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DEPT. COMM. NO. 355

February 24, 2026

VIA EMAIL

The Honorable Ronald D. Kouchi
Senate President
415 South Beretania Street
Hawaiʻi State Capitol, Room 409
Honolulu, Hawaiʻi 96813

VIA EMAIL

The Honorable Nadine K. Nakamura
Speaker, House of Representatives
415 South Beretania Street
Hawaiʻi State Capitol, Room 431
Honolulu, Hawaiʻi 96813

Re: *Study of Proposed Mandatory Health Insurance for Continuous Glucose Monitors for Individuals Diagnosed with Diabetes*, Report No. 26-06

Dear President Kouchi and Speaker Nakamura:

Please find attached Report No. 26-06, *Study of Proposed Mandatory Health Insurance for Continuous Glucose Monitors for Individuals Diagnosed with Diabetes*, along with a copy of the Auditor's Summary. House Concurrent Resolution No. 171, Senate Draft 1 (Reg. Session 2025) requested the Auditor to assess the social and financial impacts of the mandated insurance coverage proposed in House Bill No. 820 (Reg. Session 2025).

The report is accessible through our website at:
https://files.hawaii.gov/auditor/Reports/2026/26-06.pdf.

The summary is also accessible through our website at:
https://files.hawaii.gov/auditor/Overviews/2026/26-06AuditorSummary.pdf.

If you or other Legislators have questions about the report or would like a printed version of the report, please let me know.

Very truly yours,

Leslie H. Kondo
State Auditor

LHK:lml

cc: Members of the Senate
Members of the House of Representatives
Carol Taniguchi, Senate Chief Clerk
Brian Takeshita, House Chief Clerk

Auditor's Summary

Study of Proposed Mandatory Health Insurance for Continuous Glucose Monitors for Individuals Diagnosed with Diabetes

Report No. 26-06



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We were requested by the Legislature through House Concurrent Resolution No. 171, Senate Draft 1 (Regular Session 2025), to assess the social and financial effects of mandating insurance coverage for continuous glucose monitors to monitor blood glucose levels for persons diagnosed with diabetes as proposed by House Bill No. 820 (Regular Session 2025). A continuous glucose monitor is a diabetes management tool that automatically estimates a person's blood glucose level every few minutes throughout the day and night, allowing users to review changes and spot trends.

The Legislature has long recognized the impact of diabetes in Hawai'i. Since 2000, Hawai'i law has required medically necessary coverage for outpatient diabetes self-management training, education, equipment, and supplies when prescribed by a health care professional. That law (Section 431:10A-121, HRS) already provides coverage for outpatient diabetes self-management training, education, equipment, and supplies when determined to be medically necessary and are prescribed by a health care professional.

Insurers we surveyed confirmed that continuous glucose monitors prescribed by a healthcare provider and determined to be medically necessary are currently covered under the statute. As such, we conclude that House Bill

Insurers we surveyed confirmed that continuous glucose monitors prescribed by a healthcare provider and determined to be medically necessary are currently covered under the statute.

No. 820, which reiterates coverage for continuous glucose monitors when medically necessary and prescribed, would not alter existing insurance coverage requirements under Hawai‘i law. We, therefore, do not believe that House Bill No. 820, if passed, will have any material effects, social or economic.

Link to the complete report

https://files.hawaii.gov/auditor/Reports/2026/26-06.pdf

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Study of Proposed Mandatory Health Insurance for Continuous Glucose Monitors for Individuals Diagnosed with Diabetes

A Report to the Governor
and the Legislature of
the State of Hawai‘i

Report No. 26-06
February 2026



OFFICE OF THE AUDITOR
STATE OF HAWAI‘I

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STATE OF HAWAIʻI

Constitutional Mandate
Pursuant to Article VII, Section 10 of the Hawai'i State Constitution, the Office of the Auditor shall conduct post-audits of the transactions, accounts, programs and performance of all departments, offices, and agencies of the State and its political subdivisions.

The Auditor's position was established to help eliminate waste and inefficiency in government, provide the Legislature with a check against the powers of the executive branch, and ensure that public funds are expended according to legislative intent.

Hawai'i Revised Statutes, Chapter 23, gives the Auditor broad powers to examine all books, records, files, papers and documents, and financial affairs of every agency. The Auditor also has the authority to summon people to produce records and answer questions under oath.

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We report our findings and make recommendations to the Governor and the Legislature to help them make informed decisions.

For more information on the Office of the Auditor, visit our website: https://auditor.hawaii.gov

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Foreword

We assessed the social and financial effects of mandating insurance coverage for continuous glucose monitors to monitor blood glucose levels for persons diagnosed with diabetes as proposed by House Bill No. 820 (Regular Session 2025), pursuant to Sections 23-51 and 23-52, Hawai‘i Revised Statutes (HRS). Section 23-51, HRS, requires passage of a concurrent resolution requesting an impact assessment by the Auditor before any legislative measure mandating health insurance coverage for a specific health service, disease, or provider can be considered. The 2025 Legislature requested this assessment through House Concurrent Resolution 171, Senate Draft 1 (Regular Session 2025). We wish to express our appreciation for the cooperation and assistance extended to us by insurers in the State, as well as other organizations and individuals we contacted during the course of this report.

Leslie H. Kondo
State Auditor

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Study of Proposed Mandatory Health Insurance for Continuous Glucose Monitors for Individuals Diagnosed with Diabetes

Chapter 1

Introduction

House Concurrent Resolution 171, Senate Draft 1 (Regular Session 2025) requests the Office of the Auditor assess the social and financial effects of mandating insurance coverage for continuous glucose monitors to monitor blood glucose levels for person diagnosed with diabetes as proposed by House Bill No. 820 (Regular Session 2025). A continuous glucose monitor is a diabetes management tool that automatically estimates a person's blood glucose level every few minutes throughout the day and night, allowing users to review changes and spot trends.

House Bill No. 820 proposes to require health insurers in the State to provide coverage for the cost of medically necessary and prescribed continuous glucose monitors and related supplies for covered individuals diagnosed with diabetes, including gestational diabetes. The bill also provides that the requirement to cover continuous glucose monitors applies to all plans under Medicaid managed care programs.

We determined that the proposed health insurance mandate will not expand coverage beyond what is currently provided to insureds. Section 431:10A-121, Hawai‘i Revised Statutes (HRS) (coverage for diabetes), requires accident, health, and sickness insurance policies to cover outpatient diabetes self-management training, education, equipment, and supplies that are medically necessary and prescribed by a health care professional. Insurers we surveyed, including those providing health insurance coverage under Medicaid managed care programs, confirmed that continuous glucose monitors are currently covered when medically necessary and prescribed by a health care provider.

Continuous glucose monitors prescribed by a health care provider and determined to be medically necessary are currently covered under health insurance policies issued in the State; for that reason, we do not expect the mandate, if enacted, will have any material effects, either social or economic.

Given that continuous glucose monitors prescribed by a health care provider and determined to be medically necessary are currently covered under health insurance policies issued in the State, we do not expect the mandate, if enacted, will have any material effects, either social or economic.

Study Objective

Assess the social and financial effects of requiring health insurance plans to provide coverage for continuous glucose monitors to monitor blood glucose levels for persons diagnosed with diabetes.

Scope and Methodology

In preparing this report, we reviewed current Hawai‘i law, including Section 431:10A-121, HRS and Section 432E-1.4, HRS (medical necessity), as well as articles about other states' laws and bills mandating insurance coverage for continuous glucose monitors (CGMs). We reviewed articles and studies regarding CGMs. We interviewed representatives from the Hawai‘i chapter of the American Diabetes Association and the Department of Health's Chronic Disease Management Branch. We surveyed Hawai‘i health care insurers which accounted for 1,191,066 members enrolled in single or group health care insurance plans in 2024. That total represented 82 percent of the total number of people in the State. The majority of insurers which provide single and group health care plans in Hawai‘i participated in the survey,[1] as well as an insurer which provides only government-sponsored managed care services, primarily through Medicaid, Medicare Advantage, and Medicare Prescription Drug Plans.

We conducted this study from August 2025 to January 2026 in accordance with Sections 23-51 and 23-52, HRS.

1. The insurers who participated in the survey include Aloha Care, Hawai‘i Western Management Group (HWMG)/Hawai‘i Medical Assurance Association (HMAA), Hawai‘i Medical Service Association (HMSA), Kaiser Permanente Hawai‘i, ‘Ohana Health Plan, and University Health Alliance (UHA) Health Insurance.

