



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
KA 'OIHANA PILI KĀLEPA  
335 MERCHANT STREET, ROOM 310  
P.O. BOX 541  
HONOLULU, HAWAII 96809  
Phone Number: (808) 586-2850  
Fax Number: (808) 586-2856  
cca.hawaii.gov

JOSH GREEN, M.D.  
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

NADINE Y. ANDO  
DIRECTOR | KA LUNA HO'OKELE

DEAN I. HAZAMA  
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

## Testimony of the Department of Commerce and Consumer Affairs

Before the  
Senate Committee on Health and Homelessness  
Wednesday, March 15, 2023  
8:30 a.m.

State Capitol, Conference Room 329 and via Videoconference

On the following measure:  
**S.B. 64, S.D. 1 RELATING TO MEDICARE SUPPLEMENT INSURANCE**

### Written Testimony Only

Chair Au Belatti and Members of the Committee:

My name is Gordon Ito, and I am the Insurance Commissioner for the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department opposes this bill.

The purpose of this bill is to require issuers of Medigap insurance in the State to accept an eligible individual's application for coverage at any time throughout the year and prohibits issuers from denying the applicant a Medigap policy or certificate or make any premium rate distinctions because of health status and requires the Insurance Commissioner to amend or adopt rules accordingly.

We caution that this bill is likely to lead to an upward pressure on premiums for Medicare Supplement insurance for the approximately 10,000 Hawaii seniors who are enrolled today.

Maintaining reasonable eligibility standards and underwriting criteria help insurance issuers to maintain solvency and control the costs of premiums charged to consumers.

We note that the Medicare Supplement insurers are already required to offer an open enrollment period upon initial eligibility for Medicare and then a guarantee issue period for those who find themselves in a special circumstance.

Thank you for the opportunity to testify on this bill.

**SB-64-SD-1**

Submitted on: 3/13/2023 12:25:14 PM

Testimony for HLT on 3/15/2023 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Adam Zarrin	Leukemia & Lymphoma Society	Support	Remotely Via Zoom

Comments:

Chair and members of the Committee.

I am Adam Zarrin, the Director of State Government Affairs for the Leukemia & Lymphoma Society. Our mission is to cure blood cancers and improve the quality of life of patients and their families.

On behalf of blood cancer patients and their families, we testify in support of SB 64.

As you know, aging Americans usually enroll in a Medicare-type program when they reach 65. Those who pick Medicare Parts A and B will find no annual out-of-pocket spending limit for their major medical coverage.

So, many turn to supplemental coverage to reduce those out-of-pocket costs.

This coverage is critical for blood cancer patients. Cancer treatment is expensive. Patients pay tens of thousands of dollars in out-of-pocket expenses each year.

Unfortunately, no ACA patient protections exist in Medicare Supplement Insurance or Medigap.

And the only time a Medigap plan is guaranteed to be available is in a six-month window right when you turn 65. After that, the plan can discriminate against people with serious or chronic health conditions.

There have been some questions about the impacts on premiums. Four states have implemented guaranteed issue and community rating -- Connecticut, Massachusetts, Maine, and New York.

They passed their legislation as part of more extensive overhauls of Medigap reforms in the 1990s. We found it challenging to determine whether or not these specific policies increased premiums on their own or were a combination of all the reforms.

But, premiums have stabilized over time from these changes.

In addition, these Medigap plans compete with other products offered through Medicare Advantage, so there are market forces to keep premium costs down. However, consumers' preferences for insurance have changed as well, especially after the passage of the ACA. They

have demonstrated that they are willing to accept higher premiums if it means their pre-existing condition will be covered.

Again, Medigap plans provide no protections against discriminating against patients with pre-existing conditions.

That means no coverage at all or higher premiums for seniors with pre-existing conditions.

SB64 can stop that practice.

The bill reduces discrimination, creates choices for patients, and cuts bad debts for health systems.

And that means more patients will have affordable access to these plans.

Again, we thank the sponsors for bringing this important piece of legislation. And we appreciate the members' time and consideration of this matter and hope you will support this bill on behalf of blood cancer patients.

Thank you.



