

Honolulu, Hawaii

FEB 28 2025RE: S.B. No. 1449
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 Commerce and Consumer Protection, to which was referred S.B. No. 1449, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PRIOR AUTHORIZATION OF HEALTH CARE SERVICES,"

begs leave to report as follows:

The purpose and intent of this measure is to require health insurers to report certain data relating to prior authorization practices to the State Health Planning and Development Agency of the Department of Health.

Your Committee received testimony in support of this measure from the Department of Health; State Health Planning and Development Agency; Policy Advisory Board for Elder Affairs; Hawaii Medical Association; Hawaii Medical Service Association; Kohala Coast Urgent Care & Mobile Health; Joyful Living, LLC; American Board of Wound Management; and seven individuals.

Your Committee received comments on this measure from the Hawaii Association of Health Plans.

Your Committee finds that prior authorization, which was first created by health insurers in the 1980s, was intended to identify and deny payments to doctors, hospitals, and health care providers that were deemed not medically necessary or appropriate. The practice has become more frequently applied to denial of



medical claims over the years, and the process of attempting to appeal or reverse the denials has been a major source of frustration due to the time-consuming and expensive burden it imposes on physicians, hospitals, and other providers. Additionally, because the clinical standards, guidelines, or scientific bases of these denials vary by insurer and are generally neither published nor clearly defined, physicians and other providers are expected to navigate the increasing complexity of this process. Many providers do not have the time or resources to challenge these denials on behalf of their patients, leading to provider burnout, delays in providing health care services, and diminished productivity that can negatively impact patient care. Your Committee further finds that patients and members of the public have also become aware of, and frustrated by, prior authorization denials of care that physicians have prescribed for them or their family members, given the public's response to the recent murder of a health insurance executive in New York. This measure will make prior authorization statistics available to the public to help consumers make more informed choices when choosing their health plan and contribute to creating community standards and practices that are more effective and simpler to administer.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1449, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



JARRETT KEOHOKALOLE, Chair



