

Honolulu, Hawaii

APR 13 2012

RE: S.R. No. 52

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.R. No. 52 entitled:

"SENATE RESOLUTION REQUESTING THE INSURANCE COMMISSIONER TO REVIEW THE ACCUMULATION OF CAPITAL RESERVES AND SURPLUS OF MANAGED CARE PLANS WHEN REVIEWING RATE FILINGS,"

begs leave to report as follows:

The purpose and intent of this measure is to request the Insurance Commissioner to consider the capital reserves and surplus of managed care plans when reviewing rate filings.

Written comments in support of this measure were submitted by the Department of Commerce and Consumer Affairs.

Your Committee finds that the federal Patient Protection and Affordable Care Act establishes a process for reviewing proposed increases in health plan premiums and requires plans to justify these rate increases. Your Committee further finds that health plans that accrue excessive reserves may simply be accumulating funds instead of using those moneys to pay claims. Accordingly, your Committee believes that the Insurance Commissioner should take health plans' capital reserves and surpluses into account when deciding whether to approve or disapprove proposed rate increases. Your Committee finds that considering this information in the rate review process will help ensure that plan subscribers pay appropriate rates for their health insurance coverage.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your



Committee concurs with the intent and purpose of S.R. No. 52 and recommends its adoption.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SR52	Committee Referral: CPN, WAM	Date: 4-11-12		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	/			
KIDANI, Michelle N. (VC)	/			
CHUN OAKLAND, Suzanne	/			
DELA CRUZ, Donovan M.	/			
ENGLISH, J. Kalani	/			
ESPERO, Will	/			
FUKUNAGA, Carol	/			
KIM, Donna Mercado				/
KAHELE, Gilbert				/
KOUCHI, Ronald D.				/
RYAN, Pohai	/			
TOKUDA, Jill N.	/			
WAKAI, Glenn	/			
SLOM, Sam				/
TOTAL	10	0	0	4
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes