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## HOUSE CONCURRENT RESOLUTION

URGING THE ATTORNEY GENERAL TO INITIATE AN INVESTIGATION AND CORPORATE AUDIT OF THE HAWAII MEDICAL SERVICES ASSOCIATION'S PRACTICE OF MAINTAINING AN EXCESSIVE SURPLUS, PROVIDING LARGE BONUSES TO STAFF, AND REIMBURSEMENT PATTERNS OVER THE PAST TEN YEARS TO DETERMINE IF THE CHARITABLE RETURN TO THE COMMUNITY JUSTIFIES ITS NONPROFIT STATUS.

1           WHEREAS, Hawaii Medical Services Association (HMSA) covers  
2 60 percent of the health insurance in the state; and

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4           WHEREAS, in 2007, \$1.8 million in bonuses was paid to HMSA  
5 executives at the same time that the company was proclaiming  
6 that doctors are leaving the state because they cannot afford to  
7 work here; and

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9           WHEREAS, HMSA is exempt from state premium taxes because it  
10 was set up in 1938 as a mutual benefit society; and

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12           WHEREAS, this exemption allowed HMSA to withhold \$560  
13 million in state taxes over the past ten years;

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15           WHEREAS, the State's safety net hospitals, organized under  
16 the Hawaii Health Systems Corporation (HHSC), reported a deficit  
17 of \$30.8 million, which prompted them to approach the  
18 Legislature with a request this session for an emergency  
19 appropriation to ensure continuous services; and

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21           WHEREAS, a recent study showed that Hawaii hospitals  
22 receive 92 cents on the dollar of its costs from commercial  
23 insurers; and

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25           WHEREAS, contrary to the study, HMSA has stated that  
26 reimbursements to doctors average 120 percent of the Medicare  
27 rate; and



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2 WHEREAS, the national average for medical reimbursements is  
3 close to 135 percent of the Medicare fee schedule; and  
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5 WHEREAS, HMSA's actions in:  
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- 7 (1) Providing minimal reimbursements to health care  
8 providers;
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- 10 (2) Rewarding its executives with large bonuses at the  
11 expense of Hawaii's health care safety net;  
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- 13 (3) Maintaining an enormous surplus rather than providing  
14 fair rates of reimbursements; and  
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- 16 (4) Offering charitable services to the community that  
17 would justify its tax-exempt status,  
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19 justify action on behalf of the State in investigating HMSA's  
20 business practices and its tax-exempt status; now, therefore,  
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22 BE IT RESOLVED by the House of Representatives of the  
23 Twenty-fourth Legislature of the State of Hawaii, Regular  
24 Session of 2008, the Senate concurring, that the Attorney  
25 General is urged to initiate an investigation and corporate  
26 audit of HMSA's practice of maintaining an excessive surplus,  
27 providing large bonuses to staff in relation to its nonprofit  
28 status, and its reimbursement patterns over the past ten years,  
29 to determine if the HMSA's charitable return to the community  
30 justifies its nonprofit status; and  
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32 BE IT FURTHER RESOLVED that certified copies of this  
33 Concurrent Resolution be transmitted to the Attorney General,  
34 Insurance Commissioner of the Department of Commerce and  
35 Consumer Affairs, Chief Executive Officer of HHSC, and Chief  
36 Executive Officer of HMSA.  
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OFFERED BY:

  
  
  
