

HMSA

LATE



An Independent Licensee of the Blue Cross and Blue Shield Association

January 31, 2012

The Honorable Ryan I. Yamane, Chair
The Honorable Dee Morikawa, Vice Chair

House Committee on Health

Re: HB 2504 – Relating to Entities Regulated by the Insurance Commissioner

Dear Chair Yamane, Vice Chair Morikawa and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to comment on HB 2504 which amends various sections of the State Insurance Code relating to benefit societies.

While we are continuing to review this legislation for its full impact, we do have a concern with the provision allowing the Insurance Commissioner to revoke the certificate of authority without notification to a plan that it had not filed for renewal by the specified deadline. Allowing the revocation of a plan's certificate of authority without prior notice because that plan had inadvertently missed the renewal deadline potentially may jeopardize the health coverage of those covered by the plan. We appreciate the need for timeliness in renewing a plan's certificate of authority, but having the Commissioner provide prior notification before exercising the severe revocation action seems to be a reasonable alternative. Attached for your consideration is a proposed draft language amending Section 1 of HB 2504.

Thank you for allowing us to comment on this measure, and your consideration of our concern is appreciated.

Sincerely,

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

Jennifer Diesman
Vice President
Government Relations

Attachment

PROPOSED AMENDMENT TO
SECTION 1 OF
HB NO. 2504

SECTION 1. Chapter 432, Hawaii Revised Statutes, is amended by adding to part I of article 1 a new section to be appropriately designated and to read as follows:

"§432: Fees. (a) The commissioner shall collect in advance the following fees:

(1) Issuance of certificate of authority: \$900;

(2) Organization of domestic mutual benefit societies:

(A) Filing of application and documents required for issuance of certificate of registration: \$1,500; and

(B) Issuance of certificate of registration: \$150; and

(3) For renewal of the certificate of authority: \$600 per year.

(b) If the fee for the renewal of the certificate of authority is not paid before or on the renewal date, a penalty shall be imposed in the amount of fifty per cent of the fee. The commissioner shall provide notice in writing of the delinquency of renewal and the imposition of the penalty authorized herein. If the fee and the penalty are not paid within thirty days immediately following the [renewal date,] notice of delinquency, the commissioner may revoke the certificate of authority and shall not reinstate the certificate of authority until the fee and penalty have been paid.

(c) All fees and penalties collected pursuant to this section and penalties collected pursuant to sections 432:1-105, 432:1-405, and 432:1-408 shall be deposited to the credit of the compliance resolution fund."