Background

Diabetes

Diabetes is a chronic medical condition that affects how the human body turns food into energy. Glucose is the body's main source of energy and can be made by the body; glucose also comes from food. Glucose in the blood is regulated by the pancreas, which releases a hormone called insulin; insulin facilitates the transfer of blood glucose into energy within the body's cells. With diabetes, depending on the type of diabetes, the pancreas either does not make any insulin or does not make enough insulin, or the body cannot use insulin as it should. When there is not enough insulin or cells stop responding to insulin, blood glucose levels elevate and stay elevated for extended periods. Exposure to high blood glucose levels over time can lead to increased risk of developing serious health conditions.

Diabetes affects children and adults and primarily occurs in 3 forms:

- Type 1 diabetes is where the pancreas produces little or no insulin. Type 1 diabetes is usually diagnosed in children and young adults, although it can appear at any age. People with Type 1 diabetes need to take insulin every day to stay alive.
- Type 2 diabetes is where the pancreas produces insufficient amounts of insulin to keep blood glucose levels in the normal range or the cells in the body aren't using insulin properly. People with Type 2 diabetes are usually treated with oral medications but can require insulin injections in some cases.
- Gestational diabetes develops in some pregnant women between the 24th and 28th weeks of pregnancy and is characterized by high blood sugar due to insufficient insulin production. While gestational diabetes usually resolves after pregnancy, it is associated with an increased risk for eventually developing Type 2 diabetes.[2]

Type 1 diabetes is less common; about 5% to 10% of individuals diagnosed with diabetes in the United States have Type 1, while the remaining 90% to 95% have Type 2 diabetes. Gestational diabetes develops in 5% to 9% of U.S. pregnancies.

In order for Type 1 or Type 2 diabetics to avoid long-term complications, or for a pregnant woman with gestational diabetes to mitigate the effects of that condition, blood glucose levels must be managed to stay as close to normal ranges as possible.

2. Gestational diabetes is one of the most common complications of pregnancy. Studies we reviewed suggest continuous glucose monitors can be a tool to improve pregnancy outcomes, while evidence for using continuous glucose monitors with gestational diabetes remains limited with uncertainties regarding accuracy, cost-effectiveness, optimal use, and potential health benefits when compared with self-monitoring of blood glucose.

Diabetes in Hawai‘i

According to information from the Hawai‘i State Department of Health, Hawai‘i Health Data Warehouse, Behavioral Risk Factor Surveillance System which was last updated in February of 2023, 11.3% of Hawai‘i adults have been diagnosed with diabetes and 15.9% of pregnant women have been told by a health care provider they have gestational diabetes.[3]

In Hawai‘i, Filipinos, Native Hawaiians, and other Pacific Islanders are at greater risk of developing diabetes. According to data from the Department of Health's Hawai‘i Behavioral Risk Factor Surveillance System survey, in 2023, 13.3% of Filipinos report being diagnosed with diabetes. This is higher than the State average of 11.3%. Similarly, Native Hawaiians were also slightly more likely (13.2% vs. 11.3%) to be told by a health professional that they have diabetes. According to the article titled, "The Disparate Impact of Diabetes on Racial/Ethnic Minority Populations," Native Hawaiians are 22% more likely to die from diabetes when compared to the rest of the United States.

House Bill No. 820 states it is in the State's best interest to expand access to continuous glucose monitoring technology to residents in rural and high-risk communities. By doing so, the bill aims to reduce health disparities, increase health equity, and lower overall health care costs. Data from the Hawai‘i Behavioral Risk Factor Surveillance System indicates diabetes is 17% more prevalent in rural areas in the U.S. than urban and that 62% of rural counties in the U.S. do not have diabetes self-management education and support programs.

The cost impact of Type 2 diabetes in Hawai‘i is substantial. According to the American Diabetes Association, in Hawai‘i, diagnosed diabetes costs an estimated $2.6 billion each year, with total direct medical expenses for diagnosed diabetes estimated to be $1.8 billion and an additional $830 million in indirect costs from lost productivity due to diabetes. According to the Hawai‘i Diabetes Plan 2030, nearly one in every four health care dollars spent in the U.S. goes toward the care of people with diabetes. On average, people with diabetes incur more than twice the medical costs of people without diabetes.

