

Honolulu, Hawaii

FEB 10, 2010

RE: H.B. No. 2089  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Sir:

Your Committee on Health, to which was referred H.B. No. 2089  
entitled:

"A BILL FOR AN ACT RELATING TO HEALTH INSURANCE,"

begs leave to report as follows:

The purpose of this bill is to maximize the value of health insurance premiums and enable employers and consumers to gain a clear understanding of how health care premium dollars are allocated by health insurers in Hawaii by:

- (1) Requiring health insurers to spend a minimum percentage of insurance premiums on medical expenses; and
- (2) Providing greater transparency with regard to how health insurance premiums are spent by insurers.

The Department of Commerce and Consumer Affairs (DCCA) and the Hawaii Medical Association supported this bill. The Hawaii Medical Service Association and Faith Action for Community Equity supported the intent of this measure. The Hawaii Association of Health Plans opposed this bill.

Your Committee has amended this bill by, among other things:

- (1) Excluding from "administrative costs": medical expenses incurred by the insurer, affiliates, and contractors

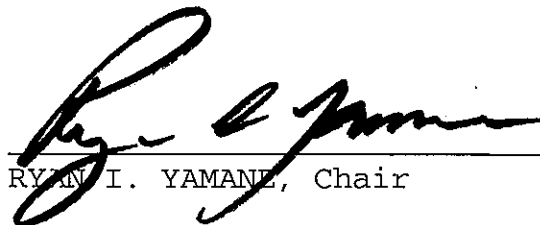


under common management or control in servicing the insured for premiums received;

- (2) Including the affiliates and contractors of health insurers that are under common management or control in servicing the insured under the requirements to spend a minimum percentage of insurance premiums on medical expenses;
- (3) Clarifying that the definition of "premiums" includes the amount of money that the insurer, the insurer's affiliates and contractors under common management or control in servicing the insured earn in a calendar year from the sale of health insurance, net of reinsurance;
- (4) Requiring the DCCA's Insurance Division to collect from health care providers, analyze, and disseminate health care information for use in an annual publication to assist the public in choosing health care providers;
- (5) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (6) Making technical, nonsubstantive changes for clarity, consistency, and style.

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 H.B. No. 2089, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2089, H.D. 1, and be referred to the Committees on Consumer Protection & Commerce and Judiciary.

Respectfully submitted on  
behalf of the members of the  
Committee on Health,

  
RYAN I. YAMANE, Chair



State of Hawaii  
House of Representatives  
The Twenty-fifth Legislature

HSCR 264-10

**Record of Votes of the Committee on Health**

<b>Bill/Resolution No.:</b> HB 2089	<b>Committee Referral:</b> HLT, CPC/JUD	<b>Date:</b> Jan. 29, 2010		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
<b>HLT Members</b>	<b>Ayes</b>	<b>Ayes (WR)</b>	<b>Nays</b>	<b>Excused</b>
1. YAMANE, Ryan I. (C)	/			
2. NISHIMOTO, Scott Y. (VC)	/			
3. BELATTI, Della Au	/			
4. BERTRAM, Joe, III	/			
5. BROWER, Tom	/			
6. CARROLL, Mele	/			
7. MIZUNO, John M.	/			
8. SHIMABUKURO, Maile S.L.	/			
9. FINNEGAN, Lynn	/			
<b>TOTAL (9)</b>	9			
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
<b>Vice Chair's or designee's signature:</b>				
<b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				