

STAND. COM. REP. NO. 1378

Honolulu, Hawaii

March 23, 2007

RE: S.B. No. 1676
S.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 Health, to which was referred S.B. No. 1676, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII HEALTH SYSTEMS CORPORATION,"

begs leave to report as follows:

The purpose of this measure is to authorize the Hawaii Health Systems Corporation to form a captive insurance company to insure itself against medical malpractice and other liabilities.

Furthermore, this measure appropriates unspecified amounts of funds in both fiscal years 2007-2008 and 2008-2009 to establish the captive insurance company.

Your Committee received testimony in support of this measure from the Hawaii Health Systems Corporation and the Hawaii Medical Association. Comments on the measure were received from the Department of Commerce and Consumer Affairs.

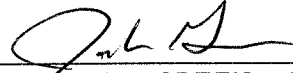
Your Committee finds that it is important as well as economically feasible for the Hawaii Health Systems Corporation to establish its own captive insurance company to obtain predictability, stability, and affordability in its insurance program. Additionally, the cost and coverage limits for hospital malpractice coverage is such that coverage by a captive insurance company is almost the only alternative currently available for the corporation.

SB1676 SD2 HSCR LRB 07-3590.doc



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. 1676, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection & Commerce.

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



JOSHUA B. GREEN, M.D., Chair