3. According to data from the Hawai‘i Health Data Warehouse, the number of births in Hawai‘i in 2023 was 14,849.

Continuous Glucose Monitoring

The primary goal of diabetes treatment is to regulate the levels of blood sugar to avoid both high blood sugar (hyperglycemia) and low blood sugar (hypoglycemia).

The most widely used technique for measuring blood glucose levels at home involves manual, point-in-time glucose measurements throughout the day, which is referred to as self-monitoring of blood glucose (SMBG or self-monitoring). Self-monitoring is typically performed with blood glucose meters (or glucometers) that measure blood glucose in capillary blood obtained from finger needle sticks; the percentage of glucose concentration in the blood is then displayed on a screen. In addition to the blood glucose meter, additional supplies include test strips, small needles or a lancing device. The recommended number of daily glucose measurements varies based on the level of an individual's treatment needs; individuals with diabetes who require multiple daily insulin injections may be advised to measure their blood at least 4 times per day, usually prior to eating or sleeping.



PHOTO: ISTOCK.COM

Glucose meters measure blood glucose in capillary blood obtained from finger needle sticks and display the percentage glucose concentration on a screen.

Continuous glucose monitoring uses a device, called a continuous glucose monitor, to measure blood glucose. With a continuous glucose monitor, an interchangeable sensor inserted in the skin automatically measures interstitial glucose (i.e., glucose in the fluid between cells) every few minutes. As many as 288 measurements can be generated in a 24-hour period. Measurements taken by the sensor are transferred to a receiver for viewing and storage; the receiver may be a standalone device or an app on a smartphone or tablet. In addition to continuous measurement, many continuous glucose monitor models also include features such as alarms that sound when a user may be at risk for low or high blood sugar; many also allow users to download and share their information with their health care providers or family members. Most continuous glucose monitors are used on their own but can also be integrated with an insulin pump to automatically adjust the amount of insulin a patient receives throughout the day.[4]

4. While not strictly required for older systems, modern insulin pumps, especially "closed-loop" or Automated Insulin Delivery (AID) systems, heavily integrate with CGMs to automatically adjust insulin, making CGMs essential for their advanced functions.



PHOTO: ISTOCK.COM

Continuous glucose monitoring uses a wearable device to track blood sugar levels continuously without finger pricks, helping people with diabetes see real-time trends and make better daily decisions about food, activity, and medication.

There are two subcategories of continuous glucose monitor devices:[5]

- Real-time continuous glucose monitors (rtCGM) measure glucose levels in interstitial fluid on a regular basis and automatically sends the information to a smartphone application, an insulin pump, or a separate receiver where the information is displayed and shows trends in blood glucose levels. rtCGM systems can be programmed to send alerts or alarms when blood glucose levels rise above or fall below optimal levels.
- Intermittently scanned (also sometimes called "flash") continuous glucose monitors measure blood glucose levels every few minutes, but patients must actively scan their sensor with a separate device to see and store the data.

Cost Of Continuous Glucose Monitors Relative To Self-Monitored Blood Glucose

A continuous glucose monitor is generally more expensive than self-monitoring, especially for an individual who does not need frequent testing. AlohaCare, a Medicaid/Medicare managed care organization, reported the cost for glucose monitoring for an insured self-monitoring is approximately $600 per year compared with $1,550 to $1,821 for continuous glucose monitors. University Health Alliance (UHA) Health Insurance, a commercial health insurer, estimated the average yearly cost for an insured self-monitoring is approximately $219 compared with $2,718 for continuous glucose monitors.

House Bill No. 820

Introduced during the 2025 legislative session, House Bill No. 820 amends the current coverage for diabetes-related devices, Section 431:10A-121, HRS. In its current form, Section 431:10A-121, HRS, requires insurers to provide coverage "for outpatient diabetes self-management training, education, equipment, and supplies" if medically necessary and prescribed by a health care professional.

