

Honolulu, Hawaii

MAR 16 , 2018

RE: S.B. No. 2924  
S.D. 2  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Health & Human Services, to which was referred S.B. No. 2924, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to ensure that the individual mandate for health insurance coverage afforded under the federal Patient Protection and Affordable Care Act of 2010 is preserved under Hawaii law. This measure requires qualified taxpayers to obtain and maintain affordable, creditable coverage for each of the twelve months of the taxable year at the risk of incurring a tax penalty. Additionally, this measure requires the Insurance Commissioner to establish a process to determine which health plans are considered affordable.

Kaiser Permanente Hawai'i, IMUAlliance, Planned Parenthood Votes Northwest and Hawaii, and The Queen's Health Systems submitted testimony in support of this measure. The Department of Taxation, Insurance Division of the Department of Commerce and Consumer Affairs, Hawaii Medical Service Association, Healthcare Sharing Ministries, and Tax Foundation of Hawaii provided comments.



Your Committee has amended this measure by:

- (1) Establishing a religious exemption from the requirement to purchase creditable health insurance provided the individual does not obtain medical health care during the taxable year for which the individual claims an exemption; and
- (2) Changing the effective date to July 1, 3000, to encourage further discussion.

Your Committee received concerns from the Department of Taxation (DOT) relating to possible difficulty in determining which insurance plans should be qualified as creditable coverage and the administration of penalties in this measure. Additionally, the DOT recommends revisiting the definition of "qualified taxpayers" due to lack of clarity and its potential for confusion.

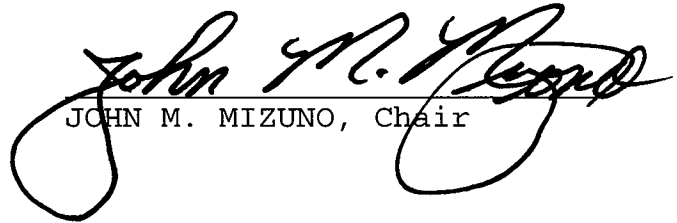
Your Committee received comments from the Department of Commerce and Consumer Affairs (DCCA) that instead of requiring that the Insurance Commissioner "establish a process to determine which health plans shall be considered affordable," affordability should be based upon criteria similar to the individual mandate process implemented by Massachusetts. The DCCA also noted that maintaining a comprehensive list of every insurance plan that would qualify as "creditable coverage," would present significant difficulties. The DCCA further commented that the appeals procedure, as written, requires the Insurance Commissioner to preside over appeals of administrative actions by the DOT, which are matters within DOT's scope of expertise.

Your Committee recognizes that this measure continues to be a work-in-progress but believes that this measure has merit and therefore deserves further consideration by your Committee on Consumer Protection & Commerce.

As affirmed by the record of votes of the members of your Committee on Health & Human Services that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2924, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2924, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.



Respectfully submitted on  
behalf of the members of the  
Committee on Health & Human  
Services,

  
JOHN M. MIZUNO, Chair



