



DAVID Y. IGE
GOVERNOR
SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

CATHERINE P. AWAKUNI COLÓN
DIRECTOR
JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-EIGHTH LEGISLATURE
Regular Session of 2016

Monday, February 8, 2016
1:45 p.m.

TESTIMONY ON HOUSE BILL NO. 2482 – RELATING TO INSURANCE.

TO THE HONORABLE DELLA AU BELATTI, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department takes no position on this bill, but submits the following comments.

Page 1, lines 8-11, proposes to “deidentify” data to protect an individual’s identity. At this point in our technological development, it is not clear whether complete and total deidentification can occur, and if the determination of deidentification can be made solely by a statistician.

Some insurers have expressed concerns that this type of claims disclosure may trigger a violation of HIPAA. There may also be a perception in the public that restricting the disclosure to large group purchasers creates an unlevel playing field.

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



An Independent Licensee of the Blue Cross and Blue Shield Association

February 8, 2016

The Honorable Della Au Belatti, Chair
House Committee on Health
The Honorable Richard Creagan, Vice Chair
House Committee on Health

Re: HB 2482 – Relating to Insurance

Dear Chair Belatti, Vice Chair Creagan, and Committee Members:

The Hawaii Medical Association (HMSA) appreciated the opportunity to testify on HB 2482, which would require plans to provide claims data at no charge to large group purchasers upon request. HMSA respectfully opposes this Bill.

Affordable Care Act - Transparency

HMSA fully appreciates the Committee's interest in ensuring transparency as it applies to claims data. As the Bill implies, the Affordable Care Act (ACA) already requires issuers to disclose detailed claims and coverage data to the Department of Health and Human Services (HHS), state insurance regulators, and the public. The ACA requires eight categories of information that plans must make public, including:

- Claims payment policies and practices;
- Periodic financial disclosures;
- Data on enrollment;
- Data on disenrollment
- Data on the number of claims that are denied;
- Data on rating practices;
- Information on cost-sharing and payments related to any out-of-network coverage; and
- Information on enrollee and participant rights under health reform.

Virtually the entire private insurance market is subject to a uniform minimum standard of transparency. This Bill will interfere with this ongoing effort.

HMSA Large Groups Data Reports Complies with the Intent of HB 2482

HMSA already is in substantial compliance with the intent of HB 2482. We provide de-identified data to our large groups (250 or more employees) upon request and in accordance with each group's plan, or as is required by the group Agreement. We take extreme care in ensure compliance with our obligation to protect a members privacy and confidentiality. If there only is a single case of a diagnosis, we take additional measures to ensure the diagnosis may not be attributable to a specific member. And, we do not provide data on protected class diagnoses, such as HIV/AIDS.

We believe that the reports we already do provide large groups have been beneficial to our members, as well as meeting federal and state requirements for transparency. Should this measure ultimately be enacted in its current form, it would require plans to provide significantly



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more, and different, data to a potentially large number of groups, incurring significant cost for the plan and ultimately our members.

Thank you for allowing us to testify in opposition to HB 2482.

Sincerely,

A handwritten signature in black ink, appearing to read "JD", with a long horizontal stroke extending to the right.

Jennifer Diesman
Vice President, Government Relations.

TESTIMONY OF THE AMERICAN COUNCIL OF LIFE INSURERS
IN OPPOSITION TO HOUSE BILL 1952 RELATING TO INSURANCE

February 8, 2016

Via e mail: capitol.hawaii.gov/submittestimony.aspx
Honorable Representative Della Au Belatti, Chair
Committee on Health
State House of Representatives
Hawaii State Capitol, Conference Room 329
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Au Belatti and Committee Members:

Thank you for the opportunity to testify in opposition to HB 1952, relating to Insurance.

Our firm represents the American Council of Life Insurers (“ACLI”), a Washington, D.C., based trade association with approximately 300 member companies operating in the United States and abroad. ACLI advocates in federal, state, and international forums for public policy that supports the industry marketplace and the 75 million American families that rely on life insurers’ products for financial and retirement security. ACLI members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, representing more than 90 percent of industry assets and premiums. Two hundred sixteen (216) ACLI member companies currently do business in the State of Hawaii; and they represent 93% of the life insurance premiums and 88% of the annuity considerations in this State.

Section 5 of HB 1952 (beginning at line 13, page 26 of the bill) seeks to amend §109 of Article 10 of Hawaii’s Insurance Code (HRS §431: 10-109) relating to Contracts to require all insurers subject to the Article’s provisions to (among other matters) disclose health care coverage and benefits for services and the out of pocket costs for such services “to ensure that all individuals understand their health care options and are able to make informed decisions.”

Article 10 of Hawaii’s Insurance Code applies to all insurance contracts, including Life Insurance contracts and Accident and Health or Sickness Insurance contracts issued in this State or delivered in this State. HRS §§431:10-101 and 431:10-201(3).

In addition, Article 10A of the Code (by reference to HRS §431:1-205) defines “accident and health or sickness insurance” to include disability insurance.

“Life insurance” is defined as “insurance on human lives and insurance appertaining thereto or connected therewith.” HRS §431:1-204.

Disability insurance provides cash payments designed to help individuals meet ongoing living expenses in the event they are unable to work due to illness or injury. Unlike health insurance, disability income insurance does not provide coverage for the insured’s health care or medical treatment; further, the cash payments are made directly to the insured – not to the insured’s

health care providers or suppliers. Finally, the disability insurance policy typically does not dictate how the cash payments received by the insured are to be used by the insured.

Life insurance and disability insurance enable individuals to provide for their financial security and the financial security of their families and others who are dependent upon them for their financial support and well-being.

ACLI submits that the intent and purpose of section 5 of HB 1952 is to apply only to health insurers – not life insurance and disability insurance.

Consistent with the bill's stated purpose as set forth in Section 1 of the bill ACLI suggests that the proposed amendment to HRS §431: 10-109 (beginning at line 15, page 26 of the bill) be amended to dispel any confusion that life and disability insurers are subject to the bill's provisions, as set forth below:

"[§431:10-109] Disclosure of ~~[health care coverage and benefits.]~~ information. (a) In order to ensure that all individuals understand their health care options and are able to make informed decisions, all insurers **that provide health care coverage** shall provide current and prospective insureds with written disclosure of ~~[coverages and benefits, including information on coverage principles and any exclusions or restrictions on coverage.]~~ the following information:

Again, thank you for the opportunity to testify in opposition to HB 1952, relating to Insurance.

LAW OFFICES OF
OREN T. CHIKAMOTO
A Limited Liability Law Company

Oren T. Chikamoto
1001 Bishop Street, Suite 1750
Honolulu, Hawaii 96813
Telephone: (808) 531-1500
E mail: otc@chikamotolaw.com