

STAND. COM. REP. NO. 713

Honolulu, Hawaii

MAR 03 2017

RE: S.B. No. 287  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,  
to which was referred S.B. No. 287 entitled:

"A BILL FOR AN ACT RELATING TO HEALTH INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to require all health insurers in the State, including health benefits plans under chapter 87A, Hawaii Revised Statutes, to disclose on their public websites any standards, criteria, or information used for making preauthorization decisions.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Hawaii Chapter of the American Physical Therapy Association, and one individual. Your Committee received testimony in opposition to this measure from the Hawai'i Association of Health Plans. Your Committee received comments on this measure from the Hawaii Medical Service Association and Hawaii Medical Association.

Your Committee finds that prior approval for medical services, also known as precertification or preauthorization, refers to health insurer requirements that certain physician-ordered treatments or services must be approved in advance by the insurer or by a medical review service contracted by the insurer before the insurer will provide final reimbursement or payment. Requiring a health insurer to make information about the



preauthorization process readily accessible for consumers promotes transparency and ensures consumers have critical information regarding their health care. This measure therefore requires all health insurers in the State to disclose on their websites any standards, criteria, or information used for making preauthorization decisions.

However, your Committee has heard the concerns that the scope of required standards, criteria, or information contemplated by this measure may be overly broad, which may lead to more confusion for consumers and create compliance difficulties for health plans. Amendments to this measure are therefore necessary to ensure that consumers are able to readily access and understand any medical policies associated with a health insurer's preauthorization process.

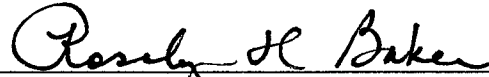
Your Committee has amended this measure by:

- (1) Requiring all health insurers in the State to disclose on, or have accessible through, their public websites all medical policies, rather than any standards, criteria, or information, the health insurers use when making preauthorization decisions;
- (2) Requiring the disclosure or link to access the medical policies on the public website to be prominently displayed and readily accessible for consumers;
- (3) Specifying that the medical policies shall include a listing of medical services that may be subject to preauthorization review, the preauthorization application procedure, the preauthorization determination criteria, and the procedure to appeal a denial decision;
- (4) Inserting an effective date of upon approval; provided that the requirements for disclosure of medical policies shall take effect on January 1, 2018; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 287, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 287, S.D. 1, and be placed on the calendar for Third Reading.

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



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ROSALYN H. BAKER, Chair



