

Honolulu, Hawaii

FEB 15 2017

RE: S.B. No. 403
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. 403 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 ensure certain
benefits under the federal Affordable Care Act are preserved under
Hawaii law, including:

- (1) Preserving the individual health insurance mandate for taxpayers;
- (2) Requiring all health insurance entities, including health benefits plans under chapter 87A, HRS, to include ten essential health care benefits, plus additional contraception and breastfeeding coverage benefits;
- (3) Extending dependent coverage for adult children until the children turn twenty-six years of age;
- (4) Prohibiting health insurance entities from imposing a preexisting condition exclusion; and
- (5) Prohibiting health insurance entities from using an individual's gender to determine premiums or contributions.



Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs; Hawaii State Commission on the Status of Women; Hawaii Women's Coalition; Planned Parenthood Votes Northwest and Hawaii; American Association of University Women - Hawai'i; Hawaii Medical Association; Healthcare Association of Hawaii; Lanai Community Health Center; American Association of University Women - Windward Hawai'i Branch; Hawaii Section of the American Congress of Obstetricians and Gynecologists; Pacific Women's Indigenous Network; The Queen's Health Systems; Kaiser Permanente; Healthy Mothers Healthy Babies Coalition of Hawaii; YMCA O'ahu; Hawaii Children's Action Network; Hawaii Acupuncture and Oriental Medicine Association; AcuPlan Hawaii; Hawaii Early Childhood Action Strategy; Healthcare for All Hawaii Coalition; Americans for Democratic Action - Hawai'i; Breastfeeding Hawaii; March of Dimes Hawaii; Hawai'i Public Health Institute; League of Women Voters of Hawaii; International Longshore and Warehouse Union, Local 142; LGBT Caucus of the Democratic Party of Hawaii; and over one hundred fifty individuals. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from the Department of Taxation, Department of Human Services, Department of Labor and Industrial Relations, Hawaii Medical Service Association, Hawai'i Association of Health Plans, Tax Foundation of Hawaii, and one individual.

Your Committee finds that the Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) has resulted in an estimated 20,000,000 Americans gaining health insurance coverage. In Hawaii, 54,000 individuals gained insurance coverage, 560,000 individuals with pre-existing conditions could no longer be denied health insurance coverage, and over 630,000 individuals were able to access and benefit from a broad range of preventive services. Furthermore, approximately 33,000 residents of Hawaii now have insurance coverage due to the expansion of Medicaid under the Affordable Care Act. The Affordable Care Act established important protections for all Americans, and for women in particular. Under the Affordable Care Act, American women are now able to access preventive services, such as birth control and life-saving cancer screenings, with no copayments or deductibles. The repeal of the Affordable Care Act means American women could once again be charged higher premiums than men, simply on the basis of their gender, and pregnancy itself could again be considered a preexisting condition.



Your Committee further finds that the future of the Affordable Care Act is now uncertain. The new President and Congressional Republicans have taken the first steps toward the President's campaign promise to repeal and replace the Affordable Care Act. However, the repeal of the Affordable Care Act will have widespread ramifications. Without the Affordable Care Act, it is estimated that 20,000,000 people will lose access to health insurance across the country. Lack of access to health insurance will negatively affect the health of patients who lose their coverage but will also further strain the health care system in the State. Furthermore, a repeal of the Affordable Care Act will likely destabilize the individual marketplace, based on factors such as a loss of subsidies, elimination of the requirement to buy health insurance, and elimination of the requirement that insurers sell to all consumers are all potential contributing factors that would destabilize the individual insurance market.

Your Committee concludes that, due to the uncertainty over the Affordable Care Act, it is important to preserve certain important aspects of the Act for Hawaii residents. Accordingly, this measure mandates all health insurance entities in the State to cover the ten essential health care benefits, requires extended coverage for dependent children, and prohibits preexisting condition exclusions and premium or contribution requirements based on gender. This measure also preserves the individual mandate provisions of the Affordable Care Act, which requires individuals to maintain health insurance coverage throughout the year or pay a penalty. Your Committee notes the importance of this mandate, as lack of such a requirement may result in healthier individuals dropping their health insurance coverage, which would cause an adverse selection problem and increase in overall health insurance costs.

Your Committee has heard the concern that although this measure preserves the individual mandate from the Affordable Care Act, it does not provide tax credits to help individuals and families afford their health insurance premiums. Your Committee understands these concerns and notes that the Department of Taxation has provided your Committee with language related to the tax credits to add to this measure.

Your Committee has amended this measure by:

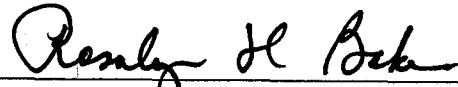


- (1) Updating the minimal essential coverage mandate, based on amendments suggested for clarity by the Department of Taxation;
- (2) Permitting each qualified taxpayer to claim a qualified health plan coverage income tax credit, equal to an unspecified percentage of the actual cost paid or incurred by a qualified taxpayer during a taxable year to purchase minimum essential coverage for the taxpayer or the taxpayer's spouse or dependents;
- (3) Clarifying that the contraceptive coverage includes gender neutral contraception coverage, including all federal Food and Drug Administration-approved contraceptive methods, sterilization procedures, and patient education and counseling;
- (4) Clarifying that breastfeeding coverage includes support, counseling, and equipment, for the duration of breastfeeding;
- (5) Prohibiting health insurance entities from discriminating with respect to participation against a health care provider acting within the scope of that provider's license or certification;
- (6) Inserting an effective date of July 1, 2050, to encourage further discussion and inserting a five-year sunset date on the individual mandate requirement; and
- (7) 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. 403, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 403, S.D. 1, and be referred to your Committee on Ways and Means.



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



ROSALYN H. BAKER, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:* SB 403	Committee Referral: CPH, WAM	Date: 1/31/17		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
NISHIHARA, Clarence K. (VC)	/			
CHANG, Stanley	/			
ESPERO, Will	/			
IHARA, Jr., Les				/
KIDANI, Michelle N.				/
RUDERMAN, Russell E.	/			
TOTAL	5			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align: center; font-family: cursive; font-size: 1.2em;">Clarence K. Nishihara</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes