STAND. COM. REP. NO. 292

Honolulu, Hawaii

FCY 18, 2009

RE: H.B. No. 690 H.D. 2

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2009 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 690, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this bill is to expand access to health insurance by requiring insurers to offer certain part-time employees the same group health care coverage offered to their coworkers who are regular employees, without the employer having to pay any portion of the premium.

This bill also requires the Insurance Commissioner to report to the Legislature on the costs and benefits of this measure.

The Department of Commerce and Consumer Affairs and Hawaii Medical Service Association testified in support of this bill. Kaiser Permanente Hawaii supported the intent of this measure.

This bill seeks to reduce the number of uninsured workers in Hawaii while minimizing the impact on employers. However, there are concerns that allowing part-time employees the option of purchasing coverage will produce adverse selection in which the covered group of voluntary participants will mostly include those who use more health care. This is because many voluntary participants may choose not to purchase health coverage unless they actually need health care services. The premiums for this pool of voluntary participants are therefore likely to be higher

HB690 HD2 HSCR CPC HMS 2009-2093

than for mandatory pools with a more balanced mix of both healthy participants who use fewer health services and the less healthy who use more services.

There are also questions regarding the appropriate minimum lengths of employment for part-time employees covered by this measure.

Accordingly, your Committee has amended this bill by:

- (1)Changing to an unspecified amount, the number of requisite working hours per week for part-time employees to be eligible for the health insurance coverage under this measure;
- Requiring eligible part-time employees to have worked (2)continuously for the employer for an unspecified minimum length of time; and
- Requiring that an unspecified percentage of the part-(3) time employees must agree to purchase the health care coverage before the coverage must be offered.

Technical, nonsubstantive amendments were also made for clarity and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 690, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 690, H.D. 2.

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

ROBERT N. HERKES, Chair

HB690 HD2 HSCR CPC HMS 2009-2093





## State of Hawaii House of Representatives The Twenty-fifth Legislature

## **Record of Votes of the Committee on Consumer Protection & Commerce**

Bill/Resolution No.: HB 690 HD1	HLT, CPC, FIN	Dat	2/11/09	
☐ The committee is reconsidering its prev	ious decision on the measure.			
The recommendation is to:  Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
<b>CPC Members</b>	Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)				
2. WAKAI, Glenn (VC)				
3. BELATTI, Della Au				
4. CABANILLA, Rida				
5. CARROLL, Mele				
6. ITO, Ken				
7. KARAMATSU, Jon Riki				$\sim$
8. LUKE, Sylvia				
9. McKELVEY, Angus L.K.				
10. MIZUNO, John M.				
11. MORITA, Hermina M.	V			
12. SOUKI, Joseph M.	V			
13. TSUJI, Clift	\ \/			
14. MARUMOTO, Barbara C.				
15. THIELEN, Cynthia				
				. 3.6
3				
TOTAL (15)		P	$  \mathcal{D}  $	4
The recommendation is: Adopted D Not Adopted				
If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				