

ACT 331

S.B. NO. 815

A Bill for an Act Relating to Health Insurance.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The Hawaii Revised Statutes is amended by adding a new chapter to be appropriately designated and to read as follows:

**“CHAPTER  
SOCIAL AND FINANCIAL ASSESSMENT OF  
PROPOSED MANDATORY HEALTH INSURANCE  
COVERAGE**

§ -1 **Proposed mandatory health insurance coverage; impact assessment report.** Before any legislative measure that mandates health insurance coverage for specific health services, specific diseases, or for certain providers of health care services as part of individual or group health insurance policies, can be considered, there shall be concurrent resolutions passed

requesting the legislative auditor to conduct a report that assesses both the social and financial effects of the proposed mandated coverage. For purposes of this chapter, mandated health insurance coverage shall not include mandated optionals.

§ -2 **Assessment report; contents.** The report required under section -1 for assessing the impact of a proposed mandate of health coverage shall include at the minimum and to the extent that information is available, the following:

- (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; and
  - (G) The level of interest of collective bargaining organizations in negotiating privately for inclusion of this coverage in group contracts; and
  - (H) The impact of indirect costs which are costs other than premiums and administrative costs, on the question of the costs and benefits of coverage.
- (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.

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$50,000, or so much thereof as may be necessary for fiscal year 1987-1988, to the office of the legislative auditor to conduct a study on the social and financial impact of mandating the health coverages proposed in the following bills:

- (1) S.B. No. 518, S.D. 2, H.D. 2;
- (2) S.B. No. 1173, H.D. 1, and its companion H.B. No. 343; and
- (3) S.B. No. 986, S.D. 2, H.D. 1, and its companion H.B. No. 885.

The study shall include at the minimum and to the extent that information is available, the contents for assessment reports as set forth in section -2 of Section 1 of this Act.

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**SECTION 3.** The legislative auditor shall submit a report of its findings and recommendations to the legislature twenty days before the convening of the Regular Session of 1988.

**SECTION 4.** The sum appropriated shall be expended by the office of the legislative auditor for the purposes of this Act.

**SECTION 5.** This Act shall take effect on July 1, 1987.

(Approved June 26, 1987.)