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Testimony of the Department of Commerce and Consumer Affairs

Before the
House Committee on Consumer Protection and Commerce
Tuesday, March 12, 2019
2:00 p.m.
State Capitol, Conference Room 329

On the following measure:
S.B. 1210, S.D. 1, RELATING TO INSURANCE

Chair Takumi and Members of the Committee:

My name is Colin Hayashida, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department supports this administration bill.

Sections 1, 5, 20, and 21 of this bill are necessary for the State's continued accreditation with the National Association of Insurance Commissioners (NAIC), and the Department believes the remaining provisions proposed in this bill will update and improve Hawaii Revised Statutes title 24 (Insurance Code) in a number of areas. Specifically, this measure will do the following:

Section 1 of this bill adopts the NAIC's Corporate Governance Annual Disclosure Model Act to maintain the State's accreditation with the NAIC by adding a new article to chapter 431. This bill provides more information on an annual basis to regulators regarding insurers' corporate governance practices. Currently, regulators obtain a significant amount of information on insurers' corporate governance practices during

full-scope examinations, which typically occur once every three to five years. However, information on governance practices, including changes that can substantially impact current and prospective solvency, is not widely available to regulators in the period between onsite examinations. Through the adoption of standards in this area, regulators can ensure that sufficient information on governance practices is available to assess insurer solvency on an annual basis.

Sections 2, 7,12, 13, 14, 15, and 27 of this bill allow the Department and the Insurance Commissioner to determine whether an applicant's request to add or change a trade name or an assumed name satisfies Insurance Code and corporation law requirements. This will ensure that both the Department and the Insurance Commissioner will receive notice of a proposed name change and that both have express authority to permanently retire or bar the use of a trade name or an assumed name associated with a revoked license.

Sections 3 and 16 of this bill move the newly enacted section 431:10-104(5) from article 10 to article 10A, which is the more appropriate section for the short-term health insurance pre-existing disclosure requirement. In addition, sections 3, 6, 17, 18, 32, and 36 of this bill clearly provide for reimbursement to providers who deliver coverage managed by chapter 431, article 10A and chapter 432, article 1 and delete reimbursement mandates added to the Insurance Code in conjunction with medical service provider practice acts. These amendments do not remove any existing mandates. Instead, these amendments will clarify that coverage for services mandated by chapter 431, article 10A should include reimbursement to providers and will discourage the practice of creating reimbursement mandates in the Insurance Code to accompany expansions in provider practice acts.

Sections 4 and 35 of this bill move the limited benefit health insurance provision from part I to part VI of article 10A, which clarifies that this provision applies to both individual and group policies.

Sections 5, 20, and 21 of this bill adopt 2014 revisions to the NAIC's Insurance Holding Company System Regulatory Act to maintain the State's accreditation with the

NAIC. This bill provides clear legal authority to a designated state to act as the group-wide supervisor for an internationally active insurance group.

Section 8 of this bill eliminates optional language in the NAIC's Standard Valuation Model Law to streamline how changes to the valuation manual become effective.

Sections 9 and 11 of this bill remove references to class 1 money market mutual funds to conform with the NAIC Securities Valuation Office Purposes and Procedures Manual of the NAIC Investment Analysis Office.

Section 10 of this bill amends the title to part VI of article 6 to reflect amendments to this part.

Sections 19, 33, and 34 of this bill correct a technical drafting error by replacing "designed" with "assigned" in the definition of "perceived gender identity" and accordingly conform State law to federal guidance on gender identity.

Sections 22, 23, 24, and 25 of this bill remove obsolete language and clarify existing language to avoid ambiguity for insurers submitting rate filings.

Section 26 of this bill amends section 431:14G-105 by removing obsolete language and clarifying existing language to avoid ambiguity for managed care plans submitting rate filings.

Section 28 of this bill amends section 431:19-115 to give the Insurance Commissioner additional regulatory authority to supervise or liquidate a captive, rather than simply suspending or revoking its insurance license.

Sections 29 and 30 of this bill temporarily allow the Insurance Division to create stopgap measures to implement the NAIC's Network Adequacy Model Act and to promulgate administrative rules with the benefit of any future NAIC guidance and input from other jurisdictions.

