

HMSA



Blue Cross
Blue Shield
of Hawaii

An Independent Licensee of the Blue Cross and Blue Shield Association

March 17, 2008

The Honorable Robert N. Herkes, Chair
The Honorable Angus L.K. McKelvey, Vice Chair

House Committee on Consumer Protection and Commerce

Re: SB 2864 SD2 – Relating to Insurance

Dear Chair Herkes, Vice Chair McKelvey and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 2864 SD2 which would require the Insurance Commissioner (IC) to conduct a study of Medicare and Medicaid reimbursement shortfalls, health plan reimbursements to physicians and hospitals, medical malpractice insurance rates, and hospital costs of providing health care in Hawaii. While HMSA supports the intent of conducting a study we do have concerns with this particular measure.

While we appreciate the Legislature's attempt to gain meaningful data on the dynamics of the health care system in Hawaii, we do, however, have concerns with the IC being appointed to conduct this study. We believe that having the IC act in this capacity could potentially be a conflict of interest since the Insurance Division is also tasked with regulating health plans in the State. Plans would potentially be providing information to the Division which is typically not in their statutory purview. Providing this information could pose a conflict since the Division is tasked with reviewing health plan rate submissions and performing other regulatory functions.

We believe that rather than appoint the IC to function in this capacity, that the State Auditor's office should conduct such a review. With such potentially sensitive information that will need to be provided to conduct a comprehensive study such as this, we feel that the Auditor's office will be able to act as an unbiased and uninvolved entity.

Thank you for the opportunity to testify on SB 2864 SD2.

Sincerely,

Jennifer Diesman
Assistant Vice President
Government Relations

LATE TESTIMONY