

Honolulu, Hawaii

March 16, 2006

RE: S.B. No. 2917  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Health, to which was referred S.B. No. 2917  
entitled:

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

begs leave to report as follows:

The purpose of this bill is to ensure fair and equitable pricing of healthcare insurance premiums by allowing the health insurance rate oversight provided by the Insurance Commissioner to continue indefinitely. Specifically, this bill repeals the sunset date of June 30, 2006, that was established in 2002.

The Department of Commerce and Consumer Affairs, Hawaii Business League, Summerlin Life and Health Insurance Company, Hawaii State Teachers Association, Hawaii Chapter of the American Physical Therapy Association, Hawaii Association of Realtors, and Hawaii Psychiatric Medical Association supported this bill. Kaiser Permanente, Hawaii Medical Service Association, and Hawaii Pacific Health opposed this measure.

Your Committee heard conflicting views on the value of rate regulation of the healthcare insurance industry in Hawaii, and feels that a more conclusive decision could be reached in this controversial matter if more concrete data were available to show the effects of Act 74, Session Laws of Hawaii 2002. A study that shows the impact that this 2002 legislation had on health insurance rates in the past four years would be an extremely

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valuable tool in discovering the best possible solution to this matter. To assist in such an undertaking, your Committee has amended this bill by:

- (1) Extending the sunset date to June 30, 2010; and
- (2) Making technical, nonsubstantive changes for clarity, consistency and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2917, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2917, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Health,



DENNIS A. ARAKAKI, Chair