House Bill No. 820 proposes to add a new subsection to explicitly require all health insurers in the State, including Medicaid managed care programs, to cover continuous glucose monitors. Specifically, House Bill No. 820 requires health insurance policies issued or renewed in Hawai'i after December 31, 2025 to provide coverage

5. Professional or retrospective continuous glucose monitor devices are managed by clinicians. Patients wear the devices for 7 to 14 days and then return to the clinic to have the blood glucose data downloaded and interpreted by their treating clinician. Professional continuous glucose monitor devices are excluded from this report.

for "the cost of continuous glucose monitors and related supplies," including the cost of any necessary repairs or replacement parts for the monitors, for insureds diagnosed with diabetes, including gestational diabetes, regardless of whether they are treated with insulin. To trigger the mandated coverage, the continuous glucose monitor must be medically necessary and prescribed by a health care professional.[6]

Coverage Under Medicaid Managed Care Programs

Medicaid is a joint federal-state program that finances health coverage for individuals, including eligible low-income adults, children, pregnant women, elderly adults, and persons with disabilities. The U.S. Department of Health and Human Services' Centers for Medicare & Medicaid Services (CMS) administers the Medicaid program at the federal level. The Med-QUEST program administers Hawai'i's Medicaid program and is responsible for establishing and maintaining a Medicaid state plan approved by CMS, as well as maintaining any Medicaid waivers needed to operate Hawai'i's Med-QUEST program as directed by Hawai'i law. In 2026, Med-QUEST reported 386,382 Hawai'i residents are on Medicaid. The program is financed through both state and federal funds.

Hawai'i's QUEST integration program, which is the State's Medicaid program, is administered through five private health plans: AlohaCare, HMSA, Kaiser Permanente Hawai'i, 'Ohana Health Plan, and UnitedHealthcare Community Plan. All of the health plans provide disease management for asthma, heart disease, and diabetes. While not

Health Interventions

Health interventions are covered under health insurance policies when recommended by the treating licensed health care provider and determined by the health plan's medical director to be medically necessary. "Medically necessary" is defined in Section 432E-1.4, HRS, as a health intervention that is recommended by the treating physician or treating licensed health care provider, is approved by the health plan's medical director or physician designee, and is (1) for the purpose of treating a medical condition; (2) considering the potential benefits and harms to the patient, is the most appropriate delivery or level of service; (3) known to be effective in improving health outcomes (as determined first by scientific evidence, or by professional standards of care, or by expert opinion); and (4) cost-effective for the medical condition being treated compared to alternative health interventions. When a treating licensed health care provider and the health plan's medical director or physician designee disagree on medical necessity, the insured can appeal to a reviewing body, which determines whether the health intervention is medically necessary.

6. In surveys and policy documents, insurers commonly described coverage for CGMs for individuals with Type 1 and Type 2 diabetes who are on insulin or have a history of hypoglycemia. For example, HMSA covers CGMs for individuals with a confirmed diagnosis of diabetes who are not being treated with insulin but who have a history of problematic hypoglycemia, demonstrated by at least one of the following: (1) recurrent level 2 hypoglycemic events, defined as glucose levels below 54mg/dL (3.0mmol/L), that persist despite multiple attempts to adjust medication(s) and/or modify the diabetes treatment plan; or (2) a history of one level 3 hypoglycemic event, defined as glucose below 54mg/dL (3.0mmol/L), characterized by an altered mental and/or physical state requiring third-party assistance. 'Ohana Health Plan similarly requires a history of problematic hypoglycemia with documentation of at least one of the following: (1) recurrent level 2 hypoglycemic events (glucose below 54 mg/dL) that persist despite two or more attempts to adjust medication, modify the diabetes treatment plan, or both; or (2) a history of a level 3 hypoglycemic event (glucose below 54 mg/dL) characterized by an altered mental or physical state requiring third-party assistance for treatment. In addition, 'Ohana Health Plan covers continuous glucose monitoring for individuals with Type 1 diabetes, Type 2 diabetes and blood glucose that is not well controlled, or gestational diabetes where blood glucose is not well controlled.

Information From Other States

Hawai‘i is not alone in its consideration of mandated coverage for continuous glucose monitors.

In 2023, Montana lawmakers considered a bill (House Bill 758 (2023 Montana Legislature)) that would require insurance companies to cover continuous glucose monitors for people with Type 1 and Type 2 diabetes. Insurance companies and some providers opposed the bill, focusing on cost and whether a continuous glucose monitor is medically necessary at all stages of diabetes and the possibility that manufacturers would raise their prices if there was an insurance mandate. The bill did not pass.

