

Honolulu, Hawaii

, 2020

FEB 07

RE: H.B. No. 2504
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Health, to which was referred H.B. No. 2504
entitled:

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

begs leave to report as follows:

The purpose of this measure is to specify:

- (1) Disclosure and consent requirements for health care providers, health care facilities, and hospitals that are nonparticipating providers in a patient's health care plan;
- (2) The circumstances in which a patient is not liable to a health care provider for any sums owed by an insurer, mutual benefit society, or health maintenance organization; and
- (3) The rate at which a health insurance plan must reimburse a nonparticipating provider who provides health care to a patient, unless otherwise agreed to by the nonparticipating provider and health insurance plan.

Your Committee received testimony in support of this measure from Kaiser Permanente Hawaii, Hawaii Medical Service Association, Hawaii Primary Care Association, and one individual. Your



Committee received testimony in opposition to this measure from the Hawaii Chapter of the American College of Emergency Physicians, Hawaii Emergency Physicians Associated, and Maui Emergent Medical Associates. Your Committee received comments on this measure from the Department of Health, Insurance Division of the Department of Commerce and Consumer Affairs, Hawaii Health Systems Corporation, Hawaii Medical Association, AARP Hawaii, Healthcare Association of Hawaii, The Queen's Health Systems, Adventist Health Castle, Hawaii Pacific Health, and one individual.

Your Committee finds that surprise bills are an unwelcome shock to patients who unknowingly receive health care services from a provider outside of their network. These surprise bills place significant financial burdens on patients. These financial burdens are especially painful in a State with a high cost of living. Your Committee finds that proposals, such as this measure, are important steps needed to continue the conversation in addressing these surprise billing practices.

Your Committee has amended this measure by:

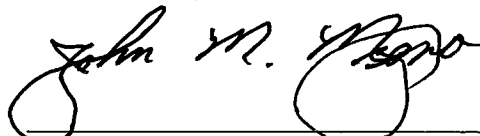
- (1) Incorporating stakeholder amendments collaborated on by the Hawaii Health Systems Corporation, Adventist Health, The Queen's Health Systems, and Hawaii Pacific Health, which, among other things:
 - (A) Clarifies the disclosure and communication requirements of health care plans;
 - (B) Removes certain provisions that prohibit court actions to collect sums;
 - (C) Requires insurers, mutual benefit societies, and health maintenance organizations to negotiate with nonparticipating providers for sums owed by the insurers, mutual benefit societies, and health maintenance organizations for emergency and non-emergency services;
 - (D) Specifies the obligations of insurers, mutual benefit societies, and health maintenance organizations to nonparticipating providers to resolve outstanding sums owed by these entities;



- (E) Removes the requirement that rates be paid at the usual and customary rate or in relation to Medicare reimbursements when there is a failure to reach a resolution with nonparticipating providers; and
 - (F) Outlines the procedures for dispute resolution between insurers, mutual benefit societies, health maintenance organizations, and nonparticipating providers;
- (2) Changing the effective date to July 1, 2050, to encourage further discussion; and
 - (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2504, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2504, 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,



JOHN M. MIZUNO, Chair