Section 31 of this bill removes the opt-out provision for long-term care insurance under the Interstate Insurance Product Regulation Commission (IIPRC) to give states the option of using the IIPRC's proven stricter standards of substantive rate review or conducting their own review.

The Department supports this administration bill and requests that it pass out of this committee unamended. Thank you for the opportunity to testify.

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Government Relations

Testimony of
Jonathan Ching
Government Relations Specialist

Before:
House Committee on Consumer Protection & Commerce
The Honorable Roy M. Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair

March 12, 2019
2:00 p.m.
Conference Room 329

Re: SB1210 SD1, Relating to Insurance

Chair Takumi, Vice Chair Ichiyama, and committee members, thank you for this opportunity to provide testimony on SB1210 SD1, which amends various portions of the Hawaii Insurance Code under Hawai‘i Revised Statutes title 24 to updates existing Insurance Code provisions.

Kaiser Permanente supports the intent of the bill and requests an AMENDMENT.

To be consistent with language to Section 3, Page 17, we request the following amendment to Section 6, Page 28, Line 20-21 and Page 29, Line 1-10 as follows:

"**§432:1- Reimbursement to providers.** (a) Coverage for services required by this part shall include reimbursement to health care providers who perform services required by this article, or to the insured member, as appropriate.

(b) **[~~Notwithstanding any law to the contrary,~~]** **W**henever an individual or group policy, contract, plan, or agreement that provides health care coverage under this article provides for reimbursement for any service, a health care provider who performs a service shall be eligible for reimbursement for the

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performed service to **the extent the health care provider is eligible for such reimbursement under the policy, contract, plan, or agreement, and is acting within the scope of the provider's license or certification under state law.**

(c) For purposes of this section, "health care provider" has the same meaning as in section 431:10A -B(c)."

Furthermore, we note that Section 29, Pages 69-70 and Section 30, Pages 70-73 seeks to temporarily allow the Insurance Division to create stopgap measures to implement the National Association of Insurance Commissioner's (NAIC) Health Benefit Plan Network Access and Adequacy Model Act, MDL-74 ("Model Act").

While we appreciate the Insurance Commissioner's intent to streamline the process to implement the Model Act, we prefer the manner and form for a health carrier to file its network plan via the public rule making process, pursuant to Hawai'i Revised Statutes Chapter 91, or via legislation to make amendments to Act 191, Session Laws of Hawai'i 2017.

We note that the justification for Section 29 and Section 30 (see Justification Sheet page 3) of SB1210 is that such amendments are necessarily to allow such authority to "be **temporarily** carried out by order of the Commissioner". Given that the intent is to be temporary, we would suggest a sunset date be included for Section 29 and Section 30.

Thank you for the opportunity to testify on SB1210 SD1.

UNIVERSITY OF HAWAI'I SYSTEM
Legislative Testimony

Testimony Presented Before the
House Committee on Consumer Protection and Commerce
Tuesday, March 12, 2019 at 2:00 p.m., Room 329
by
Marcia Sakai
Interim Chancellor
and
Carolyn Ma, Pharm D, BCOP
Dean
Daniel K. Inouye College of Pharmacy
University of Hawai'i at Hilo

SB 1210 SD1 – RELATING TO INSURANCE

Chair Takumi, Vice Chair Ichiyama, and members of the committee:

My name is Carolyn Ma, and I am the Dean for the UH Hilo Daniel K. Inouye College of Pharmacy (DKICP). The University of Hawai'i fully supports this bill especially stated in S432:1-Reimbursement to providers, (a) coverage for services provided shall include reimbursement to health care providers who perform services required by this article, or to the insured members as appropriate and (b) a health care provider who performs as service shall be eligible for reimbursement for the performed services.

The DKICP graduates highly trained professionals with the terminal degree of Doctor of Pharmacy. The four-year professional curriculum includes didactic integrated sciences, therapeutics and disease, treatment and management, management, communication, interprofessional education. More than 30% of the curriculum is held in experiential clinical rotations at sites for hospital acute care medicine, acute care ambulatory care clinics, retail community pharmacies, pharmacy specialty clinics, and a variety of medicine and public health areas.