## Hawaii Medical Association

1360 South Beretania Street, Suite 200 • Honolulu, Hawaii 96814  
Phone: 808.536.7702 • Fax: 808.528.2376 • hawaiimedicalassociation.org

### COMMITTEE ON HEALTH & HOMELESSNESS

Rep. Della Au Belatti, Chair

Rep. Jenna Takenouchi, Vice Chair

Date: March 15, 2023

From: Hawaii Medical Association

Bernard Robinson MD, HMA Public Policy Committee

Re: SB 64, SD1; RELATING TO MEDICARE SUPPLEMENT INSURANCE.

Position: Support

Thank you for the opportunity to provide testimony in support of SB64 SD1 relating to Medicare Supplement Insurance, also known as Medigap insurance. The purpose and intent of this measure is to require issuers of Medigap insurance in the State of Hawai'i to accept eligible individuals' applications for coverage at any time throughout the year, and prohibit issuers from denying the applicant a Medigap policy or make premium rate distinctions for various reasons, including health status and preexisting conditions.

Under existing rules, the open enrollment period in the State of Hawai'i is during the 6-month period upon Medicare Part B enrollment with limited guarantee issue rights in special circumstances (e.g., if one's current Medicare Advantage Plan no longer offers Medicare or you move out of the plan's service area. There are no issue rights for changes in health status). Since there are no limits on out-of-pocket costs in traditional Medicare (part A and B), Medicare supplement insurance (Medigap plans) can significantly reduce the burden of out-of-pocket costs for traditional Medicare beneficiaries. States have the flexibility to institute consumer protections for Medigap that go beyond the minimum federal regulations (e.g., Massachusetts, Connecticut, Maine, and New York are examples of states with continuous or annual guaranteed issue protections regardless of medical history).

For various reasons, Medicare beneficiaries who miss the window of opportunity to enroll in a Medigap plan may find that their needs, health, and priorities change, *sometimes unexpectedly*. Guaranteed issue protection will increase beneficiaries' access to Medigap and help to reduce the financial burden of sudden out-of-pocket expenses resulting from an unpredictable medical event particularly for seniors and disabled individuals who are on fixed incomes. The devastating cost-share of medical treatments may significantly affect patients' adherence to their treatment regimen or contribute to delays in medically-necessary procedures, which could lead to downstream higher-cost acute care services over the long

#### 2023 Hawaii Medical Association Officers

Angela M. Pratt, MD, President • Elizabeth Ann Ignacio, MD, President Elect • Michael Champion, MD, Immediate Past President  
Nadine Tenn-Salle, MD, Treasurer • Thomas Kosasa, MD, Secretary • Marc Alexander, Executive Director

#### 2023 Hawaii Medical Association Public Policy Coordination Team

Elizabeth Ann Ignacio, MD, Chair • Beth England, MD, Co-Chair  
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director

term for medically fragile populations. Greater access to supplemental insurance coverage may prevent delays in care, increase access to necessary medical treatment, and potentially reduce individual total-cost-of-care for beneficiaries.

Passing this measure may make the difference between life and death for Hawai'i kūpunas and those with debilitating chronic diseases, and is an important step to ensuring adequate and timely access to medically-necessary care while limiting financial exposure to catastrophic out-of-pocket expenses for Medicare beneficiaries. Thank you for the opportunity to testify.

**2023 Hawaii Medical Association Officers**

Angela M. Pratt, MD, President • Elizabeth Ann Ignacio, MD, President Elect • Michael Champion, MD, Immediate Past President  
Nadine Tenn-Salle, MD, Treasurer • Thomas Kosasa, MD, Secretary • Marc Alexander, Executive Director

**2023 Hawaii Medical Association Public Policy Coordination Team**

Elizabeth Ann Ignacio, MD, Chair • Beth England, MD, Co-Chair  
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director

# THE KŪPUNA CAUCUS



HLT\_03-15-23 8:30 AM

TO: COMMITTEE ON HEALTH & HOMELESSNESS

Rep. Della Au Belatti, Chair  
Rep. Jenna Takenouchi, Vice Chair

RE: SB64 SD1 (SSCR838) RELATING TO MEDICARE SUPPLEMENTAL INSURANCE

POSITION: SUPPORT

Aloha, Chair Bellatti, Vice Chair Takenouchi, and Committee Members:

The Kūpuna Caucus of the Democratic Party of Hawai'i has more than 2,000 enrolled members who are politically active and greatly interested in all issues affecting seniors in the State of Hawai'i and nationally.

