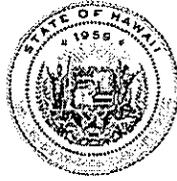


SB654

Measure Title: RELATING TO HEALTH INSURANCE.
Report Title: Mandatory Health Insurance Coverage; Tobacco Use Cessation
Description: Mandates health insurance coverage for tobacco use cessation treatments and that the insurer provide their policyholders information about tobacco use cessation treatment coverage.
Companion:
Package: None
Current Referral: HTH, CPN
Introducer(s): GREEN, CHUN OAKLAND, RUDERMAN, Nishihara, Shimabukuro

<u>Sort by Date</u>		Status Text
1/18/2013	S	Introduced.
1/22/2013	S	Passed First Reading.
1/22/2013	S	Referred to HTH, CPN.
1/24/2013	S	The committee(s) on HTH has scheduled a public hearing on 01-28-13 1:15PM in conference room 229.
1/28/2013	S	The committee(s) on HTH recommend(s) that the measure be PASSED, UNAMENDED. The votes in HTH were as follows: 4 Aye(s): Senator(s) Green, Baker, Chun Oakland, Nishihara; Aye(s) with reservations: none ; 1 No(es): Senator(s) Slom; and 0 Excused: none.
2/4/2013	S	Reported from HTH (Stand. Com. Rep. No. 39) with recommendation of passage on Second Reading and referral to CPN.
2/4/2013	S	Report adopted; Passed Second Reading and referred to CPN.
2/20/2013	S	The committee(s) on CPN will hold a public decision making on 02-26-13 10:15AM in conference room 229.



NEIL ABERCROMBIE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

KEALI'I S. LOPEZ
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON COMMERCE & CONSUMER PROTECTION
TWENTY-SEVENTH LEGISLATURE

Regular Session of 2013

Tuesday, February 26, 2013
10:15 a.m.

WRITTEN TESTIMONY ONLY

TESTIMONY ON SENATE BILL NO. 654 – RELATING TO HEALTH INSURANCE.

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner (“Commissioner”), testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department takes no position on this bill and offers the following comments.

The purpose of this bill is to add a new mandated health insurance benefit requiring health insurers to provide coverage for tobacco use cessation treatment that is not subject to any copayment, deductible, or coinsurance and to provide written notice of this coverage to policyholders.

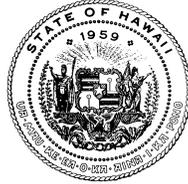
The addition of a new mandated coverage may trigger section 1311(d)(3) of federal Patient Protection and Affordable Care Act, which requires states to defray the additional cost of any benefits in excess of the essential health benefits of the state's qualified health plan.

Any proposed mandated health insurance coverage requires the passage of a concurrent resolution requesting the State Legislative Auditor to prepare and submit a

S.B. No. 654
DCCA Testimony of Gordon Ito
Page 2

report assessing the social and financial impacts of the proposed mandate, pursuant to Hawaii Revised Statutes § 23-51.

We thank the Committee for the opportunity to present testimony on this matter.



STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

WRITTEN COMMENTS ONLY

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SB0654, RELATING TO HEALTH INSURANCE

**Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Director of Health**

**February 26, 2012
10:15AM, Room 229**

1 **Department's Position:** The Department of Health (DOH) appreciates the intent of SB0654 to help
2 smokers quit and encourages the creation of a concurrent resolution to meet the statutory requirement
3 for an impact assessment of the social and fiscal impact of mandated health insurance coverage, in this
4 instance, for tobacco use cessation.

5 **Fiscal Implications:** No appropriations requested.

6 **Purpose and Justification:** This measure requires that the U.S. Public Health Services Clinical
7 Practice Guideline on Treating Tobacco Use and Dependence evidence-based tobacco use cessation
8 treatment be covered by every insurance provider and in every plan. Tobacco use is the leading cause of
9 preventable death and disease in Hawaii, claiming 1,100 lives each year and creating \$336 million in
10 annual health care costs directly attributable to smoking. Despite the fact that Hawaii has made
11 significant gains in tobacco prevention and control, an estimated 176,000 adults in the state report being
12 current smokers, and some populations are particularly at risk.