Due to the complexities of today's patient care, pharmacists have become indispensable primary care extenders for physicians and advanced practice nurse practitioners. Common medication therapy problems include inadequate therapy (56.86%), Non-adherence (14.89%), Adverse Reaction (14.7%), Too High of a Dose (6.83%), and Unnecessary Therapy (6.68%).[1] Pharmacist expertise in Medication Therapy Management (MTM) encompasses intervention in all of the aforementioned areas, as well as skill in managing new medication regimes, monitoring and adjusting medications especially in the chronic diseases of diabetes, cardiovascular disease, anticoagulation and other diseases.[2,3,4] A multitude of research studies and published articles detail the value of a clinical pharmacist on a care team. In 2010, Chisolm et al,

provided a comprehensive literature review (298 studies) that describe positive results of pharmacist interventions in a number of areas such as lowered cholesterol, diabetes markers (hgbA1c), blood pressure and adverse drug events.[5] Results also support the fact that pharmacists improve patient education, help with medication adherence and improve measures of better general health.[5]

Clinical pharmacists, especially in the ambulatory care, specialty care and acute care settings, provide direct patient care through collaborative practice agreements with physicians and nurse under either general or direct supervision. Almost all health care professions have the ability to bill for provided services for third party insurers and Medicare fee structures. Pharmacists do not have reimbursement privileges. Very limited billing and reimbursement can be made under "incident-to billing", which is inadequate in terms of reimbursing for cost, time or expertise. This lack of insurance coverages severely limits primary care providers from affording the expertise and skill of a clinical pharmacist.

This bill will allow for coverage of activities that the clinical pharmacist provides and will help health care organizations, clinics and other medical offices areas afford a pharmacist to improve patient care and health outcomes. Pharmacists are also the most accessible health care professional and can help to bridge the primary care provider shortage in this state.

Thank you for the opportunity to submit testimony.

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TESTIMONY OF THE AMERICAN COUNCIL OF LIFE INSURERS
IN SUPPORT IN PART OF SB 1210, SD 1, AND COMMENTING IN PART TO
SB 1210, SD 1, RELATING TO INSURANCE

March 12, 2019

Honorable Representative Roy M. Takumi, Chair
Committee on Consumer Protection and Commerce
State House of Representatives
Hawaii State Capitol, Room 329
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Takumi and Committee Members:

Thank you for the opportunity to testify in support in part of SB 1210, SD 1, and commenting in part to SB 1210, SD 1, Relating to Insurance.

Our firm represents the American Council of Life Insurers ("ACLI"). ACLI advocates on behalf of 280 member companies dedicated to providing products and services that promote consumers' financial and retirement security. 90 million American families depend on our members for life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, dental and vision and other supplemental benefits. ACLI represents member companies in state, federal and international forums for public policy that supports the industry marketplace and the families that rely on life insurers' products for peace of mind. ACLI members represent 95 percent of industry assets in the United States. Two hundred twenty-one (221) ACLI member companies currently do business in the State of Hawaii; and they represent 95% of the life insurance premiums and 99% of the annuity considerations in this State.

ACLI supports legislation which conform Hawaii's insurance laws to the National Association of Insurance Commissioners (NAIC) Model Acts.

SB 1210, SD 1, amends Hawaii's Insurance Code by adopting the NAIC's Corporate Governance Annual Disclosure Model Act. This bill provides more information annually to the Insurance Commissioner regarding an insurer's corporate governance practices, including changes that can that impact an insurer's current and prospective solvency. These revisions are intended to conform Hawaii's insurance laws to enable the State to maintain its accreditation with the NAIC.

However portions of Section F of the proposed new Article to be added to Chapter 431 (beginning on page 7 through and including page 11 of the bill) deviates from the provisions of the NAIC's Corporate Governance Annual Disclosure Model Act.

The very first paragraph(a), entitled "Purpose and scope", of Section A of the proposed new Article in Section 1 of the bill (at page 1, at lines 16 to 18, and page 2, at lines 1 to 5) states that one of the key purposes of the corporate governance annual disclosure is to:

(3) Provide for the confidential treatment of the corporate governance annual disclosure and related information that will contain confidential and sensitive information related to an insurer or insurance group's internal operations and proprietary and trade secret information which, if made public could potentially cause the insurer or insuranc group competitive harm or disadvantage (emphasis added).

