



STATE OF HAWAII
DEPARTMENT OF HEALTH
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In reply, please refer to:
File:

House Committee on Health

SB 940, SD1, RELATING TO INSURANCE

**Testimony of Chiyome Leinaala Fukino, M.D.
Director of Health**

Tuesday, March 24, 2009

1 **Department's Position:** The Department of Health strongly supports this Administration bill and
2 respectfully proposes some amended language.

3 **Fiscal Implications:** Should result in an increase in revenue to the State.

4 **Purpose and Justification:** The State is responsible for providing 911 ambulance services statewide
5 through contracts for services in each of the counties. It also bills and collects for ambulance services
6 provided to patients statewide with revenues deposited into the general fund. As these emergency
7 services are funded by Hawaii's taxpayers, the Department of Health believes there should be a level
8 playing field for all citizens regarding commercial third party reimbursement for these critical services.
9 It is also generally accepted practice even among managed care insurance plans that when there is a sole
10 source provider of a critical service, payment for these services is made directly to the provider, whether
11 or not there is a contract in place.

12 While most health insurers in Hawaii abide by these practices, not all do. Direct payment to the
13 State of the insurance plan benefit for ambulance services results in improved collections at lower costs,
14 and simplifies matters particularly for elderly consumers who are often confused when they receive the
15 insurance check in the mail, cash it and use it for other purposes. Pursuing payment in these situations
16 causes unnecessary delays, costs of collection for the State, and often frustration for our citizens.

1 This measure amends the state insurance statutes to require all accident and health or sickness
2 insurers that offer coverage for ambulance service to provide direct payment to the State for pre-hospital
3 ambulance treatment and transport services. An additional amendment proposed by the Department
4 clarifies that pre-hospital ambulance treatment and transport service refers to ambulance service
5 provided in response to calls to the emergency 911 system. It also reaffirms that the requirement for
6 direct pay is for ambulance services billed by the State.

7 Thank you for the opportunity to testify on this important measure.



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TO THE HOUSE COMMITTEE ON HEALTH

TWENTY-FIFTH LEGISLATURE
Regular Session of 2009

Tuesday, March 24, 2009
10:00 a.m.

TESTIMONY ON SENATE BILL NO. 940, SD1 – RELATING TO INSURANCE.

TO THE HONORABLE RYAN I. YAMANE, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is J.P. Schmidt, State Insurance Commissioner (“Commissioner”), testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department supports this bill, which requires direct payment to the State of Hawaii for provision of pre-hospital treatment and transport services under circumstances where the State and the health insurer have not entered into a contract.

Direct payment to a non-participating provider may encourage a health insurer to enter into a mutually beneficial participating provider contract with the State of Hawaii. If the insurer does not, this bill helps the State get compensated for the cost of services that it must provide Hawaii’s people.

We thank this Committee for the opportunity to present testimony on this matter and ask for your favorable consideration.