

STAND. COM. REP. NO. 1861

Honolulu, Hawaii  
AJS , 2007

RE: S.B. No. 12  
S.D. 2  
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 Finance, to which was referred S.B. No. 12,  
S.D. 2, H.D. 1, 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 pricing  
methodologies in the health insurance market by:

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

The Department of Commerce and Consumer Affairs, Hawaii State  
Teachers Association, Hawaii Government Employees Association,  
International Longshore and Warehouse Union, Hawaii Association of  
Realtors, Kokua Council, and a concerned individual supported this  
bill. The Hawaii Medical Service Association and Kaiser  
Permanente opposed this measure. AlohaCare submitted comments.

SB12 HD2 HSCR FIN HMS 2007-3532



Your Committee has amended this bill by:

- (1) Excluding managed care plans established or funded by any federal, state, or county government, including plans established under Medicare, Medicaid, Federal Employee Health Benefits Act, Tricare, QUEST, Hawaii Employer-Union Health Benefits Trust Fund, State Health Insurance Program, and similar government programs;
- (2) Requiring any managed care plan whose reserves exceed 50 percent of its annual total expenses, to reimburse the excess moneys to the subscribers, the enrollees, or the customers in accordance with a plan submitted to and approved by the commissioner;
- (3) Inserting provisions exempting managed care plans whose only source of revenue is government contracts;
- (4) Changing the effective date to January 1, 2008;
- (5) Inserting a sunset date of January 1, 2011; and
- (6) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 12, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 12, S.D. 2, H.D. 2.

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

  
MARCUS R. OSHIRO, Chair



State of Hawaii  
House of Representatives  
The Twenty-fourth Legislature

## Record of Votes of the Committee on Finance

<b>Bill/Resolution No.:</b> <span style="font-size: 1.2em; font-family: cursive;">SB 12 SD 2 HD 1</span>	<b>Date:</b> <span style="font-size: 1.2em; font-family: cursive;">3/29/07</span>			
<b>Committee Referral:</b> <span style="font-size: 1.2em; font-family: cursive;">HUT, CPC, FIN</span>	<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.			
<b>The recommendation is to:</b> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 45%;"> <input type="checkbox"/> Pass, unamended  <input type="checkbox"/> Hold         </div> <div style="width: 45%;"> <input checked="" type="checkbox"/> Pass, with amendments  <input type="checkbox"/> Pass, with amendments, for recommitment for further consideration         </div> </div>				
<b>FIN Members</b>	<b>Ayes</b>	<b>Ayes (WR)</b>	<b>Nays</b>	<b>Excused</b>
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. BELATTI, Della Au	✓			
4. BROWER, Tom	✓			
5. CARROLL, Mele	✓			
6. CHONG, Pono	✓			
7. HANOHANO, Faye P.	✓			
8. HAR, Sharon E.	✓			
9. MAGAOAY, Michael Y.	✓			
10. MANAHAN, Joey	✓			
11. MIZUNO, John	✓			
12. NAKASONE, Bob	✓			
13. RHOADS, Karl	✓			
14. SAGUM, Roland D., III	✓			
15. TOKIOKA, James Kunane	✓			
16. AWANA, Karen Leinani	✓			
17. MEYER, Colleen Rose		✓		
18. WARD, Gene, Ph.D.	✓			
<b>TOTAL</b>	17	1	0	0
<b>The recommendation is:</b> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 45%;"> <input checked="" type="checkbox"/> Adopted  <input type="checkbox"/> Not Adopted         </div> <div style="width: 45%;">           If joint referral, _____ did not support recommendation.  <div style="text-align: center; margin-top: 5px;">             committee acronym(s)  <span style="font-size: 1.2em; font-family: cursive;">Marilyn B. Lee</span> </div> </div> </div>				
<b>Vice Chair's or designee's signature:</b>				
<b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – HMSO    Duplicate (Pink) – Clerk's Office				