
A BILL FOR AN ACT

RELATING TO HEALTH INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that prior approval for
2 medical services, also known as precertification or
3 preauthorization, refers to health insurer requirements that
4 certain physician-ordered treatments or services must be
5 approved in advance by the insurer or by a medical review
6 service contracted by the insurer before the insurer will
7 provide final reimbursement or payment. Preauthorization can
8 help contain costs and ensure authorized medical treatment and
9 services are consistent with current standards of care.
10 Preauthorization can also promote accountability and mitigate
11 against the overutilization of costly, potentially harmful,
12 medical treatments and services.

13 The legislature further finds that while preauthorization
14 may be a useful and necessary tool, insurers should make
15 patients and health care providers aware, in advance, of the
16 medical policies insurers use when making preauthorization
17 decisions. Currently, there is no requirement that insurers



1 disclose the medical policies used for preauthorization
2 decisions before those decisions are made. This lack of
3 disclosure can lead to confusion and frustration for health care
4 providers and their patients. Further, the lack of clarity
5 around preauthorization decisions may cause unnecessary and
6 sometimes harmful delays in the administration of proper patient
7 care. Moreover, requiring insurers to provide advance notice of
8 their preauthorization standards and criteria will help ensure
9 that preauthorization decisions are appropriately evidence-
10 based.

11 Accordingly, the purpose of this Act is to require all
12 health insurers in the State to disclose on, or have accessible
13 through, their public websites all medical policies that the
14 health insurers use when making preauthorization decisions
15 related to medical treatment or service. The requirements of
16 this Act shall also apply to all health benefits plans under
17 chapter 87A, Hawaii Revised Statutes.

18 SECTION 2. Chapter 431, Hawaii Revised Statutes, is
19 amended by adding a new section to article 10A to be
20 appropriately designated and to read as follows:



1 "§431:10A- Disclosure of medical policies. Any insurer
2 that requires preauthorization of a medical treatment or service
3 shall disclose on, or have accessible through, its public web
4 site any medical policies that the insurer uses for
5 preauthorization decisions. The disclosure or link to access
6 the medical policies on the insurer's public website shall be
7 prominently displayed and readily accessible for consumers. The
8 medical policies shall include a listing of medical services
9 that may be subject to preauthorization review, the
10 preauthorization application procedure, the preauthorization
11 determination criteria, and the procedure to appeal a denial
12 decision."

13 SECTION 3. Chapter 432, Hawaii Revised Statutes, is
14 amended by adding a new section to article 1 to be appropriately
15 designated and to read as follows:

16 "§432:1- Disclosure of medical policies. Any mutual
17 benefit society that requires preauthorization of a medical
18 treatment or service shall disclose on, or have accessible
19 through, its public web site any medical policies that the
20 mutual benefit society uses for preauthorization decisions. The
21 disclosure or link to access the medical policies on the mutual



1 benefit society's public website shall be prominently displayed
2 and readily accessible for consumers. The medical policies
3 shall include a listing of medical services that may be subject
4 to preauthorization review, the preauthorization application
5 procedure, the preauthorization determination criteria, and the
6 procedure to appeal a denial decision."

7 SECTION 4. Chapter 432D, Hawaii Revised Statutes, is
8 amended by adding a new section to be appropriately designated
9 and to read as follows:

10 "§432D- Disclosure of medical policies. Any health
11 maintenance organization that requires preauthorization of a
12 medical treatment or service shall disclose on, or have
13 accessible through, its public web site any medical policies
14 that the health maintenance organization uses for
15 preauthorization decisions. The disclosure or link to access
16 the medical policies on the health maintenance organization's
17 public website shall be prominently displayed and readily
18 accessible for consumers. The medical policies shall include a
19 listing of medical services that may be subject to
20 preauthorization review, the preauthorization application



1 procedure, the preauthorization determination criteria, and the
2 procedure to appeal a denial decision."

3 SECTION 5. Notwithstanding any other law to the contrary,
4 the preauthorization disclosure requirements established under
5 sections 2, 3, and 4 of this Act shall apply to all health
6 benefits plans under chapter 87A, Hawaii Revised Statutes,
7 issued, renewed, modified, altered, or amended on or after the
8 effective date of this Act.

9 SECTION 6. New statutory material is underscored.

10 SECTION 7. This Act shall take effect upon its approval;
11 provided that sections 2, 3, 4, and 5 of this Act shall take
12 effect on January 1, 2018.

13



Report Title:

Preauthorization; Disclosure; Health Insurance; Medical Policies

Description:

Requires all health insurers, including health benefits plans under chapter 87A, HRS, to disclose on, or have accessible through, their public web sites any medical policies used for making preauthorization decisions. Disclosure requirements effective 1/1/2018. (SD1)

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