

Auditor's Summary

Study of Proposed Mandatory Health Insurance for Port-Wine Stains

Report No. 18-20

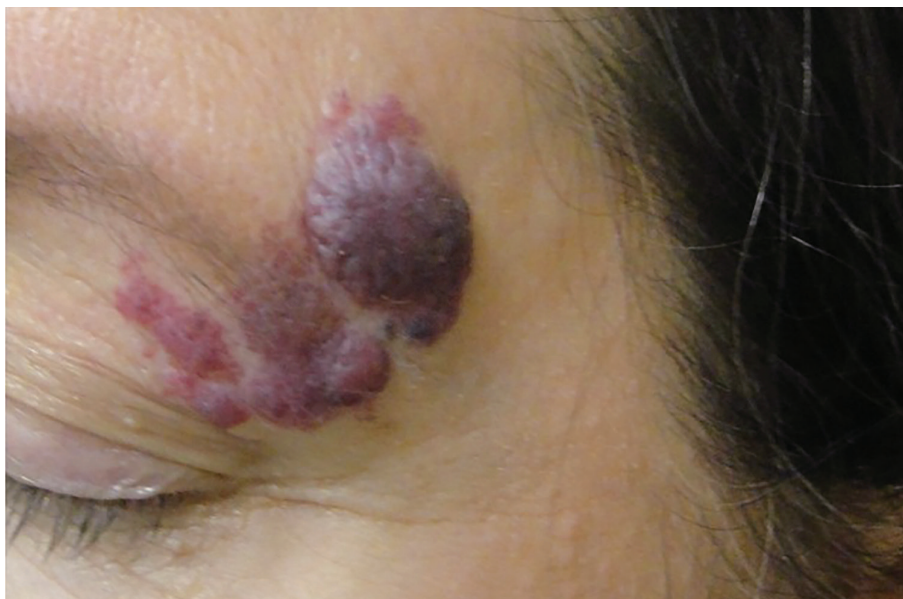


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Medical complications can develop from port-wine stains. Over time, port-wine stains can progress and “hypertrophy” – or thicken – and “nodules,” or lumps due to abnormal swelling, may also develop with age.

Assessment challenging due to lack of data, breadth of proposed coverage

IN THE 2018 LEGISLATIVE SESSION, the Hawai‘i State Legislature contemplated mandating insurance coverage for treatment of port-wine stains, irrespective as to whether the treatment is deemed to be medically necessary. In Report No. 18-20, *Study of Proposed Mandatory Health Insurance for Port-Wine Stains*, we surveyed Hawai‘i’s health-plan providers and found that insurance coverage is currently provided for “medically necessary” treatment. However, there are differing positions between health insurers and health care providers as to when treatments for port-wine stains are for cosmetic purposes and when treatments are considered medically necessary. The majority of health care insurers surveyed said that medical treatments are deemed necessary when a patient experiences some functionality issues resulting from a port-wine stain. However, some health care providers argue that port-wine stains may negatively impact a patient’s quality of life and have psychological impacts even where there are no functionality issues.

Social and Financial Impacts of House Bill No. 1705, H.D. 1

State law requires 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. In our examination of the potential social and financial effects of mandating health insurance coverage for port-wine stains, the majority of insurers either could not provide the total number

of members who received medical treatment for port-wine stains over a three-year period, or said that they did not receive any claims for such treatments. Based on data reported in published studies, we estimated that the number of people in Hawai‘i that have port-wine stains ranged from nearly 600 to roughly 7,100 people.

The scope of coverage under House Bill No. 1705, H.D. 1, also presented some challenges to our assessment. The proposed mandate does not consider medical necessity and would, therefore, apply to all port-wine cases. The majority of insurers surveyed replied that mandated coverage would cause insurance premiums to increase, but did not provide an estimate. As raised in this report, there will be several issues to address when considering whether to implement House Bill No. 1705, H.D. 1.