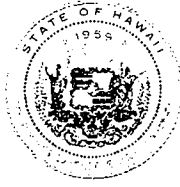


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



GOV. MSG. NO. 1251

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

June 3, 2025

The Honorable Ronald D. Kouchi
President of the Senate,
and Members of the Senate
Thirty-Third State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Nadine Nakamura
Speaker, and Members of the
House of Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Aloha President Kouchi, Speaker Nakamura, and Members of the Legislature:

This is to inform you that on June 3, 2025, the following bill was signed into law:

H.B. NO. 250, H.D. 2,
S.D. 2, C.D. 1

RELATING TO HEALTH.
ACT 151

Mahalo,

A handwritten signature in black ink that reads "Josh Green M.D." in a cursive style.

Josh Green, M.D.
Governor, State of Hawai'i

Approved by the Governor

on JUN 3 2025

HOUSE OF REPRESENTATIVES
THIRTY-THIRD LEGISLATURE, 2025
STATE OF HAWAII

ACT 151
H.B. NO. 250
H.D. 2
S.D. 2
C.D. 1

A BILL FOR AN ACT

RELATING TO HEALTH.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that prior authorization
2 is a health plan cost-control process that requires physicians,
3 health care professionals, and hospitals to obtain advance
4 approval from a health plan before a specific service to a
5 patient is qualified for payment or coverage. Each health plan
6 has its own policies and procedures that health care providers
7 are required to navigate to have services they prescribe for
8 their patients approved for payment before being provided to the
9 patient. Each health plan uses its own standards and methods,
10 the individual judgment of an employed medical director, or
11 advice from a contracted firm for determining the medical
12 necessity of the services prescribed, which are not transparent
13 or clear to the prescribing clinician or health care provider.

14 The legislature further finds that there is emerging
15 consensus among health care providers that prior authorization
16 increases administrative burdens and costs. In the 2023
17 physician workforce report published by the university of Hawaii



1 John A. Burns school of medicine, physicians voted prior
2 authorization as their top concern regarding administrative
3 burden. Furthermore, a physician survey conducted by the
4 American Medical Association reported that ninety-five per cent
5 of physicians attribute prior authorization to somewhat or
6 significantly increased physician burnout, and that more than
7 one in three physicians have staff who work exclusively on prior
8 authorization. The survey also found that:

9 (1) Eighty-three per cent of prior authorization denials

10 were subsequently overturned by health plans;

11 (2) Ninety-four per cent of respondents said that the

12 prior authorization process always, often, or

13 sometimes delays care;

14 (3) Nineteen per cent of respondents said prior

15 authorization resulted in a serious adverse event

16 leading to a patient being hospitalized;

17 (4) Thirteen per cent of respondents said prior

18 authorization resulted in a serious adverse event

19 leading to a life-threatening event or requiring

20 intervention to prevent permanent impairment or

21 damage; and



(5) Seven per cent of respondents said prior authorization resulted in a serious adverse event leading to a patient's disability, permanent body damage, congenital anomaly, birth defect, or death.

The legislature believes that reducing the burdens of prior authorization will assist health care providers, thereby ensuring the health and safety of their patients.

Accordingly, the purpose of this Act is to:

(1) Examine prior authorization practices in the State by requiring utilization review entities to report certain prior authorization data to the state health planning and development agency; and

(2) Establish the health care appropriateness and necessity working group to make recommendations to improve and expedite the prior authorization process.

SECTION 2. Chapter 323D, Hawaii Revised Statutes, is amended by adding two new sections to part II to be appropriately designated and to read as follows:

"§323D- Prior authorization data; reporting. (a)

Utilization review entities doing business in the State shall submit data to the state agency relating to prior authorization



1 of health care services, in a format specified by the state
2 agency. Reporting shall be annual for the preceding calendar
3 year and shall be submitted no later than January 31 of the
4 subsequent calendar year. The state agency shall post the
5 format for reporting on its website no later than three months
6 before the start of the reporting period.

7 (b) Protected health information as defined in title 45
8 Code of Federal Regulations section 160.103 shall not be
9 submitted to the state agency unless:

10 (1) The individual to whom the information relates
11 authorizes the disclosure; or

12 (2) Authorization is not required pursuant to title 45
13 Code of Federal Regulations section 164.512.

14 (c) The state agency shall compile the prior authorization
15 data by provider of health insurance, health care setting, and
16 line of business, and shall post a report of findings, including
17 recommendations, on its website no later than March 1 of the
18 year after the reporting period. If the state agency is unable
19 to post the report of findings by March 1, the state agency
20 shall notify the legislature in writing within ten days and



1 include an estimated date of posting, reasons for the delay, and
2 if applicable, a corrective action plan.

3 **§323D- Health care appropriateness and necessity**
4 **working group; established.** (a) There is established the
5 health care appropriateness and necessity working group within
6 the state agency. The working group shall:

7 (1) Determine by research and consensus:

8 (A) The most respected peer-reviewed national
9 scientific standards;

10 (B) Clinical guidelines; and

11 (C) Appropriate use criteria published by federal
12 agencies, academic institutions, and professional
13 societies,

14 that correspond to each of the most frequent clinical
15 treatments, procedures, medications, diagnostic
16 images, laboratory and diagnostic tests, or types of
17 medical equipment prescribed by licensed physicians
18 and other health care providers in the State that
19 trigger prior authorization determinations by the
20 utilization review entities;



- 1 (2) Assess whether it is appropriate to require prior
2 authorization for each considered clinical treatment,
3 procedure, medication, diagnostic image, laboratory
4 and diagnostic test, or type of medical equipment
5 prescribed by licensed physicians and other health
6 care providers;
- 7 (3) Make recommendations on standards for third party
8 reviewers related to the specialty expertise of those
9 reviewing and for those discussing a patient's denial
10 with the patient's health care provider;
- 11 (4) Recommend appropriate time frames within which urgent
12 and standard requests shall be decided;
- 13 (5) Monitor anticipated federal developments related to
14 prior authorization for health care services and
15 consider these developments when making its
16 recommendations;
- 17 (6) Assess industry progress toward, and readiness to
18 implement, any recommendations; and
- 19 (7) Make recommendations on treatments for common chronic
20 or long-term conditions for which prior authorization



1 may remain valid for the duration of the treatment in
2 the appropriate clinical setting.

