

# SB3017

**Measure Title:**  
RELATING TO INSURANCE.

**Report Title:**  
Mutual Benefit Societies

**Description:**  
Improves the Insurance Commissioner's ability to protect consumers from improper transactions between health insurance companies and their affiliates by authorizing the Commissioner to monitor the relationships and transactions between these companies and their affiliates.

**Package:**  
Governor

**Companion:**  
HB3095

**Introducer(s):**  
HANABUSA (BR)

**Current Referral:**  
HTH, CPH

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 13, 2008

The Honorable David Ige, Chair  
The Honorable Carol Fukunaga, Vice Chair  
Senate Committee on Health

## Re: SB 3017 -- Relating to Insurance

Dear Chair Ige, Vice Chair Fukunaga and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 3017 which would increase the Insurance Commissioner's regulatory authority over mutual benefit societies and their affiliates. HMSA has concerns with this measure.

Although this measure seems to only implement some minor changes to the insurance code, we believe that these amendments could drastically affect the way that health plans are regulated in the State. The language in this bill is unclear as to what requirements health plans will need to comply with and what this regulation is actually hoping to accomplish.

We believe that if forced to comply with SB 3017, a new level of bureaucracy would be created that would tie the hands of health plans and stifle innovation. For example, when Hawaii's employers were experiencing difficulty in finding workers' compensation coverage, HMSA saw an opportunity to assist our members and created a worker's compensation affiliate. While this affiliate is no longer part of HMSA, we believe that if SB 3017 had been in effect at the time, this venture may not have been an option.

We believe that what looks like a small change in current statute could cause an unreasonable burden on health plans. We are especially concerned about how this measure might regulate our Foundation. The HMSA Foundation is a private charitable foundation and provides a vehicle by which HMSA can invest resources in a cost-effective manner to enhance the overall health and quality of life for the communities we serve. In addition to the possible issue with our own Foundation, we believe that this measure might impact our relationship with other Blue Cross Blue Shield Plans across the country.

We believe that the language in SB 3017 could cause more harm than good and respectfully request the Committee hold this measure. Thank you for the opportunity to testify today.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Diesman".

Jennifer Diesman  
Director, Government Relations