

EXECUTIVE CHAMBERS

HONOLULU

June 20, 2002

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STATEMENT OF OBJECTIONS TO SENATE BILL NO. 2093

Honorable Members
Twenty-First Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 2093, entitled "A Bill for an Act Relating to Health Insurance."

The purpose of this bill is to add new provisions to the insurance chapters in the Hawaii Revised Statutes to provide immunity from civil liability for a person reporting health insurance fraud, except where that person has acted with malice or committed perjury. This bill will add the immunity provision to article 10A (accident and sickness insurance contracts) of chapter 431 (Insurance Code), chapter 432 (mutual benefit societies), and chapter 432D (health maintenance organizations).

Although this bill provides immunity for persons reporting fraud to the Insurance Commissioner, it does not provide the means for the Insurance Commissioner to investigate or prosecute fraud relating to health insurance. The authority for the Insurance Division's fraud investigations unit is found in section 431:10C-307.8, which is in the motor vehicle insurance laws, article 10C of chapter 431 of the Hawaii Revised Statutes. Article 10C (motor vehicle insurance) of chapter 431 does not apply to mutual benefit societies under chapter 432 or to health maintenance organizations under chapter 432D.


Furthermore, the bill is flawed because it does not provide immunity to persons who report the fraud to the affected health plan. This bill only authorizes immunity to persons providing information to the Insurance Commissioner, the National Association of Insurance Commissioners, any federal, state, or county law enforcement or regulatory agency, or "another

STATEMENT OF OBJECTIONS
SENATE BILL NO. 2093
Page 2

insurer." Because most reports of fraud are given to the affected health plan, not "another insurer," the bill greatly reduces the practical benefits of the immunity.

For the foregoing reasons, I am returning Senate Bill No. 2093 without my approval.

Respectfully,


BENJAMIN J. CAYETANO
Governor of Hawaii

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P R O C L A M A T I O N

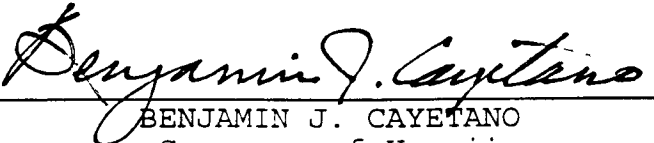
WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, Senate Bill No. 2093, entitled "A Bill for an Act Relating to Health Insurance," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, Senate Bill No. 2093 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, BENJAMIN J. CAYETANO, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return Senate Bill No. 2093 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 20
day of June, 2002.


BENJAMIN J. CAYETANO
Governor of Hawaii