

SB2770

Measure Title:

RELATING TO MOTOR VEHICLE INSURANCE.

Report Title:

Motor Vehicle Insurance; Managed Care

Description:

Exempts 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 5 managed care providers or equivalent entities within 25 miles of the claimant.

Introducer(s):

TSUTSUI

Current Referral:

HTH, CPH

February 12, 2008

**Senator David Y. Ige, Chair
Senator Carol Fukunaga, Vice Chair
SENATE COMMITTEE ON HEALTH
Wednesday, February 13, 2008, 1:15 p.m.
Conference Room 016**

Dear Chair Ige/Vice Chair Fukunaga:

Regarding: SB 2770 – Relating to Motor Vehicle Insurance

Thank you for the opportunity to submit testimony in support of Senate Bill 2770. The original intent of this change in the law was to assist in reducing the cost of automobile insurance to consumers. While the intent is laudable, in reality this change, at least on the island of Maui, has resulted in consumers either being unable to obtain medical care or made extremely difficult to do so.

I currently represent, at least, six clients who were injured in motor vehicle accidents and have a managed care option for payment of their Personal Injury Protection (“PIP”) medical expenses. I have heard reports from these clients that it has been very difficult to obtain medical care through this managed care network. I have heard recurring stories of clients in pain and frustrated because they cannot receive the type of medical care they are entitled to.

In point of fact, recently there was only one physician on the island of Maui who was approved to see patients through the managed care network for GEICO insurance. If that was not difficult enough, since that one physician retired, there are NO MDs available to see patients in Maui for those consumers who have the GEICO managed care option. This is something the law never contemplated or intended and must be corrected. Therefore, I believe SB 2770 addresses this serious health care

problem and I would urge approval of this measure so that additional consumers are not denied the appropriate health care they require.

Respectfully submitted,

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**TESTIMONY OF ROBERT TOYOFUKU ON BEHALF OF THE CONSUMER
LAWYERS OF HAWAII (CLH) IN SUPPORT OF S.B. NO. 2770**

February 13, 2008

To: Chairman David Ige and Members of the Senate Committee on Health:

My name is Bob Toyofuku and I am presenting this testimony on behalf of the Consumer Lawyers of Hawaii (CLH) in support of S.B. No. 2770.

Current automobile insurance law provides that personal injury protection (PIP) benefits covering medical treatment may be offered on an optional managed care basis. Insurance companies are not required to make this option available but may do so if they can provide medical treatment through a managed care program.

Automobile insurance companies in Hawaii tend to offer options on a statewide basis, rather than tailoring options to available resources on each island. As a result, consumers on neighbor islands often find that they cannot receive timely and proper treatment because they have the managed care option, but the insurance company does not have any managed care providers available on the island. That results in the consumer seeking treatment from their regular physician or one available on the island, only to be told that those physicians are not members of the auto insurance managed care program and therefore cannot provide treatment. When the consumer asks which doctor on the island they should go to for treatment, they are told that there are no doctors on the island who participate in the insurer's managed care program. This catch-22 situation results in extensive delays in treatment or in some cases a total lack of treatment.

This measure amends the managed care option to correspond to the limitations of the managed care option, particularly as applied to neighbor island consumers. Patients injured in

automobile accidents must have prompt access to appropriate treatment for optimum rehabilitation and recovery. The current managed care option simply does not meet this minimum requirement.

Thank you for this opportunity to testify in support of S.B. No. 2770.



LINDA LINGLE
GOVERNOR

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TO THE SENATE COMMITTEE ON HEALTH

TWENTY-FOURTH LEGISLATURE
Regular Session of 2008

Wednesday, February 13, 2008
1:15 p.m.

**TESTIMONY ON SENATE BILL NO. 2770 – RELATING TO MOTOR VEHICLE
INSURANCE.**

TO THE HONORABLE DAVID IGE, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is J. P. Schmidt, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). The Department has concerns with this bill.

The purpose of this bill is to create an exemption and allow insurers to exclude the mandatory offering of a managed care option to a policyholder's personal injury protection component of the motor vehicle insurance policy. The exclusion would occur if

there are fewer than five managed care, health maintenance organizations, or preferred provider physicians or health care providers of the appropriate specialty belonging to or participating in the managed care option within twenty-five miles of the claimant's residence.

As amended, insurers would have no incentive to try and establish or maintain a managed care system and would then, therefore, be able to take advantage of this exclusion. This defeats the original purpose of having a managed care option for policyholders to choose and having the resulting savings being applied to their premium.

DCCA Testimony of J.P. Schmidt
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We thank this Committee for the opportunity to present testimony on this matter and respectfully request that S. B. No. 2770 be held.