

STAND. COM. REP. NO.

2361

Honolulu, Hawaii

FEB 15 2008

RE: S.B. No. 2864

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 Commerce, Consumer Protection, and Affordable Housing and Health, to which was referred S.B. No. 2864 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

beg leave to report as follows:

The purpose of this measure is to establish equality in the health care insurance market by requiring health insurance companies with more than fifty per cent of the market share to provide increased insurance reimbursements and those insurers with less than fifty per cent of the market share to be afforded an exemption from taxes on premiums if these smaller insurers work toward decreasing the number of uninsured in Hawaii.

Testimony in support of this measure was submitted from the Healthcare Association of Hawaii. Testimony in opposition to this measure was submitted by the Department of Commerce and Consumer Affairs, AlohaCare, and the Hawaii Medical Service Association. The American Council of Life Insurers submitted comments.

Hawaii's health care insurance market is plagued with low health care payments from Medicare, Medicaid, and private insurance companies, and high medical malpractice insurance premiums, which have resulted in physicians choosing to leave Hawaii to practice on the mainland where financial conditions are more reasonable. Furthermore, the State suffers from imperfect competition within the health care insurance market where a single company dominates. Your Committees find that before measures can



be implemented to address the apparent inequality in the health care insurance market in Hawaii, an assessment needs to be conducted to gather pertinent information to develop policy solutions.

Accordingly, your Committees have amended this measure by:

- (1) Deleting its contents and inserting language that:
  - (A) Requires the Insurance Commissioner of the Department of Commerce and Consumer Affairs to conduct a study of the adequacy of health plan reimbursements to providers;
  - (B) Requires the Insurance Commissioner to submit a written report of findings and recommendations to the Legislature prior to the convening of the 2010 Regular Session; and
  - (C) Appropriates a sum of \$250,000 out of the Compliance Resolution Fund for the hiring of a consultant to assist the Insurance Commissioner in preparing the adequacy study report and for the purchase of information; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

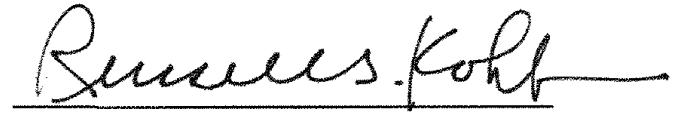
Your Committees believe that this measure, as amended, fulfills the intent of this measure, which is to establish equality in the health care insurance market.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Affordable Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2864, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2864, S.D. 1, and be referred to the Committee on Ways and Means.



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

  
\_\_\_\_\_  
DAVID Y. IGE, Chair

  
\_\_\_\_\_  
RUSSELL S. KOKUBUN, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Commerce, Consumer Protection and Affordable Housing**  
**CPH**

Bill / Resolution No.:* <b>SB 2864</b>	Committee Referral: <b>CPH/HTH, WAM</b>	Date: <b>2-13-08</b>
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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
KOKUBUN, Russell S. (C)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will				✓
IHARA, Jr., Les	✓			
SAKAMOTO, Norman				✓
TANIGUCHI, BRIAN T.	✓			
TRIMBLE, Gordon				✓
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>3</b>

Recommendation:    
 Adopted    
 Not Adopted


Chair's or Designee's Signature:

**Distribution:**    
 Original     Yellow     Pink     Goldenrod  
 File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy

\*Only one measure per Record of Votes

The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Health**  
**HTH**

Bill / Resolution No.:* <b>SB 286A</b>	Committee Referral: <b>CPH/ HTH, WAM</b>	Date: <b>02-13-08</b>		
<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				✓
<b>TOTAL</b>	<b>3</b>			<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

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