

# SB287

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|-------------------|---|
| Measure Title:    | RELATING TO HEALTH INSURANCE.   |
| Report Title:     | Preauthorization; Disclosure; Health Insurance  |
| Description:      | Requires all health insurers, including health benefits plans under chapter 87A, HRS, to disclose on their public web sites any standards, criteria, or information used for making preauthorization decisions. |
| Companion:        | <a href="#">HB248</a>   |
| Package:          | None  |
| Current Referral: | CPH   |
| Introducer(s):    | BAKER, ESPERO, KIDANI, K. RHOADS, S. Chang, English, Nishihara, Wakai   |



DAVID Y. IGE  
GOVERNOR  
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TO THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH

TWENTY-NINTH LEGISLATURE  
Regular Session of 2017

Monday, February 27, 2017  
9:30 a.m.

**TESTIMONY ON SENATE BILL NO. 287 – RELATING TO HEALTH INSURANCE.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department supports the intent on this bill, which is a companion to H.B. 248, and submits the following comments with a suggested amendment.

The purpose of this bill is to require all health insurers to disclose on their public web sites any standards, criteria, or information used in making preauthorization decisions. Limited benefit plans, such as long-term care insurance, Medicare supplemental insurance, and disability income, would also be subject to the requirements of the bill.

This bill creates more transparency for members and providers. The Department recommends amending this bill to include a requirement that the internet posting location must be prominently displayed and readily accessible for consumers. Additionally, an advanced posting requirement, prior to the effective date for any material modifications made during the plan year to standards, criteria, or information used for preauthorization, may help to further promote proper patient care.

We thank the Committee for the opportunity to present testimony on this matter.



An Independent Licensee of the Blue Cross and Blue Shield Association

February 27, 2017

The Honorable Rosalyn H. Baker, Chair  
The Honorable Clarence K. Nishihara, Vice Chair  
Senate Committee on Consumer Protection and Health

Re: SB 287 – Relating to Health Insurance

Dear Chair Baker, Vice Chair Nishihara, and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 287, which mandates each health plan to disclose preauthorization standards on the plan's website. HMSA certainly appreciates the intent of the Bill, but we do have a concern and offer comments.

HMSA and providers share the same goal – protecting the health and safety of people who trust us with their care. We work together to reach that goal but sometimes disagree on how to get there. While we work every day to balance the needs of our members, providers, employer groups, and government partners, our first priority always is the needs and safety of our members. The use of preauthorization is integral to helping our members secure the safest and most efficient care.

We understand and agree that transparency is important, and it is appropriate and desirable to have information about the preauthorization process readily accessible for our members. All responsible health plans already do that. We provide transparency of critical information for our members such as our medical policies, including the preauthorization processes.

Given the manner in which we develop and employ our medical policies, we believe this Bill may be unnecessary:

#### HMSA Medical Policies - Standards

All of HMSA's medical policies are based on national standards and evidence based guidelines. We consider community standard of care if requested by our local providers and supported by medical evidence. And, policies are reviewed at least annually and more frequently if there is a change in evidence or literature, or upon recommendation of national societies/experts.

#### HMSA Medical Policies - Transparency

Our medical policies are already available either directly on our HMSA website or via a link provided on our website, and we will send a hard or soft copy out to any member, authorized member representative, or provider who requests them.

#### HMSA Medical Policies - Denials & Appeals

All final denials made because of our policies are made by licensed physicians who follow the requirements of the medical necessity statute in making their determinations. The reason for the denial and relevant language from the medical policy are provided on both the denial letter and any further correspondence related to an appeal.

All members have rights to appeal any decision, including the right to request either an Independent Review Organization review the decision against medical necessity statute OR a committee of volunteer independent practicing physicians in Hawaii review the decision against medical necessity statute.



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Concern with HB 287

While we believe HB 287 is unnecessary, we are particularly concerned with Section 2 of the Bill that provides for a health plan "...that requires preauthorization of a medical treatment or service shall disclose on its public web site any standards, criteria, or information..." it uses for preauthorization decisions. [Emphasis added.] We are unclear as to what "any...information" would encompass. The scope of information for the website contemplated under the Bill may be so broad that it may be overwhelming and result in more confusion for our members. Health plans also may find it virtually impossible to operationalize this mandate.