3 (b) The administrator of the state agency shall invite the
4 following to be members of the working group:

5 (1) Five members representing the insurance industry, to
6 be selected by the Hawaii Association of Health Plans;

7 (2) Five members representing licensed health care
8 professionals, two of whom shall be selected by the
9 Hawaii Medical Association, two of whom shall be
10 selected by the Healthcare Association of Hawaii, and
11 one of whom shall be selected by the center for
12 nursing; and

13 (3) Five members representing consumers of health care or
14 employers, two of whom shall be selected by the board
15 of trustees of the Hawaii employer-union health
16 benefits trust fund, one of whom shall be a consumer
17 selected by the statewide health coordinating council,
18 one of whom shall be selected by the Hawaii Primary
19 Care Association, and one of whom shall be selected by
20 Papa Ola Lokahi.



1 The members of the working group shall elect a chairperson
2 and vice chairperson from amongst themselves. The director of
3 health, insurance commissioner, and administrator of the
4 med-QUEST division of the department of human services shall
5 each appoint an ex-officio advisor for the working group.

6 (c) The working group shall submit a report of its
7 findings and recommendations regarding information under
8 subsection (a), including any proposed legislation, to the
9 legislature no later than twenty days prior to the convening of
10 the regular session of 2026 and each regular session thereafter.

11 (d) The recommendations of the working group shall be
12 advisory only and not mandatory for health care facilities,
13 health care professionals, insurers, and utilization review
14 entities. The state agency shall promote the recommendations
15 among health care facilities, health care professionals,
16 insurers, and utilization review entities and shall publish
17 annually in its report to the legislature the extent and impacts
18 of its use in the State.

19 (e) The state agency shall seek transparency and agreement
20 among health care facilities, health care professionals,
21 insurers, utilization review entities, and consumers related to



1 the most respected clinical, scientific, and efficacious
2 standards, guidelines, and appropriate use criteria
3 corresponding to medical treatments and services most commonly
4 triggering prior authorization determinations to reduce
5 uncertainty around common prior authorization processes, and
6 also foster automation of prior authorization to the benefit of
7 all. The state agency shall explore means of achieving
8 statewide health sector agreement on means of automating prior
9 authorization determinations that decrease delays and
10 disruptions of medically necessary patient care in the near
11 future."

12 SECTION 3. Section 323D-2, Hawaii Revised Statutes, is
13 amended by adding four new definitions to be appropriately
14 inserted and to read as follows:

15 "Health care professional" has the same meaning as defined
16 in section 431:26-101.

17 "Prior authorization" means the process by which a
18 utilization review entity determines the medical necessity or
19 medical appropriateness of otherwise covered health care
20 services before the health care services are rendered. "Prior
21 authorization" includes any health insurer's or utilization



1 review entity's requirement that an insured or a health care
2 facility or health care professional notify the insurer or
3 utilization review entity before providing health care services
4 to determine eligibility for payment or coverage.

5 "Prior authorization data" means data required for
6 compliance with federal law and the regulations of the federal
7 Centers for Medicare and Medicaid Services, including those
8 promulgated under title 42 Code of Federal Regulations sections
9 422.122(c), 438.210(f), 440.230(e)(3), and 457.732(c).

10 "Utilization review entity" means an individual or entity
11 that performs prior authorization for one or more of the
12 following entities:

13 (1) An insurer governed by chapter 431, article 10A; a
14 mutual benefit society governed by chapter 432,
15 article 1; a fraternal benefit society governed by
16 chapter 432, article 2; or a health maintenance
17 organization governed by chapter 432D; or

18 (2) Any other individual that provides, offers to provide,
19 or administers hospital, outpatient, medical,
20 prescription drug, or other health benefits to an
21 individual treated by a health care facility or health



1 care professional in the State under a policy,
2 contract, plan, or agreement."

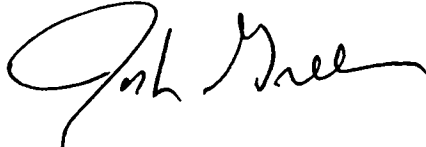
3 SECTION 4. New statutory material is underscored.

4 SECTION 5. This Act shall take effect upon its approval.



H.B. NO. 250
H.D. 2
S.D. 2
C.D. 1

APPROVED this 3rd day of June, 2025

A handwritten signature in black ink, appearing to read "Josh Green". The signature is fluid and cursive, with the first name "Josh" and last name "Green" clearly distinguishable.

GOVERNOR OF THE STATE OF HAWAII

HB No. 250, HD 2, SD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 30, 2025
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Third Legislature of the State of Hawaii, Regular Session of 2025.

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

Nadine K. Nakamura
Speaker
House of Representatives


A handwritten signature in black ink, appearing to read "Brian L. Takeshita", with a horizontal flourish.


Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAI'I

Date: April 30, 2025
Honolulu, Hawai'i 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate
of the Thirty-Third Legislature of the State of Hawai'i, Regular Session of 2025.


President of the Senate


Clerk of the Senate