

JAN 20 2017

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# A BILL FOR AN ACT

RELATING TO HEALTH INSURANCE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that prior approval for  
2 medical services, also known as precertification or  
3 preauthorization, refers to health insurer requirements that  
4 certain physician-ordered treatments or services must be  
5 approved in advance by the insurer or by a medical review  
6 service contracted by the insurer before the insurer will  
7 provide final reimbursement or payment. Preauthorization can  
8 help contain costs and ensure authorized medical treatment and  
9 services are consistent with current standards of care.  
10 Preauthorization can also promote accountability and mitigate  
11 against the overutilization of costly, potentially harmful,  
12 medical treatments and services.

13           The legislature further finds that while preauthorization  
14 may be a useful and necessary tool, insurers should make  
15 patients and health care providers aware, in advance, of the  
16 standards, criteria, and information insurers use when making  
17 preauthorization decisions. Currently, there is no requirement



1 that insurers disclose the standards, criteria, and information  
2 for preauthorization decisions before those decisions are made.  
3 This lack of disclosure can lead to confusion and frustration  
4 for health care providers and their patients. Further, the lack  
5 of clarity around preauthorization decisions may cause  
6 unnecessary and sometimes harmful delays in the administration  
7 of proper patient care. Moreover, requiring insurers to provide  
8 advance notice of their preauthorization standards and criteria  
9 will help ensure that preauthorization decisions are  
10 appropriately evidence-based.

11 Accordingly, the purpose of this Act is to require all  
12 health insurers in the State to disclose on their public web  
13 sites all standards, criteria, and information that they use  
14 when making preauthorization decisions related to medical  
15 treatment or service. The requirements of this Act shall also  
16 apply to all health benefits plans under chapter 87A, Hawaii  
17 Revised Statutes.

18 SECTION 2. Chapter 431, Hawaii Revised Statutes, is  
19 amended by adding a new section to article 10A to be  
20 appropriately designated and to read as follows:



1           "§431:10A- Disclosure of preauthorization standards,  
2 criteria, and information. Any insurer that requires  
3 preauthorization of a medical treatment or service shall  
4 disclose on its public web site any standards, criteria, or  
5 information the insurer uses for preauthorization decisions."

6           SECTION 3. Chapter 432, Hawaii Revised Statutes, is  
7 amended by adding a new section to article 1 to be appropriately  
8 designated and to read as follows:

9           "§432:1- Disclosure of preauthorization standards,  
10 criteria, and information. Any mutual benefit society that  
11 requires preauthorization of a medical treatment or service  
12 shall disclose on its public web site any standards, criteria,  
13 or information the mutual benefit society uses for  
14 preauthorization decisions."

15           SECTION 4. Section 432D-23, Hawaii Revised Statutes, is  
16 amended to read as follows:

17           "**§432D-23 Required provisions and benefits.**

18 Notwithstanding any provision of law to the contrary, each  
19 policy, contract, plan, or agreement issued in the State after  
20 January 1, 1995, by health maintenance organizations pursuant to  
21 this chapter, shall include benefits provided in sections



1 431:10-212, 431:10A-115, 431:10A-115.5, 431:10A-116, 431:10A-  
 2 116.2, 431:10A-116.5, 431:10A-116.6, 431:10A-119, 431:10A-120,  
 3 431:10A-121, 431:10A-122, 431:10A-125, 431:10A-126, 431:10A-132,  
 4 431:10A-133, 431:10A-134, 431:10A-140, and [~~431:10A-134,~~  
 5 431:10A- , and chapter 431M."

6 SECTION 5. Notwithstanding any other law to the contrary,  
 7 the preauthorization disclosure requirements established under  
 8 sections 2, 3, and 4 of this Act shall apply to all health  
 9 benefits plans under chapter 87A, Hawaii Revised Statutes,  
 10 issued, renewed, modified, altered, or amended on or after the  
 11 effective date of this Act.

12 SECTION 6. Statutory material to be repealed is bracketed  
 13 and stricken. New statutory material is underscored.

14 SECTION 7. This Act shall take effect on July 1, 2017.

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S.B. NO. 287

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# S.B. NO. 287

**Report Title:**

Preauthorization; Disclosure; Health Insurance

**Description:**

Requires all health insurers, including health benefits plans under chapter 87A, HRS, to disclose on their public web sites any standards, criteria, or information used for making preauthorization decisions.

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