

Honolulu, Hawaii

MAR 13 , 2020

RE: S.B. No. 2278  
S.D. 2  
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 S.B. No. 2278, 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 protect patients with health insurance who receive treatment from an out-of-network provider from the practice of "surprise billing" or "balance billing" by:

- (1) Prohibiting nonparticipating health care providers from balance billing patients in specific circumstances; and
- (2) Establishing rate calculation requirements for the reimbursement of nonparticipating providers.

Your Committee received testimony in support of this measure from AARP Hawaii, Hawaii Primary Care Association, and Kaiser Permanente Hawaii. Your Committee received testimony in opposition to this measure from the Hawaii Medical Service Association and Hawaii College of Emergency Physicians. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs, Hawaii Employer-Union Health Benefits Trust Fund Board of Trustees, Hawaii Health Systems



Corporation, Healthcare Association of Hawaii, The Queen's Health Systems, Hawaii Pacific Health, Hawaii Medical Assurance Association, Maui Health System, and UHA Health Insurance.

Your Committee finds that patients with health insurance who receive treatment from an out-of-network provider may be subject to the practice known as "balance billing" or "surprise billing", wherein the provider bills the patient for the difference between what the patient's health insurance chooses to reimburse and what the provider chooses to charge. This measure protects consumers against such surprise bills from nonparticipating providers.

Your Committee notes that the intent of this measure is to protect all consumers of health care and urges the Department of Human Services to finalize its all-payers claims system as soon as possible. Furthermore, your Committee would like to see the development of a fair, reliable database system.

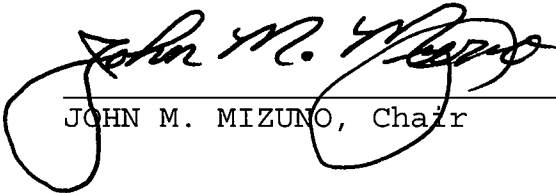
Your Committee has amended this measure by:

- (1) Removing the requirement that rates of reimbursement be calculated based on a percentage of the amount that Medicare reimburses on a fee-for-service basis for the same or similar services in the general geographic region in which the services were rendered;
- (2) Providing that a health carrier and nonparticipating provider may consult an independent, third-party database as part of their negotiations to determine a reasonable payment amount;
- (3) Specifying that nonparticipating providers may seek the uncovered cost of services rendered from enrollees who have consented to receive out-of-network health care services provided by a nonparticipating provider;
- (4) Requiring the Insurance Commissioner to refer certain disputes between health carriers and nonparticipating providers to an independent dispute resolution entity for binding arbitration; and
- (5) Making technical, nonsubstantive amendments for the purposes of style, clarity, and consistency.



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 S.B. No. 2278, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2278, 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,

  
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JOHN M. MIZUNO, Chair



