

STAND. COM. REP. NO. **697**

Honolulu, Hawaii

MAR 03 2017

RE: S.B. No. 387
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 387 entitled:

"A BILL FOR AN ACT RELATING TO HEALTH INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to require a health carrier with a network plan to maintain a network that is sufficient in numbers and appropriate types of providers, to ensure that covered persons under a health benefit plan have access to covered services.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Hawaii Medical Service Association, Kaiser Permanente Hawaii, and Hawaii Psychiatric Medical Association. Your Committee received comments on this measure from the Department of Human Services.

Your Committee finds that the federal Patient Protection and Affordable Care Act of 2010 requires that health plans participating in qualified health plans meet network adequacy standards to ensure consumers have access to needed care without unreasonable delay. In November 2015, the National Association of Insurance Commissioners (NAIC) adopted a new Network Adequacy Model Act (Model Act) that established standards for the creation and maintenance of health plan networks and to assure the



adequacy, accessibility, transparency, and quality of health care services offered under a network plan.

Your Committee further finds that this measure is Hawaii's adaptation of the NAIC's Model Act and is the product of a working group established by the Insurance Commissioner to create network adequacy policies that balance the realities of Hawaii's unique provider base with a health plan's ability to provide its members with proper access to a sufficient number of in-network primary care and specialty providers.

Your Committee has heard testimony expressing concern over this measure's potential impact on health plans that serve Medicaid beneficiaries. Your Committee notes that such health plans already have network adequacy standards that must meet the criteria of the Department of Human Services' State Medicaid program and criteria of the federal Centers for Medicare & Medicaid Services. Amendments to this measure are therefore necessary to ensure that the State remains compliant with the federal Centers for Medicare & Medicaid Services and that health plans who contract with the Department of Human Services' Med-QUEST Division are not over regulated with potentially conflicting network adequacy standards.

Your Committee has amended this measure by:

- (1) Clarifying that it does not apply to limited benefit health insurance, as provided in section 431:10A-102.5, Hawaii Revised Statutes, except limited scope dental plans or limited scope vision plans;
- (2) Clarifying that Medicaid managed care plans are exempt and shall continue to be subject to the network provider adequacy standards and oversight of the state and federal Medicaid programs;
- (3) Specifying that the Insurance Commissioner has the discretion to determine network sufficiency by considering any reasonable criteria, rather than requiring the Commissioner to consider all specified criteria, regardless of applicability;



- (4) Clarifying that a health carrier shall be responsible for ensuring that a participating provider is furnishing covered benefits to all covered persons; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes that testimony from the Department of Commerce and Consumer Affairs requested the addition of two sections of NAIC's Model Act, relating to filing requirements and state administration and contracting; however, the requested language was not included in this amended measure. Your Committee believes additional discussions between interested stakeholders may be warranted regarding whether to incorporate these sections from the Model Act as it moves through the legislative process.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 387, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 387, S.D. 1, and be placed on the calendar for Third Reading.

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



ROSALYN H. BAKER, Chair



