

Honolulu, Hawaii

March 19, 2008

RE: H.R. No. 125  
H.D. 1

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

Sir:

Your Committee on Health, to which was referred H.R. No. 125 entitled:

"HOUSE 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,"

begs leave to report as follows:

The purpose of this resolution is to ensure fair and equitable reimbursements to health care providers by private insurance companies by urging the Attorney General to initiate an investigation and corporate audit of the Hawaii Medical Services Association's practice of:

- (1) Maintaining an excessive surplus;
- (2) Providing large bonuses to staff; and
- (3) Reimbursement patterns over the past ten years;

to determine if the charitable return to the community justifies its nonprofit status.



The Office of the Attorney General opposed this resolution. The Department of Commerce and Consumer Affairs submitted comments.

Your Committee has amended this resolution by changing the Attorney General to Insurance Commissioner as the one to initiate the investigation.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 125, as amended herein, and recommends that it be referred to the Committees on Consumer Protection & Commerce and Judiciary in the form attached hereto as H.R. No. 125, H.D. 1.

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

  

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JOSHUA B. GREEN, M.D., Chair



State of Hawaii  
House of Representatives  
The Twenty-fourth Legislature

**HS CR 1244-08**

**Record of Votes of the Committee on Health**

<b>Bill/Resolution No.:</b> HR 125	<b>Committee Referral:</b> HLT, CPC/JUD	<b>Date:</b> 3/14/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
<b>HLT Members</b>	<b>Ayes</b>	<b>Ayes (WR)</b>	<b>Nays</b>	<b>Excused</b>
1. GREEN, Josh, M.D. (C)	✓			
2. MIZUNO, John (VC)	✓			
3. AWANA, Karen Leinani				✓
4. BELATTI, Della Au				✓
5. BERTRAM, Joe, III	✓			
6. CABANILLA, Rida T.R.				✓
7. RHOADS, Karl	✓			
8. SHIMABUKURO, Maile S. L.	✓			
9. TOKIOKA, James Kunane	✓			
10. WARD, Gene, Ph.D.				✓
<b>TOTAL (10)</b>	6			4
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <span style="margin-left: 150px;">committee acronym(s)</span>				
<b>Vice Chair's or designee's signature:</b>				
<b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office				