

STAND. COM. REP. NO. **3580**

Honolulu, Hawaii

APR 08 2016

RE: H.B. No. 2539
H.D. 2
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 2539, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to expand health benefits options in the State.

Specifically, this measure authorizes insurers, mutual benefit societies, and health maintenance organizations that are subject to regulation by both the Insurance Commissioner and the Department of Labor and Industrial Relations, to offer high deductible health plans in conjunction with health savings accounts to employers who are subject to the Prepaid Health Care Act, together with certain prepaid health care plans that are sold to employers who are subject to the Act.

Your Committee received written comments in support of this measure from the Insurance Division of the Department of Commerce and Consumer Affairs and Alexander and Baldwin, Inc.

Your Committee received written comments in opposition to this measure from the Hawaii State AFL-CIO and ILWU Local 142.

Your Committee received comments on this measure from the Department of the Attorney General, Department of Labor and Industrial Relations, and Hawaii Medical Service Association.

HB2539 SD2 SSCR LRB 16-2270-2.doc



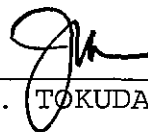
While your Committee has strong concerns on this measure, the subject matter committee chair has requested that your Committee keep this measure moving through the legislative process and has recommended changes as set forth in this draft. Your Committee's concerns revolve around the possible violation of the Employee Retirement Income Security Act of 1974, as amended, which may jeopardize the continued applicability of the Hawaii Prepaid Health Care Act, and the requirement that "insurers," instead of "employers," make health plans available to employees. Also of major concern is the possible effect of the amendment of this measure that was proposed by the subject matter committee chair. The amendment may result in counting high deductible plans towards the determination of the "most prevalent plan" that must be offered by employers to employees under the Prepaid Health Care Act.

Your Committee has amended this measure by:

- (1) Deleting language that would require the number of subscribers of high deductible health plans that are sold in conjunction with a health savings account to be disregarded when determining the largest number of subscribers in the State for purposes of chapter 393, Hawaii Revised Statutes; and
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2539, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2539, H.D. 2, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



JILL N. TOKUDA, Chair



The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB 2539, HD2, SD1	Committee Referral: CPH, WAM	Date: 4/5/16		
<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
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	/			
INOUE, Lorraine R.	/			
RIVIERE, Gil	/			
TANIGUCHI, Brian T.	/			/
WAKAI, Glenn	/			/
SLOM, Sam	/			/
TOTAL	8			3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> Distribution: Original File with Committee Report </div> <div style="text-align: center;"> Yellow Clerk's Office </div> <div style="text-align: center;"> Pink Drafting Agency </div> <div style="text-align: center;"> Goldenrod Committee File Copy </div> </div>				

***Only one measure per Record of Votes**