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TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-NINTH LEGISLATURE
Regular Session of 2017

Monday, March 14, 2017
8:30 a.m.

TESTIMONY ON SENATE BILL NO. 387, S.D. 1 – RELATING TO HEALTH INSURANCE.

TO THE HONORABLE DELLA AU BELATTI, 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 supports the intent of this bill and submits the following comments and suggested amendments.

This bill creates a new article under chapter 431, Hawaii Revised Statutes, to help ensure that health insurance issuers are providing health care networks that are sufficient to meet the needs of their enrollees. This bill is based on the National Association of Insurance Commissioners’ (“NAIC”) Health Benefit Plan Network Access and Adequacy Model Act, MDL-74 (“Model Act”).

In proposed subsection 431: -B(b), on page 9, line 5, the Department recommends the following amendments to delete a reference to a paragraph in the bill that is inconsistent with the Model Act:

“(2) Section 431: -C(f)(7)(E)[,] and (f)(8)(B)[, ~~and (f)(11)~~];

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The paragraph in the Model Act that would have otherwise been numbered (f)(11) has not been included in this bill. Accordingly, this amendment is necessary to prevent the bill from conflicting with the Model Act.

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

Testimony of
Jonathan Ching
Government Relations Specialist

Before:
House Committee on Health
The Honorable Della Au Belatti, Chair
The Honorable Bertrand Kobayashi, Vice Chair

March 14, 2017
8:30 a.m.
Conference Room 329

Re: SB387 SD1 Relating to Health Insurance

Chair Belatti, Vice-Chair Kobayashi, and committee members, thank you for this opportunity to provide testimony on SB387 SD1, which requires a health carrier with a network plan to maintain a network that is sufficient in numbers with appropriate types of providers to ensure that covered persons have access to covered services.

Kaiser Permanente Hawaii SUPPORTS SB387 SD1.

SB387 SD1 fairly and creatively addresses network adequacy concerns to ensure that network plans are providing accessible, high quality care to their members. SB387 SD1 utilizes the state-level network adequacy initiative, proposed by the National Association of Insurance Commissioners, as a base model, but takes into consideration other factors given Hawai'i's severe shortage of physicians and its unique geographical layout of several islands, containing large rural areas that are separated by mountains and ocean.

Kaiser Permanente Hawaii appreciates that SB387 SD1 allows the insurance commissioner to consider "integrated delivery systems," among any reasonable criteria for demonstrating network adequacy, as this is the delivery system that we provide to our members. Through our integrated health system, we are committed to providing our members with greater access to quality doctors and reducing patient wait times. We currently have clinics on all major islands that provide members with comprehensive, high quality care, including pharmacy and lab services under one roof. Many of these clinics also provide x-ray and radiology services. Furthermore, we routinely fly our specialists to service members on neighbor islands, as well as fly our members to specialists on O'ahu. Finally, Kaiser Permanente Hawaii has been at the forefront of utilizing telehealth, both in our clinics, such as our Lihu'e Clinic's tele-dermatology capabilities, which allows a patient to have a suspicious mole photographed and reviewed by a dermatologist on

O‘ahu, as well as allowing members to communicate directly with physicians in remote locations, sometimes even from the convenience of their homes.

Therefore, Kaiser Permanente Hawaii urges the committee to **PASS** SB387 SD1. Mahalo for the opportunity to testify on this important measure.

March 14, 2017 at 8:30 a.m.
Conference Room 329

House Committee on Health

To: Rep. Della Au Belatti, Chair
Rep. Bertrand Kobayashi, Vice Chair

From: Michael Robinson
Vice President – Government Relations & Community Affairs

Re: SB387 SD1– Testimony in Support

My name is Michael Robinson, Vice President, Government Relations and Community Affairs at Hawai'i Pacific Health (HPH). Hawai'i Pacific Health is a not-for-profit health care system, and the state's largest health care provider and non-governmental employer. Hawai'i Pacific Health is committed to providing the highest quality medical care and service to the people of Hawai'i and the Pacific Region through its four hospitals, more than 50 outpatient clinics and service sites, and over 1,600 affiliated physicians. Hawai'i Pacific Health's hospitals are Kapi'olani Medical Center for Women & Children, Pali Momi Medical Center, Straub Clinic & Hospital and Wilcox Memorial Hospital.

I am writing in support of SB387 SD1 which requires a health carrier with a network plan to maintain a network that is sufficient in numbers with appropriate types of providers to ensure that covered persons have access to covered services.

At Hawai'i Pacific Health, we recognize that a developed provider network is important to ensure that people have sufficient access to health care. This bill enhances the networks that enable providers to meet patients' needs, and in turn is aligned with our mission to create a healthier Hawai'i.

Thank you for the opportunity to testify.



An Independent Licensee of the Blue Cross and Blue Shield Association

March 14, 2017

The Honorable Della Au Belatti, Chair
The Honorable Bertrand Kobayashi, Vice Chair
House Committee on Health

Re: SB 387, SD1 – Relating to Health Insurance

Dear Chair Au Belatti, Vice Chair Kobayashi, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 387, SD1, which establishes network adequacy standards for health plans. HMSA supports the intent of this Bill, but we do have a concern and offer comments.

The Affordable Care Act (ACA) requires that health plans participating in qualified health plans meet network adequacy standards to ensure consumers have access to needed care without unreasonable delay. In November 2015, the National Association of Insurance Commissioners (NAIC) adopted a new Network Adequacy Model Act establishing standards for the creation and maintenance of health plan networks and to assure the adequacy, accessibility, transparency and quality of healthcare services offered under a network plan.

SB 387, SD1, is Hawaii's adaptation of the Model Act. It is the product of a workgroup established by the State Insurance Commissioner to fashion network adequacy policies that balance the realities of Hawaii's unique provider base with a health plan's ability to provide its members proper access to a sufficient number of in-network primary care and specialty providers.

That said, we do have a concern with one provision in the Bill related to a health carrier's obligations (Page 33, Lines 3-11). Section 431 D(n) provides in part as follows:

(n) A health carrier **shall be responsible for ensuring** that a participating provider furnishes covered benefits to all covered persons without regard to the covered person's enrollment in the plan as a private purchaser of the plan or as a participant in publicly financed programs of health care services.... [Emphasis added.]

While we certainly want our members to receive the healthcare services from a provider of choice within a network, there are times when a contracted provider simply is unable to accommodate additional patient workload. We make every effort to assist our affected members find an appropriate provider to obtain the services they need. We ask that the Committee consider replacing that provision with the original language of SB 387:

(n) A health carrier **shall use its best efforts to ensure** that a participating provider furnishes covered benefits to all covered persons without regard to the covered person's enrollment in the plan as a private purchaser of the plan or as a participant in publicly financed programs of health care services....



An Independent Licensee of the Blue Cross and Blue Shield Association

Thank you for the opportunity to testify on this measure. Your consideration of our concern is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark K. Oto".

Mark K. Oto
Director, Government Relations