

Honolulu, Hawaii

FEB 15 2008

RE: S.B. No. 2770  
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. 2770  
entitled:

"A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to exempt motor vehicle insurers from being required to make available to the insured, at the insured's option, personal injury protection benefits through managed care, if there are fewer than five managed care providers or equivalent entities within twenty-five miles of the claimant.

Testimony in support of the measure was submitted by the Consumer Lawyers of Hawaii and one individual. Testimony in opposition of the measure was submitted by the Department of Commerce and Consumer Affairs.

Your Committee finds that, under the current law, personal injury protection benefits that include medical treatment coverage may be offered by a motor vehicle insurer on an optional managed care basis, which is often the norm in the State. Obtaining medical treatment under a managed care program can be challenging, particularly for individuals on the neighbor islands who do not reside in close proximity to a physician who is a medical provider under the program. This measure would exempt such individuals from required treatment under a managed care program, thereby allowing timely treatment to be obtained by their private physicians.

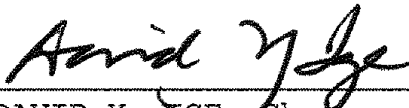


Testimony received indicated that allowing this exemption may provide a disincentive for insurers to establish or maintain a managed care system, which ultimately would be detrimental to the consumers. Your Committee understands this concern, but believes that the issue should continue to be explored and discussed throughout the session so that appropriate action may be taken.

Your Committee has amended the measure by changing its effective date to July 1, 2050 to facilitate further discussion on the matter.

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. 2770, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2770, 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,

  
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DAVID Y. ICE, Chair