13 Nicotine addiction is treatable, and data show that most smokers want to quit (54% of Hawaii
14 smokers report such) and that covering treatment improves the chances that a person will quit smoking.

Promoting Lifelong Health & Wellness

1 According to the U.S. Public Health Services Clinical Practice Guideline on Treating Tobacco Use and
2 Dependence (the gold standard for cessation services) : 1) Tobacco cessation treatments help people quit
3 smoking; 2) Participation rates for treatment programs are higher when there is no cost-sharing;
4 3) Combining counseling with tobacco cessation medications is more effective than using one type of
5 treatment alone; and 4) Quit rates are higher when health insurance covers tobacco cessation treatments.

6 Under the 2010 Patient Protection and Affordable Care Act (ACA), state health insurance
7 exchanges must offer an Essential Health Benefit (EHB). One of the 10 categories within the EHB is
8 tobacco cessation. However, there is no specific requirement for state insurance plans to provide a
9 comprehensive tobacco cessation benefit as a standard of coverage. Only nine states require private
10 insurance plans to cover tobacco cessation treatments. SB0654 would assure that all insurance providers
11 in Hawaii would guarantee comprehensive coverage of evidence-based tobacco cessation treatment and
12 would complement the ACA law.

13 The DOH supports this bill as helping smokers quit not only saves lives, it also saves money.
14 These savings come from lower health-care costs, increased workplace productivity, and averted
15 premature deaths.

16 Thank you for the opportunity to testify.

The American Heart Association mission is:
Building healthier lives free of cardiovascular diseases and stroke..



American Heart Association | American Stroke Association

Learn and Live..

Serving Hawaii

Testimony In Support of SB654, “Relating To Health Insurance”

The American Heart Association supports SB 654, “Relating To Health Insurance”, but suggests that the definition of coverage be made more specific by adding language indicating that “coverage of ‘pharmacotherapy’” means that the plan must cover products identified for cessation use and listed in the US Preventive Services Guidelines. Also, coverage for “counseling” must include group, private and telephone counseling. We also suggest clarifying that bill must require all health plans to provide the benefit, including those that are “grandfathered” under the Affordable Care Act.

Cigarette smoking is the single leading cause of preventable disease and preventable death in the United States (US), leading to more than 400,000 deaths annually. The CDC and the U.S. Department of Health and Human Services have both issued guidelines on smoking cessation to help people to quit smoking that include: access to counseling, access to all FDA-approved over-the-counter and prescription medications; multiple quit attempts; and reduced or eliminated co-pays. However, access to these aids is limited since many payers do not cover these treatments.

The American Heart Association (AHA) supports the provision of evidence-based preventive cardiovascular services of proven and substantial value to all patients who might benefit from their receipt. The value of such services to the individual patient and to society as a whole has been clearly and unequivocally demonstrated. Given that insurance coverage is a very important determinant of access to healthcare, the AHA advocates that all public and private health insurance programs should cover such preventive cardiovascular services. Insurers should update their coverage of preventive services annually to reflect substantive changes in the evidence base. Services covered should reflect the individual patient’s risk.

Among the primordial and preventive cardiovascular services that the AHA recommends be covered by health insurers includes all evidence-based treatment, including both individual and group counseling, and drugs for smoking cessation, following the US Preventive Services Guidelines.

The AHA also recognizes that requiring an individual contribution to receive services, e.g. co-pays and deductibles, can have a negative impact on utilization, especially in some populations, such as the elderly and the poor. For this reason, the AHA strongly supports the bill’s provision requiring that public and private insurers eliminate all cost-sharing for evidence-based preventive cardiovascular services that are proven to be of substantial benefit.

