

STAND. COM. REP. NO.

2614

Honolulu, Hawaii

FEB 28 2008

RE: S.B. No. 2770
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and
Affordable Housing, to which was referred S.B. No. 2770, S.D. 1,
entitled:

"A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to ensure that patients
injured in automobile accidents receive prompt access to
appropriate treatment for optimum rehabilitation and recovery by
exempting motor vehicle insurers from being required to make
available to the insured, at the insured's option, personal injury
protection benefits through managed care, if there are fewer than
five managed care providers or equivalent entities within twenty-
five miles of the claimant.

Testimony in support of this measure was submitted by the
Consumer Lawyers of Hawaii. Testimony in opposition to this
measure was submitted by the Department of Commerce and Consumer
Affairs, the Government Employees Insurance Company (GEICO), and
one private individual.

Existing automobile insurance laws provide that personal
injury protection benefits covering medical treatment may be
offered on an optional managed care basis. Insurance companies
are not required to make this option available, but may do so if
they can provide medical treatment through a managed care program.
Obtaining medical treatment under a managed care program can be
challenging, especially for individuals on the neighbor islands

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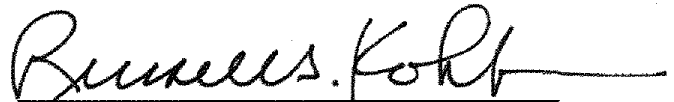


who do not reside in close proximity to a physician who is a medical provider under the program. Your Committee finds that providing an exemption for insureds from the required treatment under a managed care program will allow injured individuals to receive timely treatment by their private physicians.

Your Committee recognizes the testimony submitted in opposition to this measure that raises concerns that allowing this exemption may provide a disincentive for insurers to establish or maintain a managed care system, which ultimately would be detrimental to consumers as their premium rates may increase as a result. Your Committee believes that this issue merits further input in order to be explored and discussed so that appropriate actions may be taken. Your Committee notes that the previous committee, the Committee on Health, inserted an effective date of July 1, 2050, and encourages further discussion on this matter as this measure moves through the legislative process.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2770, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Affordable
Housing,



RUSSELL S. KOKUBUN, Chair



