

Honolulu, Hawaii

Feb 8 , 2012

RE: H.B. No. 1896
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committees on Economic Revitalization & Business and Health, to which was referred H.B. No. 1896 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

beg leave to report as follows:

The purpose of this measure is to temporarily raise the allowable health insurance medical loss ratio for managed care plans and rate regulation provisions of the State's Insurance Code.

The Insurance Division of the Department of Commerce and Consumer Affairs and Hawaii Medical Service Association testified in support of the intent of this measure. Kaiser Permanente and University Health Alliance testified in opposition to this measure.

Your Committees have amended this measure by:

- (1) Inserting language to allow the Insurance Commissioner to exempt a managed health care plan from application of the State's higher medical loss ratio if the plan may thereby become insolvent or unable to deliver services adequately;
- (2) Changing the effective date to July 1, 2050, for the purposes of facilitating further discussion; and

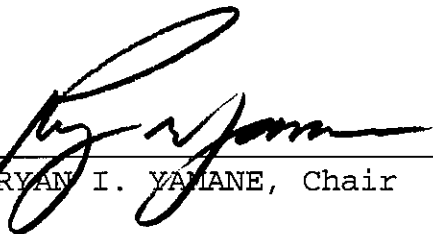


- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committees respectfully request that your Committee on Consumer Protection & Commerce examine the deletion of the language that specifies that health insurance rates shall be reasonable in relation to the costs of the benefits.

As affirmed by the records of votes of the members of your Committees on Economic Revitalization & Business and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1896, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1896, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on behalf of the members of the Committees on Economic Revitalization & Business and Health,



RYAN I. YAMANE, Chair



ANGUS L.K. MCKELVEY, Chair