In 2024, Illinois lawmakers passed a bill (Senate Bill 3414 (2024 Illinois Legislature)) expanding insurance coverage for medically necessary glucose monitors and other supplies for individuals diagnosed with any form of diabetes in Illinois. Previous law required coverage for Type 1 and Type 2 diabetes. The new coverage mandate requires insurance companies to provide coverage for continuous glucose monitors for individuals who are insulin-dependent or have medically documented hypoglycemia. The legislation prohibits prior authorization for the diabetes glucose monitors prescribed to patients not using Medicaid, and prohibits co-pays, except for certain high-deductible plans.

A 2025 bill in New Hampshire (House Bill 648 (2025 New Hampshire Legislature)) proposed to require commercial insurers to cover continuous glucose monitors and related supplies for people with diabetes who are not limited to insulin therapy, including gestational diabetes. The bill would require coverage for continuous glucose monitors and supplies for patients beyond those already covered (for example, many insurers cover CGMs for people with Type 1). New Hampshire's insurance department and testifiers on behalf of insurance carriers stated national guidance and evidence about who benefits most from continuous glucose monitors is still evolving and raised concerns about scope and cost. The bill did not pass in 2025, with representatives and testifiers stating the bill raised clinical and fiscal tradeoffs that needed to be resolved.

The Washington State Health Care Authority contracted with the Center for Evidence-based Policy Oregon Health & Science University to evaluate the effectiveness, safety, and cost-effectiveness of continuous glucose monitors in adults and children with Type 2 diabetes not on intensive insulin regimens and pregnant individuals with Type 2 or gestational diabetes not on insulin therapy. According to the study published in 2025, evidence from randomized controlled trials indicates continuous glucose monitors are safe and effective devices to reduce HbA1c levels in adults with Type 2 diabetes on nonintensive insulin regimens compared with daily self-monitoring testing. Cost effectiveness analyses suggested continuous glucose monitors are cost-effective for monitoring glucose levels compared with daily self-monitoring testing in adults with Type 2 diabetes using basal insulin. The report noted no clear evidence of effectiveness in adults with Type 2 on oral diabetes medication therapies or mixed diabetes regimens and for pregnant people with gestational diabetes not on insulin, although available evidence suggests continuous glucose monitors are not harmful in these populations. The study found no eligible randomized controlled trials of continuous glucose monitor use for children with Type 2 diabetes not on intensive insulin regimens. The report noted clinical guidelines issued by relevant professional organizations commonly recommend continuous glucose monitor coverage for patients with Type 2 or gestational diabetes who require insulin therapy and are at high risk for hypoglycemia. The study noted in Washington State, public and private payer policies follow major clinical guidelines and cover individuals with Type 2 diabetes who are on insulin therapy. The study further noted specific criteria for pregnant populations is limited.

specifically mandated by the Medicaid state plan, insurers we surveyed stated continuous glucose monitors are covered when prescribed by a health care provider and determined to be medically necessary, stating coverage generally follows current Medicare guidelines, which were expanded in 2023 to include all individuals with diabetes who are treated with insulin or have a history of problematic hypoglycemia, regardless of the amount of insulin used.

As noted, insurers we surveyed, including those providing health insurance coverage under Medicaid managed care programs, confirmed that continuous glucose monitors are currently covered when prescribed by a health care provider and determined to be medically necessary.

Social And Financial Impacts Of Mandating Health Insurance Coverage For Continuous Glucose Monitors As Proposed In House Bill No. 820

Section 23-51, HRS, requires an impact assessment by the Auditor before any legislative measure mandating health insurance coverage for a specific health service, disease, or health care provider can be considered. The health insurance coverage for medically necessary and prescribed continuous glucose monitors proposed in House Bill No. 820, however, does not appear to mandate any additional insurance coverage beyond what is already required under existing Hawai‘i law.

While it does not specifically identify continuous glucose monitors, Section 431:10A-121, HRS, currently mandates insurance coverage for medically necessary "equipment, supplies, training, and education" that are prescribed by a health care professional for outpatient diabetes treatment. Insurers we surveyed confirmed that they cover continuous glucose monitors when determined to be medically necessary and prescribed by a health care professional.

Accordingly, we do not believe that the proposed mandate will expand coverage beyond what is currently provided to insureds, and do not believe that there will be any material social or financial impacts should the Legislature mandate coverage for continuous glucose monitors as proposed in House Bill No. 820.

We report below information provided by the insurers that responded to our survey about their insureds and their costs to provide services to those diagnosed with diabetes.

The Social Impacts

The extent to which the treatment or service is generally utilized by a significant portion of the population.

