

Honolulu, Hawaii

FEB 13 2018

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

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2924 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 establish an individual mandate for certain qualified taxpayers to sign up and maintain health insurance throughout the year, or pay a penalty on their individual income tax return.

Your Committee received testimony in support of this measure from The Queen's Health Systems, Kaiser Permanente Hawaii, and Planned Parenthood Votes Northwest and Hawaii. Your Committee received testimony in opposition to this measure from two individuals. Your Committee received comments on this measure from the Department of Taxation, Department of Commerce and Consumer Affairs, Tax Foundation of Hawaii, and Hawaii Medical Service Association.

Your Committee finds that the Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) includes an individual coverage requirement, commonly known as the individual mandate, that requires most people in the country to have health insurance and imposes tax penalties on those without an exemption who do not comply. The individual mandate is an important part of the overall health reforms established under the Affordable Care



Act, which was designed to extend insurance to nearly all people, including those with medical conditions that require expensive care and who may have previously been denied coverage. Prior to the enactment of the Affordable Care Act, states that attempted to manage guaranteed issue markets without individual coverage mandates experienced rising premiums and fewer options for consumers. The Affordable Care Act's individual mandate therefore guarantees that insurers have a large enrollment base, which broadens the risk pool and ensures that health insurance premiums remain more affordable for everyone.

Your Committee further finds that with the enactment of the Affordable Care Act and the federal individual mandate, many more Hawaii residents obtained affordable health insurance. However, recent actions by Congressional Republicans to reduce the federal individual mandate's penalty to zero have created a lack of certainty and stability in the State's individual market, which are the biggest contributors to health insurance premium hikes. This measure establishes a state-level individual mandate, which is intended to help protect and preserve Hawaii's individual market.

Your Committee has heard the concerns raised in testimony from the Departments of Taxation and Commerce and Consumer Affairs, including comments regarding how to assess the affordability of health plans and the most appropriate agency to determine creditable coverage. Your Committee notes that this measure is a work in progress and acknowledges that additional discussion is needed as this measure moves through the legislative process.

Your Committee has amended this measure by:

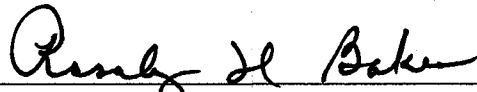
- (1) Changing its effective date to July 1, 2050, to encourage further discussion;
- (2) Inserting a five-year sunset date; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 2924, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2924, 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



