

MAR 13 2012

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# SENATE CONCURRENT RESOLUTION

REQUESTING THE INSURANCE COMMISSIONER TO REVIEW THE ACCUMULATION  
OF CAPITAL RESERVES AND SURPLUS OF MANAGED CARE PLANS WHEN  
REVIEWING RATE FILINGS.

1           WHEREAS, managed care plans in the State need monetary  
2 reserves to cover unanticipated claims and unforeseen business  
3 fluctuations; and

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5           WHEREAS, the accrual of excessive amounts of reserves may  
6 indicate that a managed care plan is accumulating funds, rather  
7 than applying those funds to pay claims; and

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9           WHEREAS, as a result, plan subscribers may be paying a  
10 higher premium rate than is justified; and

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12           WHEREAS, the federal Patient Protection and Affordable Care  
13 Act establishes a process for reviewing certain increases in  
14 health plan premiums and requires plans to justify these  
15 increases; and

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17           WHEREAS, an effective rate review system must consider the  
18 capital reserves and surplus of a managed care plan; and

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20           WHEREAS, the Insurance Commissioner in the Department of  
21 Commerce and Consumer Affairs should have the authority to  
22 consider the capital reserves and surplus of a managed care plan  
23 when approving or disapproving rate filings; now, therefore,

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25           BE IT RESOLVED by the Senate of the Twenty-sixth  
26 Legislature of the State of Hawaii, Regular Session of 2012, the  
27 House of Representatives concurring, that the Insurance  
28 Commissioner is requested to consider the accumulation of  
29 capital reserves and surplus of managed care plans in the State  
30 when reviewing rate filings; and

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# S.C.R. NO. 108

1 BE IT FURTHER RESOLVED that the Insurance Commissioner is  
 2 requested to submit a report to the Legislature, including  
 3 proposed legislation that will enable the Insurance Commissioner  
 4 to consider the accumulation of capital reserves and surplus of  
 5 managed care plans in the State when reviewing rate filings, no  
 6 later than twenty days prior to the convening of the Regular  
 7 Session of 2013; and

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 9 BE IT FURTHER RESOLVED that a certified copy of this  
 10 Concurrent Resolution be transmitted to the Insurance  
 11 Commissioner.

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OFFERED BY:

*Melanie Johnson*

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 Anne Neundorfer  
 Gilbert Kelcey  
 Donald B. [unclear]*

