

Honolulu, Hawaii

FEB 18 2011

RE: S.B. No. 857
S.D. 1

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

Sir:

Your Committee on Health, to which was referred S.B. No. 857
entitled:

"A BILL FOR AN ACT RELATING TO MEDICAL SAVINGS ACCOUNTS,"

begs leave to report as follows:

The purpose and intent of this measure is to establish
medical savings accounts to allow an employee to save money for
eligible medical expenses and receive certain state tax benefits
for funds deposited into the account.

Your Committee received testimony in support of this measure
from the Hawaii Medical Association. Your Committee received
testimony in opposition to this measure from the Department of
Taxation. Your Committee received comments on this measure from
the State Insurance Commissioner and the Tax Foundation of Hawaii.

Your Committee finds that medical savings accounts may create
incentives for personal responsibility and cost control on medical
expenses. Your Committee notes the concerns raised by certain
testifiers and encourages further discussion on this measure as it
proceeds to your Committee on Ways and Means.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to allow
for further discussion; and



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

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 S.B. No. 857, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 857, S.D. 1, and be referred to the Committee on Ways and Means.

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



JOSH GREEN, M.D., Chair



