

Honolulu, Hawaii

MAR 21 2025

RE: H.B. No. 250
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Health and Human Services, to which was referred H.B. No. 250, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require utilization review entities to submit an annual report with data relating to the prior authorization of health care services to the State Health Planning and Development Agency;
- (2) Establish timelines for the approval of prior authorization requests for urgent and non-urgent health care services;
- (3) Establish the Health Care Appropriateness and Necessity Working Group within the State Health Planning and Development Agency; and
- (4) Require the working group to submit annual reports to the Legislature.

Your Committee received testimony in support of this measure from the State Health Planning and Development Agency, 'Ahahui o nā



Kauka, Hawaii Primary Care Association, Hawaii Medical Association, Hawaii Provider Shortage Task Force, and numerous individuals.

Your Committee received testimony in opposition to this measure from the Pharmaceutical Care Management Association.

Your Committee received comments on this measure from the Department of the Attorney General, Hawaii Employer-Union Health Benefits Trust Fund, Hawaii Association of Health Plans, Hawaii Medical Service Association, Kaiser Permanente Hawai'i, and AlohaCare.

Your Committee finds that prior authorization is a health plan cost-control process that requires physicians, health care professionals, and hospitals to obtain advance approval from a health plan before a specific service to a patient is qualified for payment or coverage. Your Committee further finds that there is emerging consensus among health care providers that prior authorization increases administrative burdens and costs as each health plan uses its own standards and methods, the individual judgment of an employed medical director, or advice from a contracted firm for determining the medical necessity of the services prescribed, which are not transparent or clear to the prescribing clinician or health care provider. This measure increases transparency of prior authorization decisions and promotes collaboration among stakeholders to achieve consensus and ensure timely, accurate, consistent, fair, and equitable prior authorization decisions.

Your Committee notes the concerns raised in testimony by the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) that this measure's proposed deadlines and automatic prior authorization approval process will significantly increase claims to EUTF health plans, increasing the State's unfunded liability by \$428.6 million to \$535.7 million. Your Committee respectfully requests this measure's proposed Health Care Appropriateness and Necessity Working Group to collaborate and make recommendations on prior authorization reform that does not require an automatic prior authorization approval process and does not increase the State's unfunded liabilities.

Accordingly, your Committee has amended this measure by:



- (1) Extending the deadline for utilization review entities to annually submit data relating to prior authorization of health care services to the State Health Planning and Development Agency from January 1 to January 31 of the subsequent calendar year;
- (2) Clarifying that the State Health Planning and Development Agency is required to post the reporting format, rather than the data reports received from utilization review entities, on its website no later than three months before the start of the reporting period;
- (3) Inserting language to establish that protected health information as defined in title 45 Code of Federal Regulations section 160.103 shall not be submitted to the State Health Planning and Development Agency unless:
 - (A) The individual to whom the information relates authorizes the disclosure; or
 - (B) Authorization is not required pursuant to title 45 Code of Federal Regulations section 164.512;
- (4) Inserting language requiring the State Health Planning and Development Agency to notify the Legislature if it is unable to post its findings by March 1;
- (5) Deleting language that would have established timelines for the approval of prior authorization requests;
- (6) Inserting language to require the Health Care Appropriateness and Necessity Working Group to:
 - (A) Monitor anticipated federal developments related to prior authorization for health care services and consider these in making its recommendations; and
 - (B) Assess industry progress towards, and readiness to implement, any recommendations;



- (7) Deleting language that would have added a new definition for "health care service";
- (8) Inserting language to add a definition for "prior authorization data" to mean data required for compliance with federal law and the regulations of the federal Centers for Medicare and Medicaid Services, including those promulgated under title 42 Code of Federal Regulations sections 422.122(c), 438.210(f), 440.230(e)(3), and 457.732(c);
- (9) Amending section 1 to reflect its amended purpose; and
- (10) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Health and Human Services that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 250, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 250, H.D. 2, S.D. 1, and be referred to your Committees on Commerce and Consumer Protection and Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Health and Human
Services,



JOY A. SAN BUENAVENTURA, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Health and Human Services
HHS

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">HB 250, HD2</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">HHS, CPN/WAM</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">3/10/25</div>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
SAN BUENAVENTURA, Joy A. (C)	✓			
AQUINO, Henry J.C. (VC)	✓			
HASHIMOTO, Troy N.	✓			
KEOHOKALOLE, Jarrett				✓
FEVELLA, Kurt				✓
TOTAL	3			2
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature:				
<div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Distribution:</div> <div>Original</div> <div>Yellow</div> <div>Pink</div> <div>Goldenrod</div> </div> <div style="display: flex; justify-content: space-between; font-size: 0.8em; margin-top: 2px;"> <div>File with Committee Report</div> <div>Clerk's Office</div> <div>Drafting Agency</div> <div>Committee File Copy</div> </div>				

*Only one measure per Record of Votes