The Kūpuna Caucus **supports** SB64. This bill would allow those eligible to apply for a Medigap insurance coverage plan year-round. Currently they only have the first six months after becoming eligible for Medicare to apply. This necessary gap insurance coverage provides caps on out-of-pocket expenses for individuals who may be facing very serious and expensive treatments for illnesses such as cancer, ALS and kidney disease.

Thank you very much for the opportunity to testify on this bill.

Barbara Penn  
on behalf of the  
Kūpuna Caucus of the Democratic Party of Hawai'i  
bpenn200@outlook.com  
808-652-9478



March 15, 2023

The Honorable Della Au Belatti, Chair  
The Honorable Jenna Takenouchi, Vice Chair  
House Committee on Health & Homelessness

Re: SB64 SD1 – Relating to Medicare Supplement Insurance

Dear Chair Belatti, Vice Chair Takenouchi, and Members of the Committee:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to provide comments on SB64 SD1, which requires issuers of Medigap insurance in the State to accept an eligible individual's application for coverage at any time throughout the year and prohibits issuers from denying the applicant a Medigap policy or certificate or making any premium rate distinctions due to various reasons, including health status.

HMSA supports the legislature's intent to increase access and protect consumers who are shopping for Medigap plans from high priced premiums, however we have concerns that this bill could have the opposite effect. Allowing applicants to enroll in Medigap plans at any time during the year could have the opposite effect because insurers will likely have to adjust premiums to compensate. If individuals are allowed to enroll in a Medigap plan at any time during the year, it's safe to assume that some will only enroll at the time when they need coverage. Health insurance providers would have to account for this when determining the cost of premiums, driving up costs for all Medigap plan members.

Thank you for the opportunity to testify on SB64 SD1.

Sincerely,

Jennifer A. Diesman  
Senior Vice President  
Government Policy and Advocacy





March 15, 2023

**To: Chair Belatti, Vice Chair Takenouchi and Members of the House Committees on Health and Homelessness**

From: Hawaii Association of Health Plans Public Policy Committee

Date/Location: March 15, 2023; 8:30 a.m., Conference Room 329/Videoconference

**Re: Testimony in opposition to SB 64 SD1 – Relating to Medicare Supplement Insurance**

The Hawaii Association of Health Plans (HAHP) respectfully opposes SB 64 SD1. HAHP is a statewide partnership that unifies Hawaii's health plans to improve the health of Hawaii's communities together. A majority of Hawaii residents receive their health coverage through a plan associated with one of our organizations.

While HAHP believes in providing our members with access to quality care, continuous Open Enrollment in the Medicare Supplement space could lead to an upward pressure on premiums for consumers/members. Maintaining reasonable eligibility standards and underwriting criteria helps insurers to maintain solvency and control the costs of premiums charged to consumers. Medicare Supplement insurers are already required to offer an open enrollment period upon initial eligibility for Medicare and then a guaranteed issue period(s) for those who find themselves in a special circumstance.

Thank you for the opportunity to testify on SB 64 SD1.

Sincerely,

HAHP Public Policy Committee

cc: HAHP Board Members

AlohaCare | HMAA | HMSA | Humana | HWMG | Kaiser Permanente | MDX Hawaii | Ohana Health Plan | UHA Health Insurance | UnitedHealthcare

[hahp.org](http://hahp.org) | 818 Keeaumoku Street, Honolulu, HI 96814 | [info@hahp.org](mailto:info@hahp.org)

**SB-64-SD-1**

Submitted on: 3/11/2023 7:08:19 AM

Testimony for HLT on 3/15/2023 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Nash Witten	Individual	Support	Written Testimony Only

Comments:

Aloha Committee Chair and Committee Members,

As a primary care Family Medicine physician practicing in Wai‘anae and Hale‘iwa, O‘ahu, I strongly support this bill to improve Medigap insurance in our state as written in version SD1.

Please consider passing this bill as currently written to improve the cost and availability of Medigap insurance for our kūpuna.