Thus, the Model Act recognizes that all documents, materials and other information, including the corporate governance annual disclosure, which an issuer provides to the Insurance Division under the Act as being proprietary and contain trade secrets. As such, under the Model Act all such documents, materials and information "shall be confidential by law and privileged and shall not be disclosed under chapter 92F (the State's Uniform Information Practices Act) and shall not be subject to subpoena or discoverable or admissible in evidence in any private action. As currently written, however, SB 1210, SD 1, only provides this protection to documents, materials or other information only if it relates to "specific insurers or insurance groups". The Model Act is intended to protect the confidentiality of all documents, material and information disclosed to the Insurance Division in its corporate governance annual disclosure particularly because there are references to the sharing, disclosure and receipt of proprietary and trade secret information with "other governmental" and "international financial regulatory agencies" and "third party consultants" in paragraphs (c)(1) and (c)(2) of Section F of the proposed new Article to be added to Chapter 431 (at page 8, at lines 17 to 22, all of page 9, and page 10 at lines 1 to5).

Accordingly, ACLI respectfully requests that paragraph (a) of Section F of the proposed new Article to be added to Chapter 431 (at page 7, lines 4 to 22, and page 8, at lines 1 to7) be amended by inserting the text in the Model Act in place of the text currently set forth in the bill, as provided below.

§431: – F Confidentiality. (a) Documents, materials or other information including the corporate governance annual disclosures, in the possession or control of the division that are obtained by, created by or disclosed to the commissioner or any other person under this article, are recognized by this state as being proprietary and to contain trade secrets. All such documents, materials or other information shall be confidential by law and privileged, shall not be subject to chapter 92F, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action. However, the commissioner is authorized to use the documents, materials or other information in the furtherance of any regulatory or legal action brought as a part of the commissioner's official duties. The commissioner shall not otherwise make the documents, materials or other information public without the prior written consent of the insurer. Nothing in this section shall be construed to require written consent of the insurer before the commissioner may share or receive confidential documents, materials or other corporate governance annual disclosure information pursuant to subsection (c), below, to assist in the performance of the commissioner's regular duties.

Sections 4 and 35 of the bill amends Article 10A of Hawaii's Insurance Code relating to Accident and Health or Sickness Insurance Contracts.

HRS §431-10A-102.5 currently excludes from the definition of "accident insurance", "health insurance" or "sickness insurance" limited benefit health insurance contracts that pays benefits directly to the insured . . . and in which the amount of the benefit paid is not based upon the actual costs incurred by the insured." This section, therefore, expressly excludes disability income insurance, long term care and other limited benefit health insurance contracts as being "accident insurance", "health insurance" or "sickness insurance."

Unfortunately, §431-10A-102.5 currently is in Part I of Article 10A of the Insurance Code. Part I of Article 10A only governs Individual Accident and Health or Sickness Insurance Policies. I've attached the 1st page of Part I of Article 10A, which is the receptacle of §431-10A-102.5, for your information. Provisions governing group and blanket disability insurance is set forth in Part II of Article 10A. I've attached the 1st page of Part II of Article 10A for your information.

Thus, because §431-10A-102.5 is currently in Part I of Article 10A of the Insurance Code and that part only governs Individual Accident and Health or Sickness Insurance Policies, Group disability income insurance is considered "accident insurance", "health insurance" or "sickness insurance" under current law.

Sections 4 and 35 of SB 1210, SD 1, amends Hawaii's Insurance Code by moving the definition of Limited Benefit Health Insurance, currently in Part 1 (§431-10A-102.5), to Part VI of Article 10A of the Code (Miscellaneous Provisions). I've attached the 1st page of Part VI of Article 10A for your information.

ACLI supports this amendment and concurs with the bill's sponsor that the relocation of this provision will finally clarify that the definition of Limited Benefit Health Insurance applies to both individual and group disability income insurance policies – and not merely individual policies as dictated by its current location in the Insurance Code.

ACLI is in strong support of Section 8 of the bill which deletes the optional language in the NAIC's Standard Valuation Model Law that requires the Insurance Commissioner to adopt a rule whenever a change in the valuation manual is adopted by the NAIC.

Again, thank you for the opportunity to testify in in support in part of SB 1210, SD 1, and commenting in part to SB 1210, SD 1, Relating to Insurance.

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Case Notes

As chapter 432D does not cover the field of managed care regulation and because §§432D-2, 432E-1, and this article can be read together and there is no explicit language or policy reason not to give each statute effect, chapter 432D does not repeal chapter 432E by implication. 126 H. 326, 271 P.3d 621 (2012).