A study completed by Penn State University in 2010 estimated that in Hawaii the annual direct costs to the economy attributable to smoking were in excess of \$1.1 billion, including workplace productivity losses of \$215 million, premature death losses of \$449 million, and direct medical expenditures of \$444 million. While the retail price of a pack

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For information on the AHA’s educational or research programs, contact your nearest AHA office, or visit our web site at www.americanheart.org.

Honolulu County:
667 Ala Moana Blvd.,
Suite.600
Honolulu, HI 96813-5485
Phone: 808-538-7021
Fax: 808-538-3443

Maui County:
J. Walter Cameron Center
95 Mahalani Street, No. 13
Wailuku, HI 96793-2598
Phone: 808-244-7185
Fax: 808-242-1857

Hawaii County:
400 Hualani Street, Ste. 15
Hilo, HI 96720-4344
Phone: 808-961-2825
Fax: 808-961-2827

Kauai County:
(serviced by the Oahu office)
Toll-Free 1-866-205-3256

Please remember the American Heart Association in your will.



American Heart Association | American Stroke Association

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of cigarettes in Hawaii is on average \$7.45, the combined medical costs and productivity losses attributable to each pack of cigarettes sold are approximately \$23.26 per pack of cigarettes. The ratio of benefits to cost varies from \$0.84 to \$2.28 saved per dollar spent on smoking cessation programs, depending upon the type of intervention.

The Federal Health Insurance Reform legislation will require private insurers to provide the coverage described above beginning in 2014, however a grandfather clause will allow policies already in place at that time to continue without the mandated coverage until such time that changes to the existing policies take place. It could take several years beyond that date before all policies reflect the mandated tobacco cessation services. During the interim, some policy holders will continue to face barriers to the services that they might find useful in quitting their nicotine addiction. They will continue to add to the healthcare costs borne in Hawaii primarily by its businesses.

The American Heart Association recommends moving ahead and establishing that important health care coverage as soon as possible. The Hawaii legislature has done its part to encourage smokers to try and quit by increasing the cost of tobacco products through higher prices, and limiting where smoking tobacco products can take place. Legislators should also provide those, who as a result of the Legislature's efforts, now want to quit using tobacco products with the scientifically-based therapies that are available to assist tobacco users end their addiction.

Please support SB654 with the recommended amendments stated above.

Respectfully submitted,

A handwritten signature in cursive script that reads "Donald B. Weisman".

Donald B. Weisman
Hawaii Government Relations Director
American Heart Association

Testimony of
John M. Kirimitsu
Legal and Government Relations Consultant

Before:
Senate Committee on Commerce and Consumer Protection
The Honorable Rosalyn H. Baker, M.D., Chair
The Honorable Brickwood Galuteria, Vice Chair

February 26, 2013
10:15 am
Conference Room 229

Re: SB 654 Relating to Health Insurance

Chair, Vice Chair and committee members, thank you for this opportunity to provide testimony on SB 654 Relating to Health Insurance.

Kaiser Permanente supports the intent of this measure.

Kaiser Permanente's usual position on legislative health mandates is to oppose them, in part because they often tend to dictate how medicine should be practiced, which sometimes results in medicine that is not evidence based and usurps the role and expertise of the practicing physician in providing safe, quality medical care, treatment and services.

That being said, Kaiser Permanente already provides what is being proposed in SB 654 through its base plans at no charge, and we are always proud to sponsor healthy lifestyles.

Thank you for your consideration.