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

Sincerely,

A handwritten signature in black ink, appearing to read "JD", with a long horizontal flourish extending to the right.

Jennifer Diesman  
Vice President, Government Relations



February 27, 2017  
9:30 a.m., Room 229

To: **Senate Committee on Commerce, Consumer Protection and Health**  
The Honorable Rosalyn H. Baker, Chair  
The Honorable Clarence K. Nishihara, Vice Chair

From: Beth Giesting, Hawai'i Association of Health Plans

**Re: Opposition to SB 287, RELATING TO HEALTH INSURANCE**

The Hawai'i Association of Health Plans respectfully opposes Senate Bill 287, which would require publicly posting preauthorization standards, criteria, and information.

As noted in the bill, preauthorization serves important functions to safeguard patients and control over-utilization and excessive costs. Hawai'i's health insurers publicly post information detailing the services that require pre-approval and share forms for clinicians who want to provide them. All health plans maintain high-quality utilization management standards that meet the requirements of NCQA and URAC. This also ensures that utilization review programs meet the needs of federal and state government requirements while protecting patients' rights.

While it may be possible to disclose the criteria used for authorizing the most commonly used procedures, the universe of possible health care treatments and medications is voluminous and constantly changing. Providing and updating the information required by this bill would be daunting, if not impossible. We believe that maintaining opportunities to interact with providers about proposed treatments is more practical and educational for both clinician and insurer.

Thank you for the opportunity to share our views on this bill.



## HAWAII CHAPTER - AMERICAN PHYSICAL THERAPY ASSOCIATION

(800) 554-5569 x13 • www.hapta.org • info@hapta.org

**SB287, Health Insurance  
Senate CPH Committee Hearing  
Monday, Feb. 27, 2017 – 9:30 am  
Room 229  
Position: Support**

Chair Baker and Members of the Senate CPH Committee:

I am Gregg Pacilio, PT and Board President of the Hawaii Chapter of the American Physical Therapy Association, a non-profit professional organization serving more than 300 member Physical Therapists and Physical Therapist Assistants. Our members are employed in hospitals and health care facilities, the Department of Education school system, and private practice. We are movement specialists and part of the spectrum of care for Hawaii. We provide rehabilitative services for infants and children, youth, adults and the elderly. Rehabilitative services are a vital part of restoring optimum functioning from neuromusculoskeletal injuries and impairments.

HAPTA strongly supports this measure that seeks to require all health insurers to disclose on their public websites all standards, criteria, and information they use when making preauthorization decisions related to medical treatment or service.

Such clear and consistent policy standards about how preauthorization decisions are made will help health care providers as well as consumers:

1. Consumers will understand what they are purchasing for their insurance premiums.
2. Consumers will have a better understanding about why their treatment is delayed. There is no liability for injury to the consumer if care is put on hold due to delays in the preauthorization process.
3. Providers will understand why one diagnosis can yield different numbers of authorized treatment visits.
4. Providers will not need to guess at what will get approved by one insurance carrier and not approved by another.

**We suggest that insurance companies show out-of-pocket or co-payment amounts on their website.** What a consumer may pay for a regular primary doctor for an office visit may be vastly different than when they see a specialist or a physical therapist (PT). For example, a consumer may pay \$20 co-payment to see their primary doctor, but may pay \$50 for a specialist, and \$45 for a PT per visit.

Thank you for the opportunity to testify. Please feel free to contact Patti Taira-Tokuuke, HAPTA's Reimbursement Chair at 808-969-3811 for further information.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Friday, February 24, 2017 2:24 PM  
**To:** CPH Testimony  
**Cc:** alicekamaka@gmail.com  
**Subject:** Submitted testimony for SB287 on Feb 27, 2017 09:30AM

**SB287**

Submitted on: 2/24/2017

Testimony for CPH on Feb 27, 2017 09:30AM in Conference Room 229

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Alice Kamaka        | Individual          | Support                   | No                        |

Comments: I support this

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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