Properly licensed HMOs, like plaintiff, were authorized pursuant to §432D-1 to "provide or arrange", at their option, for the closed panel health care services required under the managed care plan program; accident and health insurers were authorized under §431:10A-205(b) to arrange for medical services for members using a defined network of providers, i.e., particular "hospitals or persons"; thus, this article and chapter 432D authorized both accident and health insurers and HMOs as risk-bearing entities, to provide the closed panel product required by the managed care plan contracts. 126 H. 326, 271 P.3d 621 (2012).

PART I. INDIVIDUAL ACCIDENT AND HEALTH OR SICKNESS POLICIES

§431:10A-102.5 Limited benefit health insurance. (a) Except as provided in subsection (b) or elsewhere in this article, when used in this article, the terms "accident insurance", "health insurance", or "sickness insurance" shall not include an accident-only, specified disease, hospital indemnity, long-term care, disability, dental, vision, medicare supplement, or other limited benefit health insurance contract that pays benefits directly to the insured or the insured's assigns and in which the amount of the benefit paid is not based upon the actual costs incurred by the insured.

(b) When used in sections 431:10A-104, 431:10A-105, 431:10A-106, 431:10A-107, 431:10A-108, 431:10A-109, 431:10A-110, 431:10A-111, 431:10A-112, 431:10A-113, 431:10A-114, 431:10A-117, 431:10A-118, 431:10A-601, 431:10A-602, 431:10A-603, and 431:10A-604, except as otherwise provided, the terms "accident insurance", "accident and health or sickness insurance", "health insurance", or "sickness insurance" shall include an accident-only, specified disease, hospital indemnity, long-term care, disability, dental, vision, medicare supplement, or other limited benefit health insurance contract regardless of the manner in which benefits are paid; provided that if any of the requirements set forth in the foregoing sections as applied to long-term care insurance conflict with the provisions of article 10H, the provisions of article 10H shall govern and control. [L 2010, c 115, §1; am L 2011, c 12, §1; am L 2014, c 186, §7]

§431:10A-105 Required provisions. Except as provided in section 431:10A-107, each policy of accident and health or sickness insurance delivered or issued for delivery to any person in this State shall contain the provisions set forth below. These provisions shall be in the words in which they appear below; provided that the insurer may substitute corresponding provisions of different wording certified by an officer of the insurer to be in substantial conformance with the wording below that are in each instance not less favorable in any respect to the insured or the beneficiary. The provisions shall be preceded individually by the specified caption or by appropriate individual or group captions or subcaptions that are substantially similar to the specified captions. The provisions required by this section are as follows:

(1) "Entire Contract; Changes: This policy, including the endorsements and the attached papers, if any, constitutes the entire contract of insurance. No change in this policy shall be valid until approved by an executive officer of the insurer and unless the approval is endorsed on or attached to this policy. No agent has authority to change this policy or to waive any of its provisions";

(2) (A) "Time Limit on Certain Defenses:

(c) Where the ability to make restitution can be demonstrated, any person convicted under this section shall be ordered by a court to make restitution to an insurer or any other person for any financial loss sustained by the insurer or other person caused by the act or acts for which the person was convicted.

(d) A person, if acting without malice, shall not be subject to civil liability for providing information, including filing a report, furnishing oral or written evidence, providing documents, or giving testimony concerning suspected, anticipated, or completed public or private insurance fraud to a court, the commissioner, the insurance fraud investigations unit, the National Association of Insurance Commissioners, any federal, state, or county law enforcement or regulatory agency, or another insurer if the information is provided only for the purpose of preventing, investigating, or prosecuting insurance fraud, except if the person commits perjury.

(e) This section shall not supersede any other law relating to theft, fraud, or deception. Insurance fraud may be prosecuted under this section, or any other applicable section, and may be enjoined by a court of competent jurisdiction.

(f) An insurer shall have a civil cause of action to recover payments or benefits from any person who has intentionally obtained payments or benefits in violation of this section; provided that no recovery shall be allowed if the person has made restitution under subsection (c). [L 2003, c 125, §2]

PART II. GROUP AND BLANKET DISABILITY INSURANCE

Attorney General Opinions

Section 431:10A-601 applied to all parts of article 10A if the category of policy under consideration included family coverage, as defined in §431:10A-103. Att. Gen. Op. 97-10.

