

Honolulu, Hawaii  
March 20, 2008

RE: S.B. No. 2864  
S.D. 2  
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 Consumer Protection & Commerce, to which was referred S.B. No. 2864, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this bill is to collect information on reimbursements for health provider services by requiring the Insurance Commissioner to submit to the 2010 Legislature a report on the adequacy of health plan reimbursements to physicians and hospitals in Hawaii.

The Department of Commerce and Consumer Affairs, Healthcare Association of Hawaii, and Faith Action for Community Equity testified in support of this bill. Kaiser Permanente Hawaii supported the intent of this bill. The Hawaii Medical Association and Hawaii Medical Service Association submitted comments.

There are concerns that because the Insurance Division regulates health plans, there might be a conflict of interest in having the Insurance Commissioner conduct the study under this bill.

Accordingly, your Committee has amended this bill by:

SB2864 HD1 HSCR CPC HMS 2008-3197



- (1) Requiring the Legislative Auditor, rather than the Insurance Commissioner, to prepare the report required by this bill; and
- (2) Making a corresponding change to the source of funding for the report, from the Compliance Resolution Fund to general funds.

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 S.B. No. 2864, S.D. 2, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as S.B. No. 2864, S.D. 2, H.D. 1.

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



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ROBERT N. HERKES, Chair



