

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

March 18, 2011

The Honorable Rosalyn H. Baker, Chair  
The Honorable Brian T. Taniguchi, Vice Chair

Senate Committee on Commerce and Consumer Protection

**Re: HB 1045 HD1 – Relating to Insurance**

Dear Chair Baker, Vice Chair Taniguchi and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1045 HD1 which would update the Insurance Code to adopt model laws and regulations for risk based capital (RBC) for health plans operating in the state. HMSA supports the proposed changes in the sections which apply to health plans; we take no position on the sections of the measure which apply to different types of insurers.

RBC is a method of establishing the minimum amount of capital appropriate for a health plan to support its overall business operations, in consideration of its size, structure, and risk profile. The changes being proposed for the RBC provisions of the Insurance Code for mutual benefit societies and health maintenance organizations would appear to strengthen the current language. We believe this will promote the public interest by ensuring the financial solvency of health plans in the state.

We appreciate the Insurance Commissioner's proposed changes and respectfully urge the Committee to pass this measure today. Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read 'JD', with a long horizontal stroke extending to the right.

Jennifer Diesman  
Vice President  
Government Relations