§431:10A-201 Definitions. For the purposes of this article:

(1) (A) Blanket disability insurance policy means any policy or contract of accident and health or sickness insurance which conforms with the description and complies with one of the following requirements:

(i) A policy issued to any common carrier of passengers, which carrier shall be deemed the policyholder, covering a group defined as all persons who may become such passengers, and whereby such passengers shall be insured against loss or damage resulting from death or bodily injury either while, or as a result of, being such passengers.

(ii) A policy issued in the name of any volunteer fire department, first aid or ambulance squad, or volunteer police organization, which shall be deemed the policyholder, and covering all the members of any such organization against loss from accidents resulting from hazards incidental to duties in connection with such organizations.

(iii) A policy issued in the name of any established organization whether incorporated or not, having community recognition and operated for the welfare of the community and its members and not for profit, which shall be deemed the policyholder, and covering all volunteer workers who serve without pecuniary compensation and the members of the organization, against loss from accidents occurring while engaged in the actual performance of duties on behalf of such organization or in the activities thereof.

TESTIMONY ON SENATE BILL NO. 1210, SENATE DRAFT 1
RELATING TO INSURANCE

HOUSE OF REPRESENTATIVES
COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Representative Roy M. Takumi, Chair
Representative Linda Ichiyama, Vice Chair

Tuesday, March 12, 2019, 2:00 p.m.
Conference Room 329
State Capitol
415 South Beretania Street

To Representative Roy M. Takumi, Chair; Representative Linda Ichiyama, Vice Chair; and members of the House Committee on Consumer Protection & Commerce:

My name is Matthew Takamine and I am submitting this testimony as a director and President of the Hawaii Captive Insurance Council ("HCIC"). The HCIC is a nonprofit corporation that is committed to promoting, developing, and maintaining a quality captive insurance industry in the State of Hawaii. In partnership with the State of Hawaii Insurance Division, the HCIC provides information and education on issues affecting captive insurance companies, and assists the State of Hawaii in promoting Hawaii as a quality captive insurance domicile on the local, national, and international level.

The HCIC **supports** Sections 27 and 28 of Senate Bill No. 1210, Senate Draft 1 ("SB1210 SD1"), which amend Sections 431:19-103 and 431:19-115 of Article 19 of the Hawaii Insurance Code. The HCIC takes no position regarding the other sections of SB1210 SD1.

Section 27 of SB1210 SD1 requires captive insurance companies to apply to the Hawaii Department of Commerce and Consumer Affairs and the Hawaii Insurance Commissioner ("Commissioner") for approval of the use or change of a trade name or an assumed name.

Section 28 of SB1210 SD1 adds Article 15 to the list of other articles or sections within the Hawaii Insurance Code that are applicable to all captive insurance companies licensed in Hawaii. Article 15, which does not currently apply to certain captive insurance companies, pertains to Insurers Supervision, Rehabilitation, and Liquidation, and provides the Commissioner with broad oversight powers in the event of certain adverse circumstances, such as financial difficulty or insolvency.

Thank you for this opportunity to submit testimony on SB1210 SD1.

Respectfully submitted:
Matthew Takamine
Director and President
Hawaii Captive Insurance Council

SB-1210-SD-1
Submitted on: 3/9/2019 1:20:11 PM
Testimony for CPC on 3/12/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Wilson Datario	Individual	Support	No

Comments:

CHAD KAWAKAMI PHARM.D., BCPS,CDE

95-1060 Inana Street, Mililani, HI 96789 | chadkkaw@hawaii.edu

February 13, 2019

Dear Committee Members:

My name is Dr. Chad Kawakami and I am an Assistant Professor of Pharmacy Practice with the Daniel K. Inouye College of Pharmacy. Thank you very much for your time in considering this bill and my testimony.

Integration of clinical pharmacists in patient care may offer increased access to health care and improved patient care outcomes. Pharmaceutical care involves pharmacist collaboration with health team members to optimize therapeutic outcomes. The scope of practice for clinical pharmacists includes pharmaceutical care or comprehensive medication management for patients with chronic diseases in addition to less complex services, such as counseling patients on medications or responding to questions about drug information.