In 2022, approximately 130,200 adults in Hawai‘i had diagnosed diabetes. Insurers reported in 2022, 126,770 covered individuals were diagnosed with Type 1, Type 2, or gestational diabetes. HMSA reported that diabetes is one of the top five conditions among its membership. As previously noted, Type 1 diabetes is less common (about 5% to 10% of individuals diagnosed with diabetes in the United States), than Type 2 diabetes (90% to 95% of individuals diagnosed with diabetes in the United States have Type 2 diabetes). People with Type 2 diabetes are usually treated with oral medications but can require insulin injections in some cases. We were unable to obtain the number of covered individuals with Type 2 diabetes that require insulin.

Table of the total number of insureds and the number of diagnosed with Type 1 and Type 2 diabetes, as reported in insurers surveys:

Year	Number of insureds*	Type 1**	Type 2**
2022	1,207,562	3,574	116,628
2023	1,211,072	3,582	117,347
2024	1,154,103	3,613	119,754

Source: Office of the Auditor

*An insurer reported a member (insured) may be counted more than once if they have Medicare/Medicaid coverage. The insurer who could not provide a breakdown of members diagnosed with diabetes by Type 1 and Type 2 was excluded from these totals.

**One insurer was excluded as it was unable to provide a breakdown of members diagnosed with diabetes by Type 1 and Type 2 diabetes. Another insurer reported that some members may be counted more than once due to factors such as eligibility changes, multiple diagnosis, and coordination of benefits.

The extent to which such insurance coverage is already generally available.

Current Hawai‘i law provides for medically necessary coverage for outpatient diabetes self-management training, education, equipment, and supplies when prescribed by a health care professional. (Section 431:10A-121, HRS.) Insurers we surveyed responded that continuous glucose monitors prescribed by a health care provider that meet the statutory standard of medical necessity are currently covered.

If coverage is not generally available, the extent to which the lack of coverage results in persons being unable to obtain necessary health care treatment.

Not applicable. Insurers we surveyed responded that continuous glucose monitors prescribed by a health care provider that meet the statutory standard of medical necessity are covered.

If the coverage is not generally available, the extent to which the lack of coverage results in unreasonable financial hardship on those persons needing treatment.

Not applicable. Insurers we surveyed responded that continuous glucose monitors prescribed by a health care provider that meet the statutory standard of medical necessity are covered.

The level of public demand for the treatment or service.

Because current Hawai‘i law provides for medically necessary coverage for outpatient diabetes self-management training, education, equipment, and supplies when prescribed by a health care professional, we did not assess additional demand for the treatment or service. We did, however, survey insurers about claims denied and their reasons for denial. That information is reported below.

The level of public demand for individual or group insurance coverage of the treatment or service.

The insurers we surveyed described demand for continuous glucose monitors by providing us with information about claims for continuous glucose monitors denied and their reasons for denial. Reasons included “not medically necessary,” “additional information required,” “plan limitation exceeded,” “prior authorization required,” and “prior authorization denied because the request did not meet policy criteria (e.g., member is not on insulin).”

The level of interest of collective bargaining organizations in negotiating privately for inclusion of this coverage in group contracts.

We reached out to collective bargaining organizations to ask if interest had been expressed to include continuous glucose monitors in group contracts. The Hawai‘i State Teachers Association reported receiving general comments on desires to have the benefit added and stated it has endorsed adding the benefit to medical plans through the Employers Union Trust Fund (EUTF) for all public employees and retirees.[7]

No other organizations responding reported receiving specific requests. No organizations reported having polled or surveyed members about continuous glucose monitors.

The impact of providing coverage for the treatment or service (such as morbidity, mortality, quality of care, change in practice patterns, provider competition, or related items).

Some insurers noted morbidity and mortality rates would not be affected if coverage was mandated because continuous glucose monitors prescribed by a health care provider that meet the statutory standard of medical necessity are currently covered.

The impact of any other indirect costs upon the costs and benefits of coverage as may be directed by the Legislature or deemed necessary by the Auditor in order to carry out the intent of this section.

Insurers indicated a potential increase in insurance premiums associated with mandated coverage but provided no specifics. At the same time, insurers surveyed stated that continuous glucose monitors are already covered under Section 431:10A-121, HRS, when determined to be medically necessary and prescribed by an authorized health care professional, confirming the proposed mandate mostly restates what insurers already do.

