe adequate safeguards exist today. These provisions could, if enacted, have significant unintended consequences and perhaps result in a more restricted marketplace with higher insurance premiums for property and hurricane insurance.

The hurricane insurance market in Hawaii is vibrant with many carriers who underwrite both the homeowner's portion and the hurricane portion of the risk as well as carriers who underwrite hurricane-only risks. This bill could cause a constriction in the marketplace as it requires insurers to tie up capital for ten years. The definition of catastrophe is also very broad as it includes any event declared a natural disaster by the governor which could include a number of property perils in addition to hurricane.

We would clarify the role played by reinsurance. Rather than set aside dedicated resources, reinsurance often offers a better use of resources. In the current reinsurance marketplace, \$1 million of premium can often buy \$20 million to \$50 million in reinsurance protection.

Mandating that companies set aside cash prevents them from utilizing it as they see fit, whether to purchase additional reinsurance, innovate, or otherwise.

In addition, HB 2325 further reduces a company's capital because these funds will be considered taxable income by the IRS. The IRS does not allow a tax deduction for pre-event catastrophe reserves. Therefore, the after-tax rate of return of impacted insurers will be reduced and insurers will likely seek to adjust their rates to include this impact.

As insurers evaluate their own risks and ability to pay claims as a normal part of doing business, every state has a backstop in the event of an insolvency which is the guaranty fund. In Hawaii, there have been very few insolvencies of property and casualty insurance companies and we believe this mechanism is appropriate. Finally, we believe the insurance commissioner has existing powers to examine and evaluate any one or more insurers if he believes they are not properly reserved and, therefore, these provisions are unnecessary.

Section 2 of the bill adds a new part and requires insurers to seek authorization from the commissioner if an insurer wishes to provide standard extended coverage endorsements for residential property, including hurricane insurance. The term "authorization" is undefined so it is unclear as to what an insurer would need to do to obtain it. PCI is unsure why this provision is necessary as all rates must be submitted to the Division for its prior approval.

HB 2325 also mandates that insurers file their annual statement and premium tax statements electronically and that they pay their premium taxes electronically. Although PCI supports the intent of these sections, we ask that they take effect on January 1, 2017 instead of July 1, 2016 to give insurers who are not now filing electronically adequate time to set up their systems with the Division.

For these reasons, PCI asks the committee to hold the bill in committee.



An Independent Licensee of the Blue Cross and Blue Shield Association

February 8, 2016

The Honorable Angus L. K. McKelvey, Chair  
The Honorable Justin H. Woodson, Vice Chair  
House Committee on Consumer Protection and Commerce

Re: HB 2325 – Relating to Insurance

Dear Chair McKelvey, Vice Chair Woodson, and Members of the Committee:

The Hawaii Medical Association (HMSA) appreciates the opportunity to testify on HB 2325, which amends various sections of the Insurance Code. HMSA has concerns with this Bill that are outlined below. However, we do wish to note that we currently are working with the Insurance Commissioner to address these concerns.

HB 2325 seeks to amend several sections of statute, and while we are continuing to consider its impact on HMSA and our operations, we already have identified a considerable number of concerns:

Section 7 - §431:10-104 General readability requirements.

§431:10-104(d) provides for readability requirements for “short-term health insurance policies” as follows:

(5) For any short-term health insurance policies that impose preexisting conditions provisions, any policy, application, or sales brochure shall disclose in a conspicuous manner in not less than fourteen point bold face type the following statement:

"THIS POLICY EXCLUDES COVERAGE FOR CONDITIONS FOR WHICH MEDICAL ADVICE, DIAGNOSIS, CARE, OR TREATMENT WAS RECOMMENDED OR RECEIVED DURING THE [insert exclusion period] IMMEDIATELY PRECEDING THE EFFECTIVE DATE OF COVERAGE."

This provision may apply to regulatory review of our Guide to Benefits, and we suggest that a definition of “short-term health insurance policies” would provide clarity.

Section 10 – §431:13-108 – Reimbursement for accident and health or sickness insurance benefits

This provision amends the clean claims statute and seems to significantly broaden the definition of the provider for whom we must process timely claims. Currently, this section applies to claims from “health care providers” defined as “a Hawaii health care facility, physician, nurse, or any other provider of health care services covered by an entity”. As proposed, this section may apply to claims from out-of-state providers and potentially other provider types who may not be deemed a provider of health care services.

Section 13 – §431M-4 –Mental illness, alcohol and drug dependence benefits

We are concerned that this amendment would require plans to recognize licensed dieticians as providers of mental health services. It effectively may establish a new coverage mandate for dietician services which we believe is unnecessary.



An Independent Licensee of the Blue Cross and Blue Shield Association

HMSA certainly appreciates the role a dietician could play in a member's wellbeing. They already are incorporated into our preventive health and wellness efforts. We encourage members to take a health assessment under our Wellbeing Connect (WBC) program. WBC offers members a broad range of services to improve their wellbeing, including health coaches and dietary assistance. In addition, HMSA has joined with the CMS-approved Ornish Reversal Program to reverse heart disease by helping our members address obesity and diabetes issues.

Section 16 – Applicability of other laws.

**§431:10-225 – Delivery of Policy**

We are concerned that this amendment may be read as to require us to mail our Guide to Benefits (GTBs) to our members, which would be inefficient and costly for our members. The GTBs, which are comprised of over a hundred pages, explains a member's benefits and plan coverage. Our members already may readily access the GTB online and, at the member's request, a hardcopy will be provided.

**§431:10-226.5 – Notice of cancellation and non-renewal**

This section requires evidence of mailing of the notices of cancellation and non-renewal. Clarification is needed with respect to what is contemplated as "evidence." Would internal documentation be sufficient, or will notification via certified mail be required? The latter certainly add to the cost of the healthcare system.

**§431:10A-116 – Coverage for specific services.**

Clarification is needed on what is contemplated in this section. This provision seems to provide parity for vision services rendered by a physician or an optometrist, as well as emergency oral surgery services rendered by a physician or a dentist.

Section 18 – §432:1-604.5 – Contraceptive Services

The amendment in this section extends to pharmacists the authority to promote the use of contraceptive supplies or devices. This concept within this amendment actually is already part of discussions on another measure the House Committee on Health considered this past Friday, – HB 1896. HB 1896 authorizes pharmacists to prescribe and dispense contraceptive supplies to persons eighteen of age or older. We believe that this issue raised in this amendment is better addressed in HB 1896.

Thank you for allowing us to testify on HB 2325. We hope we will be able to work with the Committee and the Commissioner to address concerns we may have. Your consideration is appreciated.

Sincerely,

Jennifer Diesman  
Vice President, Government Relations.