

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,



JOSHUA B. GREEN, M.D., Chair



