

STAND. COM. REP. NO.

681

Honolulu, Hawaii

Feb 16, 2007

RE: H.B. No. 228
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 228, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH INSURANCE,"

begs leave to report as follows:

The purpose of this bill is to promote fair and equitable health insurance rates by:

- (1) Prohibiting health insurance rates that are excessive, inadequate, or unfairly discriminatory; and
- (2) Requiring health care insurers to submit rate filings for approval by the Insurance Commissioner (Commissioner).

The Kokua Council, Hawaii Association of REALTORS, Hawaii Government Employees Association, and a concerned individual supported this bill. The Department of Commerce and Consumer Affairs supported the intent of this measure. Kaiser Permanente and the Hawaii Medical Service Association opposed this bill.

Your Committee finds that the health insurance market in Hawaii is dominated by a handful of insurance providers. This situation may lead to unfair pricing that harms our residents and hurts our small businesses. This measure will help to ensure appropriate oversight of health insurance rates.

HB228 HD2 HSCR CPC HMS 2007-2338



Your Committee has amended this measure by:

- (1) Deleting the provision specifying that if a managed plan's net worth exceeds 30 percent of its annual health care expenditures and operating expenses, the managed care plan's reserve in excess of 30 percent of its expenditures and expenses shall be reimbursed to hospitals and participating health care providers in proportion to services rendered;
- (2) Establishing that if a managed care plan's current net worth exceeds 30 percent of its annual total expenses, the excess moneys shall be reimbursed to certain subscribers, enrollees, or other customers in accordance with a plan submitted by the managed care plan and approved by the Commissioner; provided that this provision shall not apply to disability insurance;
- (3) Requiring the Commissioner to hold a hearing within 30 working days after receipt of a written request from an aggrieved managed care plan, and requiring the Commissioner to give not less than seven working days written notice of the time and place of the hearing; and
- (4) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 228, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 228, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ROBERT N. HERKES, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

HSCC 689

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB 228, HD 1		Date: February 14, 2007		
Committee Referral: HLT, CPC, FIN		<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.		
The recommendation is to: <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Pass, with amendments, for recommittal for further consideration				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)	X			
2. McKELVEY, Angus L.K. (VC)	X			
3. CALDWELL, Kirk				X
4. EVANS, Cindy	X			
5. GREEN, Josh, M.D.	X			
6. ITO, Ken	X			
7. LUKE, Sylvia				X
8. MORITA, Hermina M.	X			
9. SONSON, Alex M.	X			
10. SOUKI, Joseph M.		X		
11. TSUJI, Clift	X			
12. YAMANE, Ryan I.	X			
13. YAMASHITA, Kyle T.	X			
14. MARUMOTO, Barbara C.	X			
15. THIELEN, Cynthia	X			
TOTAL	12	1		2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – HMSO Duplicate (Pink) – Clerk's Office				