

MAR 13 2012

SENATE 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,
27 that the Insurance Commissioner is requested to consider the
28 accumulation of capital reserves and surplus of managed care
29 plans in the State when reviewing rate filings; and

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31 BE IT FURTHER RESOLVED that the Insurance Commissioner is
32 requested to submit a report to the Legislature, including
33 proposed legislation that will enable the Insurance Commissioner
34 to consider the accumulation of capital reserves and surplus of
35 managed care plans in the State when reviewing rate filings, no



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1 later than twenty days prior to the convening of the Regular
2 Session of 2013; and

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

OFFERED BY: Melanie J. [Signature]

[Signature]
M.S.M.
Anne [Signature]
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