

STAND. COM. REP. NO.

1251

Honolulu, Hawaii

APR 08 2011

RE: H.B. No. 1045  
H.D. 1  
S.D. 2

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1045, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose and intent of this measure is to adopt the National Association of Insurance Commissioners' Risk-Based Capital for Health Organizations Model Act to ensure consistent regulatory treatment of health maintenance organizations, mutual benefit societies, fraternal benefit societies, managed care plans, and similar risk-bearing entities.

Your Committee received comments in support of this measure from Gordon Ito, State Insurance Commissioner, Department of Commerce and Consumer Affairs; and Jennifer Diesman, Vice President, Government Relations, Hawaii Medical Service Association.

Your Committee finds that adoption of the National Association of Insurance Commissioners' model laws and regulations is essential for the state Insurance Division to retain the National Association of Insurance Commissioners accreditation. The National Association of Insurance Commissioners' financial regulation standards and accreditation program ensures that each state has adequate solvency laws and regulations to protect consumers and guarantee funds.



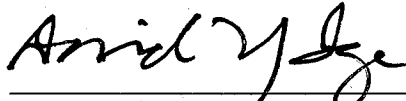
Your Committee has amended this measure by:

- (1) Changing the term "limited benefit society" to "limited society"; and
- (2) Clarifying that if a domestic benefit society or health maintenance organization only writes direct business in Hawaii and assumes no reinsurance in excess of five per cent of direct premiums written; and either:
  - (A) Writes only \$2,000,000 or less in direct annual premiums for comprehensive medical business; or
  - (B) Is a limited society or health maintenance organization that covers less than two thousand lives;

then the Insurance Commissioner has the authority to exempt the domestic benefit society, limited society, or health maintenance organization from the risk-based capital for insurers requirements of chapter 431, article 3, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1045, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1045, H.D. 1, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

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



The Senate  
 Twenty-Sixth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>HB 1045, HD1, SD1</b>	Committee Referral: <b>CPN, WAM</b>	Date: <b>3-30-11</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)	/			
KIDANI, Michelle N. (VC)	/			
CHUN OAKLAND, Suzanne	/			
DELA CRUZ, Donovan M.	/			
ENGLISH, J. Kalani	/			
ESPERO, Will	/			
FUKUNAGA, Carol	/			
KIM, Donna Mercado	/			
KAHELE, Gilbert	/			
KOUCHI, Ronald D.	/			
RYAN, Pohai	/			
TOKUDA, Jill N.	/			
WAKAI, Glenn	/			
SLOM, Sam	/			
<b>TOTAL</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>0</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes