

STAND. COM. REP. NO. 13

Honolulu, Hawaii

July 31, 2007

RE: H.B. No. 228
H.D. 1

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 H.B. No. 228
entitled:

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

begs leave to report as follows:

The purpose of this bill is to ensure fair and equitable
health insurance by:

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

Summerlin Life and Health Insurance Company, Retail Merchants
of Hawaii, Planned Parenthood of Hawaii, Kokua Council, and a
concerned individual supported this bill. The Department of
Commerce and Consumer Affairs and Hawaii Government Employees
Association supported the intent of this measure. The Hawaii
Medical Service Association and Kaiser Permanente opposed this
bill.

Your Committee has amended this bill by, among other things:

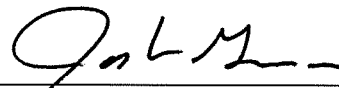
HB228 HD1 HSCR HLT HMS 2007-1611



- (1) Lowering the amount of reserve funds which a managed care plan can retain from 50 percent to 30 percent of its annual health care expenditures and operating expenses;
- (2) Requiring managed care plans whose reserve funds exceed 30 percent of their annual health care expenditures and operating costs to reimburse hospitals and participating health care providers;
- (3) Providing that a managed care plan whose reserve funds exceed 30 percent of its annual health care expenditures and operating costs but which fails to reimburse hospitals and participating health care providers, will lose its general excise tax exemption;
- (4) Clarifying that insurance rates cannot be unreasonable in relation to the cost of the benefits provided;
- (5) Requiring that insurers obtain prior approval before implementing plan revisions that affect rates; 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 Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 228, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 228, 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,



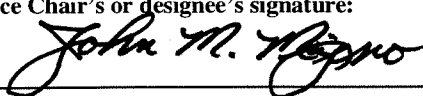
JOSHUA B. GREEN, M.D., Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

HSCR 13

Record of Votes of the Committee on Health

Bill/Resolution No.: HB 228	Date: 1/26/07			
Committee Referral: HLT, CPC, FIN	<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.			
The recommendation is to:				
<input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Pass, with amendments, for recommitment for further consideration				
HLT Members	Ayes	Ayes (WR)	Nays	Excused
1. GREEN, Josh, M.D. (C)	✓			
2. MIZUNO, John (VC)	✓			
3. BELATTI, Della Au	.	✓		
4. BERTRAM, Joe, III	✓			
5. CABANILLA, Rida T.R.	✓			
6. RHOADS, Karl		✓		
7. SHIMABUKURO, Maile S. L.				✓
8. TAKAI, K. Mark	✓			
9. TOKIOKA, James Kunane				✓
10. AWANA, Karen Leinani		✓		
11. WARD, Gene, Ph.D.		✓		
TOTAL	5	4		2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office				