A 2014 systematic review evaluated outpatient medication therapy management interventions.[1] The researchers concluded that pharmacists may reduce the frequency of medication-related problems and decrease some health care use and costs. Another 2016 review published in the Annals of Internal Medicine[2] concluded that pharmacist-led chronic disease management was associated with effects similar to those of usual care for resource utilizations and may improve physiologic goal attainment.

Mental health integration in primary care is becoming a standard of practice in order to break down barriers to care. More than half of all patients with depression receive their care exclusively from their primary care providers. The pharmacologic management of depression in primary care has been reported as inadequate with suboptimal clinical outcomes. Depression is frequently treated for an inadequate length of time or with insufficient antidepressant doses. Furthermore, patients often discontinue medication because of adverse effects, lack of benefit, or cost.[3-6] Depression has a huge negative impact on our

economy. Published in the Journal of Clinical psychiatry in 2015, Greenberg and colleagues examined trends in costs associated with major depressive disorder (MDD).[7] Among their major findings is that the total economic burden of MDD is now estimated to be a $210.5 billion per year. Nearly half of these costs are attributed to the workplace, including absenteeism (missed days from work) and presenteeism (reduced productivity at work), where as 45%-47% are due to direct medical costs which are shared by employers, employees, and society. In mental health, pharmacists have shown improve the quality of care and outcomes by enhancing compliance, adjustment of medications, and monitoring and managing adverse effects. Pharmacists can also facilitate the use of patient assistance programs if cost is a barrier to treatment.[8]

Pharmacist are trained to recognize and manage many chronic diseases that include high blood pressure, diabetes, and depression. We are the drug experts. Pharmacists have been shown to improve therapeutic outcomes when working in conjunction with prescribers. Pharmacists are the most accessible health care providers in the community allowing us to help improve access to- and quality of care while helping to decrease the overall cost of health care. Thank you very much for your time in considering my testimony.

Very Humbly Submitted,

Chad Kawakami Pharm.D., BCPS,CDE

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SB-1210-SD-1
Submitted on: 3/11/2019 1:03:20 PM
Testimony for CPC on 3/12/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Wesley Sumida	Individual	Support	No

Comments:

Dear Chair Takumi, Vice Chair Ichiyama, and Members of the Committee,

I am a pharmacist and faculty member at the Daniel K. Inouye College of Pharmacy. I strongly support this bill.

Thank you for this opportunity to provide testimony.

March 11, 2019

The Honorable Roy M. Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair
House Committee on Consumer Protection & Commerce

Re: SB 1210, SD1 – Relating to Insurance

Dear Chair Takumi, Vice Chair Ichiyama, and Committee Members:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 1210, SD1, which updates various areas of the State's insurance laws, including: adopting the NAIC's Corporate Governance Annual Disclosure Model Act beginning on 1/1/2020; allowing the department of commerce and consumer affairs and insurance commissioner to determine whether a request to add or change a trade name or assumed name satisfies certain requirements beginning on 10/1/12019; clarifying certain provider reimbursement requirements; moving provisions related to limited benefit health insurance to article 10A, HRS; adopting revisions to the Insurance Holding Company System Regulatory Act beginning on 1/1/2020; providing the insurance commissioner with additional regulatory authority to supervise or liquidate a captive insurer; enabling the insurance division to create stopgap measures to implement the Network Adequacy Model Act; and making various housekeeping amendments.

HMSA supports this bill with the following amendment. We respectfully request that the language placed in Section 3 by the previous committee, regarding reimbursement to providers, also be placed in Section 6 for consistency:

> **§432:1- Reimbursement to providers.** (a) Coverage for services required by this part shall include reimbursement to health care providers who perform services required by this article, or to the insured member, as appropriate.
>
> ~~(b) Notwithstanding any law to the contrary, whenever~~ (b) Whenever an individual or group policy, contract, plan, or agreement that provides health care coverage under this article provides for reimbursement for any service, a health care provider who performs a service shall be eligible for reimbursement for the performed service to the extent the health care provider is eligible for such reimbursement under such

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policy, contract, plan, or agreement, and is acting within the scope of the provider's license or certification under state law.

- (c) For purposes of this section, "health care provider" has the same meaning as in section 431:10A-B(c)."

Thank you for allowing us to testify on SB 1210, SD1. Your consideration of our comments is appreciated.

Sincerely,

Jennifer Diesman
Senior Vice-President-Government Relations