

Honolulu, Hawaii

MAR 13 2008

RE: H.B. No. 2256
H.D. 2
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committees on Health and Commerce, Consumer Protection, and Affordable Housing, to which was referred H.B. No. 2256, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

beg leave to report as follows:

The purpose of this measure is to specify that it is not an unfair method of competition or an unfair or deceptive act or practice for accident and health or sickness insurers with a market share of less than five per cent to enter into agreements that allow the insurer to refuse to issue or renew a policy for a person unless the person contracts for another class of insurance, or an additional policy of the same class of insurance.

Your Committees received testimony in support of this measure from Hawaii Medical Assurance Association. Your Committees received testimony in opposition to this measure from the Department of the Attorney General, the Department of Commerce and Consumer Affairs, and Hawaii Medical Service Association. State Farm Insurance Companies submitted comments on this measure.

Your Committees find that this measure is intended to help self-employed workers and small businesses by allowing broader coverage for less cost without affecting the Prepaid Health Care Act. However, your Committees further find that this measure needs to be limited in scope to ensure that it does not cause unintended consequences.



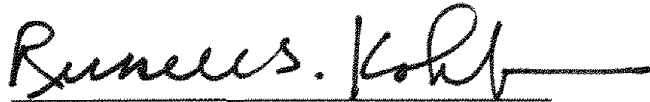
Accordingly, your Committees have amended this measure by deleting its language and inserting language that:

- (1) Allows small insurers with less than five per cent of the market share to offer different types of benefits in a single unified policy;
- (2) Clarifies that the exemption applies only to insurers that are mutual benefit societies pursuant to chapter 432, Hawaii Revised Statutes, with less than five per cent of the health insurance market share offering contracts for dental and vision insurance as a condition, agreement, or understanding to the new health insurance policy or renewal of a health insurance policy under chapter 432;
- (3) Makes a clarifying change to ensure that the foregoing small insurers are exempt from only the anti-bundling provisions of section 431:13-103, Hawaii Revised Statutes, i.e., section 431:13-103(a)(4)(B); and thus, all the other unfair methods of competition and unfair or deceptive acts or practices in the business of insurance set forth in section 431:13-103, continue to apply to these insurers; and
- (4) Changes the effective date to encourage further discussions on the measure.

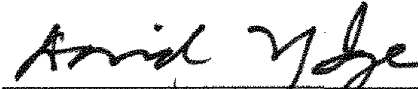
As affirmed by the records of votes of the members of your Committees on Health and Commerce, Consumer Protection, and Affordable Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2256, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2256, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary and Labor.



Respectfully submitted on
behalf of the members of the
Committees on Health and
Commerce, Consumer Protection,
and Affordable Housing,



RUSSELL S. KOKUBUN, Chair



DAVID Y. LEE, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:*	Committee Referral:	Date:
HB 2256 HD 2	HTH / OPH, JDC, NAM	3/10/08

The committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
FUKUNAGA, Carol (VC)	✓			
BAKER, Rosalyn H.	✓			
MENOR, Ron				✓
WHALEN, Paul	✓			
TOTAL	4			1

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature:


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*Only one measure per Record of Votes