Thank you for the opportunity to testify on this bill,

Nash Witten, MD

TO THE HOUSE OF REPRESENTATIVES  
THE THIRTY-SECOND LEGISLATURE  
REGULAR SESSION OF 2023

COMMITTEE ON HEALTH & HOMELESSNESS  
Rep. Della Au Belatti, Chair  
Rep. Jenna Takenouchi, Vice Chair

DATE: Wednesday, March 15, 2023

TIME: 8:30 AM

PLACE: VIA VIDEOCONFERENCE

Conference Room 329

State Capitol

415 South Beretania Street

Bill No. **SB 64**

Relating to: MEDICARE SUPPLEMENT INSURANCE

POSITION: **SUPPORT SB64 with Comments**

Under the current HRS §43I:10A—304, Hawaii Revised Statutes, there is no provision stating that insurance companies will issue Medigap insurance to individuals with pre-existing medical conditions unless the individual satisfies certain conditions. The proposed amendment to HRS §43I shall prohibit issuers from denying the applicant a Medigap policy or certificate or by making any premium rate distinctions because of health status, claims experience, medical condition, or whether the applicant is receiving health care services.

Furthermore, SB63 shall require issuers of Medigap insurance in the State of Hawaii to accept an eligible individual's application for coverage at any time throughout the year and prohibits issuers from denying the applicant a Medigap policy or certificate or making any premium rate distinctions because of health status.

Restrictions in time may mean that someone may need medical care and because they have not properly signed up or completed the proper paperwork could be in a position where they may end up with a bill that is beyond their ability to pay. The introduction of this type of legislation and its intent regarding Medigap insurance cannot be overstated. However, it does speak to a larger issue of education and greater outreach toward healthcare with the proper directions toward such services.

However, with all that said about the positives of this bill and its intent, I support this bill with reservations. I look forward to the Attorney General's opinion on this bill and in dull diligence should confirm that this proposed legislation with CMS (Center for Medicare and Medicaid Services) verifying that SB64 does not go against any federal policies with unattended consequences.

If SB46 does not violate federal regulations, then is my recommendation that bill SB64 be passed out of this committee and that changes to this bill should be in keeping with the introducer's intent. The passage of this bill will increase the standard of living for many in Hawaii and prevent many from economic disaster. Thank you for the opportunity to submit my testimony.

Mahalo,

Ken Farm



March 15, 2023

The Honorable John Mizuno, Chair  
Members of the House Committee on Health

**RE: Hawaii Senate Bill 64 SUPPORT**

Dear Chair Mizuno and Members of the Members of the House Committee on Health:

On behalf of the thousands of people we serve in Hawaii, including the 6,009 Hawaiians living with End Stage Renal Disease (ESRD), I respectfully request your support for Senate Bill 64, which would require that any Medigap plan accept an individual's application for coverage or an enrollee's application to switch to another eligible plan at any time throughout the year. This bill will also prohibit insurance companies from denying applicants, or from making any premium rate distinctions based on health status, claims experience, medical condition, or whether the applicant is receiving health care services..

The American Kidney Fund (AKF), based in Rockville, Maryland is the nation's leading nonprofit organization working on behalf of the 37 million Americans living with kidney disease, and the millions more at risk, with an unmatched scope of programs that support people wherever they are in their fight against kidney disease, from prevention through transplant. With programs that address early detection, disease management, financial assistance, clinical research, innovation and advocacy, AKF supports kidney patients on every part of their journey with this disease.

As you may already know, most people with end-stage renal disease (ESRD) become eligible for Medicare, and most of them choose to enroll in the program as their primary health insurance coverage. However, for many of these patients, private supplemental Medigap insurance is needed to afford their cost-deductibles and co-pays, since Medicare covers only 80 percent of the costs of medical care with no cap on out-of-pocket (OOP) expenses. ESRD patients have complex health care needs and face high out-of-pocket costs: OOP costs for ESRD patients on Medicare can be as high as \$18,000/year.

Hawaii has made many excellent patient focused decisions on Medigap eligibility, allowing eligible people under 65 to buy all plans with a guaranteed issue and also allowing for a premium protection that ensures that an eligible subscriber under 65 pays the same premium as an eligible over 65 individual. The only element that Hawaii still has outstanding is a more flexible enrollment window for newly eligible individuals and making sure the insurance companies can't charge more for people based on their health status. This flexibility reflects the unexpected nature of diagnosis and speed of progression for diseases like ESRD and the anti-discrimination provision acknowledges the economic burden and consequences of these diseases.

Thank you for your time and for your consideration of this important legislation. For all these reasons I respectfully ask for your support for SB 64.

Sincerely,

**Jon Hoffman**  
American Kidney Fund  
*Senior Director, State Policy and Advocacy*