7. EUTF is a State agency that is responsible for designing health benefit plans and contracting with insurance carriers to provide the services. EUTF provides health benefits to more than 65,000 eligible State and county employees as well as more than 54,000 of their dependents and about 54,000 retirees plus 23,000 of their dependents.

The Financial Impacts

The extent to which insurance coverage of the kind proposed would increase or decrease the cost of the treatment or service.

As noted, insurers we surveyed responded that continuous glucose monitors prescribed by a health care provider that meet the statutory standard of medical necessity are currently covered. Because continuous glucose monitors prescribed by a health care provider that meet the statutory standard of medical necessity are currently covered, we do not expect any material increase or decrease in cost of CGMs. However, at least one insurer we surveyed stated the proposed mandate would increase the cost of treatment of diabetes.

The extent to which the proposed coverage might increase the use of the treatment or service.

Insurers we surveyed responded that continuous glucose monitors prescribed by a health care provider that meet the statutory standard of medical necessity are covered and, therefore, we do not anticipate increases in use.

The extent to which the mandated treatment or service might serve as an alternative for more expensive treatment or service.

Continuous glucose monitors are generally more expensive than self-monitoring, especially for an individual who does not need frequent testing. One insurer we surveyed stated there are no documented treatment alternatives to glucose monitoring that are more expensive.

The extent to which insurance coverage of the health care service or provider can be reasonably expected to increase or decrease the insurance premium and administrative expenses of policyholders.

Insurers we surveyed responded that continuous glucose monitors prescribed by a health care provider that meet the statutory standard of medical necessity are already covered.

The impact of this coverage on the total cost of health care.

While insurers we surveyed stated the proposed mandate would increase the cost of treatment of diabetes because health insurance mandates generally increase costs, none quantified the possible financial impact. Accordingly, based on representations that continuous glucose monitors prescribed by a health care provider that meet the statutory standard of medical necessity are already covered, we believe the proposed mandate is unlikely to result in a material change to the total cost of health care.

Conclusion

The Legislature has long recognized the impact of diabetes in Hawai‘i. Since 2000, Hawai‘i law has required medically necessary coverage for outpatient diabetes self-management training, education, equipment, and supplies when prescribed by a health care professional. That law (Section 431:10A-121, HRS) already provides coverage for outpatient diabetes self-management training, education, equipment, and supplies when determined to be medically necessary and are prescribed by a health care professional. Insurers we surveyed confirmed that continuous glucose monitors prescribed by a health care provider and determined to be medically necessary are currently covered under the statute. As such, we conclude that House Bill No. 820, which reiterates coverage for continuous glucose monitors when medically necessary and prescribed, would not alter existing insurance coverage requirements under Hawai‘i law.

Appendix A

Analyses of legislative proposals requiring mandatory insurance coverages are evaluated by the Office of the Auditor using Section 23-52, HRS, which includes the following social and financial impacts:

1. The Social Impact

A. The extent to which the treatment or service is generally utilized by a significant portion of the population;

B. The extent to which such insurance coverage is already generally available;

C. If coverage is not generally available, the extent to which the lack of coverage results in persons being unable to obtain necessary health care treatment;

D. If the coverage is not generally available, the extent to which the lack of coverage results in unreasonable financial hardship on those persons needing treatment;

E. The level of public demand for the treatment or service;

F. The level of public demand for individual or group insurance coverage of the treatment or service;

G. The level of interest of collective bargaining organizations in negotiating privately for inclusion of this coverage in group contracts;

H. The impact of providing coverage for the treatment or service (such as morbidity, mortality, quality of care, change in practice patterns, provider competition, or related items); and

I. The impact of any other indirect costs upon the costs and benefits of coverage as may be directed by the legislature or deemed necessary by the auditor in order to carry out the intent of this section.

2. The Financial Impact

A. The extent to which insurance coverage of the kind proposed would increase or decrease the cost of the treatment or service;

B. The extent to which the proposed coverage might increase the use of the treatment or service;

C. The extent to which the mandated treatment or service might serve as an alternative for more expensive treatment or service;

D. The extent to which insurance coverage of the health care service or provider can be reasonably expected to increase or decrease the insurance premium and administrative expenses of policyholders; and

E. The impact of this coverage on the total cost of health care.