

STAND. COM. REP. NO.

158

Honolulu, Hawaii

FEB 05 , 2025

RE: H.B. No. 250
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Health, to which was referred H.B. No. 250
entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Examine prior authorization practices in the State by requiring utilization review entities to report certain data to the State Health Planning and Development Agency; and
- (2) Establish the Health Care Appropriateness and Necessity Commission to make recommendations to improve and expedite the prior authorization process.

Your Committee received testimony in support of this measure from the Department of Health; State Health Planning and Development Agency; Mohala Health; Hawaii Medical Association; Philippine Medical Association of Hawai'i; Waipahu Therapy Center, LLP; Hawai'i Association of Professional Nurses; Hawaii Provider Shortage Crisis Task Force; Waves of Health Inc; Hawaii Academy of Family Physicians; and numerous individuals. Your Committee received comments on this measure from Hawaii Medical Service

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Association; Hawaii Association of Health Plans; and Kaiser Permanente Hawai'i.

Your Committee finds that prior authorization was initially created in the 1980s to identify and deny payment to doctors, hospitals, and health care providers that was deemed not medically necessary or appropriate. Your Committee further finds that since then, the practice of prior authorization has been more frequently used to deny medical claims, regardless of the medical necessity or appropriateness of the prescribed medical treatment. As a result, physicians and other health care providers must expend an increasing amount of time and money to go through the process of appealing denials to ensure patients receive the medical treatment they were prescribed. Your Committee additionally finds that the basis for denial of prior authorization requests varies from insurer to insurer, further increasing costs for health care providers and delaying the timely provision of health care. Your Committee believes that streamlining and increasing the transparency of the prior authorization process, as proposed by this measure, will reduce the burden of navigating the prior authorization process and ensure the State's health care providers are able to deliver health care services to their patients in a safe and timely manner.

Your Committee has amended this measure by:

- (1) Establishing timelines for the approval of prior authorization requests for urgent and non-urgent health care services;
- (2) Establishing a Health Care Appropriateness and Necessity Working Group, rather than a commission;
- (3) Including laboratory and diagnostic tests to the list of services to be assessed by the Working Group;
- (4) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

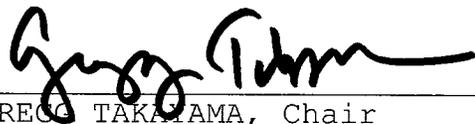
Your Committee notes the testimony of the Hawaii Medical Service Association and Hawaii Medical Association proposing



alternative compositions of the Health Care Appropriateness and Necessity Working Group. Your Committee believes that the working group should be composed of members best suited to effectively carry out the purposes of this measure, which is regulatory in nature and therefore more appropriately addressed by your Committee on Consumer Protection & Commerce. Therefore, your Committee respectfully requests your Committee on Consumer Protection & Commerce, should it deliberate on this measure, to consider amending this measure to provide the most effective composition of the working group.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 250, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 250, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Health,



GREGG TAKAYAMA, Chair



