

STAND. COM. REP. NO.

2488

Honolulu, Hawaii

FEB 15 2008

RE: S.B. No. 2314
S.D. 1

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

Madam:

Your Committee on Health, to which was referred S.B. No. 2314
entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to allow small insurers with
less than ten per cent of the market share to offer different
types of benefits in a single unified policy.

Your Committee received testimony in support of this measure
from the Hawaii Medical Assurance Association. Your Committee
received testimony in opposition to this measure from the
Department of Commerce and Consumer Affairs, Hawaii Insurers
Council, State Farm Insurance Companies, and Hawaii Medical
Service Association.

Your Committee finds 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 Committee further finds that this measure
needs to be limited in scope to ensure that it does not cause
unintended consequences.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying 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;

- (2) Making 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;
- (3) Changing the effective date to encourage further discussions on the measure; and
- (4) Making technical, nonsubstantive changes for the purposes of 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 S.B. No. 2314, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2314, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

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



DAVID Y. IGE, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:*	Committee Referral:	Date:
<i>SB 2314</i>	<i>HTH</i>	<i>02-14-08</i>
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310
<input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
	Nay	Excused
IGE, David Y. (C)	✓	
FUKUNAGA, Carol (VC)	✓	
BAKER, Rosalyn H.	✓	
MENOR, Ron	✓	
WHALEN, Paul	✓	
TOTAL	<i>5</i>	
Recommendation:		
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
<i>Carol Fukunaga</i>		
Distribution:	Original	Yellow
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		Pink
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*Only one measure per Record of Votes