

Honolulu, Hawaii  
Feb 15, 2008

RE: H.B. No. 1598  
H.D. 2

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1598, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HEALTHCARE,"

begs leave to report as follows:

The purpose of this bill is to expand access to healthcare by establishing a state agency to operate a single-payer universal healthcare insurance system.

The Hawaii County Council testified in support of this bill. The Hawaii Medical Service Association and ILWU Local 142 supported the intent of this measure. The Department of Commerce and Consumer Affairs, Department of Budget and Finance, Hawaii Medical Association, Hawaii Association of Health Plans, and Healthcare Association of Hawaii opposed this bill. The Department of the Attorney General and the Christian Science Committee on Publication for Hawaii submitted comments.

Your Committee has amended this bill by replacing its entire contents with provisions that:

- (1) Establish a captive insurance company to provide medical malpractice insurance coverage to medical doctors of the Hawaii Health Systems Corporation (HHSC);
- (2) Repeal HHSC's authority under section 323F-7(c)(2), Hawaii Revised Statutes (HRS), to form a captive insurer



to provide medical malpractice insurance to HHSC medical doctors, which this bill as amended by your Committee is intended to provide; and

- (3) Repeal the following that are intended to be replaced by the provisions of this bill as amended by your Committee:
  - (A) HHSC's Captive Insurance Board in section 323F-4.5, HRS, which was established by Act 278, Session Laws of Hawaii 2007 (Act 278), to carry out HHSC's duties and responsibilities in establishing and operating any captive insurance company; and
  - (B) The requirement in Act 278 that in organizing a domestic captive insurance company to provide medical malpractice and hospital professional and general liability coverage for HHSC, HHSC must submit a formalized financial plan to the Director of Finance for approval, and a business plan to the Insurance Commissioner.

These new provisions take effect on July 1, 2050, to encourage further discussion.

Your Committee notes that Act 278 appropriated:


- (1) \$6,739,000 in general funds for fiscal year (FY) 2007-2008 for deposit into the Health Systems Special Fund (Fund); and
- (2) \$13,279,000 from the Fund for FY 2007-2008 for HHSC to establish a captive insurance company.

Your Committee respectfully requests the Committee on Finance to explore the feasibility of applying these funds toward implementation of this bill as amended by your Committee.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1598, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1598, H.D. 2.



Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,



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ROBERT N. HERKES, Chair