COALITION FOR A
TOBACCO-FREE HAWAII

To: The Honorable Rosalyn Baker, Chair, Committee on Commerce & Consumer Protection
The Honorable Brickwood Galuteria, Vice Chair, Committee on Commerce & Consumer Protection
Members, Senate Committee on Commerce & Consumer Protection
From: Jessica Yamauchi, Executive Director
Date: February 24, 2013
Hrg: Senate Committee on Commerce & Consumer Protection; Tues., Feb. 26, 2013 at 10:15 a.m. in Rm 229
Re: **Support for SB 654, Relating to Health Insurance**

The Coalition for a Tobacco-Free Hawaii (Coalition) supports Senate Bill 654, which provides insurance coverage for smoking cessation services, and would like to propose a few changes to increase its effectiveness. By including language that calls for coverage of pharmacotherapy, it will require that health insurance plans must cover products identified for cessation use as listed in the U.S. Preventative Services Guidelines. We also believe that strengthening the language of the bill to clearly identify that all health plans must provide cessation benefits including those that are grandfathered under the Affordable Health Care Act will go a long way to ensuring that those who seek to quit smoking are adequately supported.

The Coalition for a Tobacco Free Hawaii (Coalition) is the only independent organization in Hawaii whose sole mission is to reduce tobacco use through education, policy and advocacy. Our organization is a small nonprofit organization of over 100 member organizations and 2,000 advocates that works to create a healthy Hawaii through comprehensive tobacco prevention and control efforts. The Coalition also supports the public through its Smoke-Free Homes Initiative, designed to create smoke-free apartments and condos through voluntary action.

Cigarette smoking is the single leading cause of preventable disease and preventable death in the United States, leading to more than 400,000 deaths annually. In Hawaii, there are still more than 178,000 adult smokers in the state, and according to a 2006 Department of Health survey, 87.3% planned to quit. It is imperative that we remove as many barriers as possible so those that who are addicted can quit efficiently and effectively. Counseling and pharmacotherapy increase the chance of quitting compared to unassisted attempts.¹ Within one year of an attempt to stop

¹See Fiore MC, Bailey WC, Cohen SJ, Dorfman SF, Goldstein MG, Gritz ER, et al. Treating Tobacco Use and Dependence: 2008 Update – Clinical Practice Guidelines. Rockville (MD): U.S. Department of Health and Human Services, Public Health Agency for Healthcare Research and Quality, 2008.



smoking, about 95 percent of people who try to stop without pharmacological aid continue to smoke or relapse.² Tobacco users who want to quit should have the help they need to quit as recommended by the U.S. Preventive Services Task Force, this includes counseling and pharmacotherapy.

We appreciate the language requiring that insurers notify beneficiaries of the smoking cessation coverage. Providing insurance coverage for cessation services and informing policy holders about the coverage will save money. An actuarial study conducted by Milliman, Inc. found that employees who quit smoking reduce annual medical and life insurance costs by at least \$210 immediately. After two years of providing FDA-approved pharmacotherapies and counseling to Medicaid beneficiaries, Massachusetts saw 33,000 less smokers and a reduction in the number of hospitalizations for heart attack, emergency room visits for asthma, and claims for maternal birth complications.

While some may see the costs associated with instituting the changes outlined in this measure as a reason to oppose it, they pale in comparison to the costs attributed to treating the various illnesses caused by smoking. A study completed by Penn State University in 2010 estimated that in Hawaii the annual direct costs to the economy attributable to smoking were in excess of \$1.1 billion, including workplace productivity losses of \$215 million, premature death losses of \$449 million, and direct medical expenditures of \$444 million.

This bill is a strong step in solidifying in statute the intent of the State to make sure residents have access to health. The Coalition urges you to pass SB 654 with the recommended changes above. Thank you for your time and the opportunity to testify.

Jessica Yamauchi, M.A.
Executive Director

² Cohen S, Lichtenstein E, Prochaska JO, Rossi JS, Gritz ER, Carr CR, Orleans CT, Schoenbach VJ, Biener L, Abrams D, et al. Debunking myths about self-quitting: evidence from 10 prospective studies of persons who attempt to quit smoking by themselves, *American Psychologist* 1989;44(11):1355-65.

SB654

Submitted on: 2/20/2013

Testimony for CPN on Feb 26, 2013 10:15AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Kathy Yokouchi	Hawaii State Center for Nursing	Support	Yes

SB654 TESTIMONY

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No
Jill Friedman	Individual	Support	No