STAND. COM. REP. NO. 1313 -08

Honolulu, Hawaii

Month 20, 2008

RE: S.B. No. 3016

S.D. 1 H.D. 2

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fourth State Legislature Regular Session of 2008 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 3016, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MUTUAL BENEFIT SOCIETIES,"

begs leave to report as follows:

The purpose of this bill is to encourage competition in the mutual benefit society market by:

- (1) Capping the deposit required to operate a mutual benefit society at \$20,000,000; and
- (2) Deleting the benefit fund requirement under section 432:1-401, Hawaii Revised Statutes.

This bill also requires the Insurance Commissioner to appoint an independent auditor to conduct a financial and operational audit of each domestic mutual benefit society formed prior to 1950.

The Department of Commerce and Consumer Affairs testified in support of this bill. The Hawaii Medical Service Association opposed this bill.

Your Committee has amended this bill by replacing the audit provisions with those requiring the Legislative Auditor to conduct a comprehensive financial audit of all health plans offered by

SB3016 HD2 HSCR CPC HMS 2008-3196



domestic mutual benefit societies, health maintenance organizations, and insurers.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3016, S.D. 1, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as S.B. No. 3016, S.D. 1, H.D. 2.

Respectfully submitted on behalf of the members of the Committee on Consumer Protection & Commerce,

ROBERT N. HERKES, Chair

HSCR 1313-08

State of Hawaii House of Representatives The Twenty-fourth Legislature

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: Committee SB3016, SD1, HD1 (HSCR1101-08)	e Referral: HLT , CPC , F	IN Dat	ibech 17	. 2008
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)				
2. McKELVEY, Angus L.K. (VC)				
3. EVANS, Cindy	V			
4. GREEN, Josh, M.D.		THE STATE OF THE S		
5. ITO, Ken				
6. LUKE, Sylvia				
7. MORITA, Hermina M.				
8. SONSON, Alex M.				
9. SOUKI, Joseph M.	V,			
10. TSUJI, Clift				
11. YAMANE, Ryan I.				
12. YAMASHITA, Kyle T.	<u> </u>			
13. MARUMOTO, Barbara C.	<i>Y</i>			
14. THIELEN, Cynthia				
TOTAL (14)	11			3
The recommendation is: Adopted If joint referral Committee acronym(s) Vice Chair's or designee's signature:				
The Chair 501 designed 5 signature				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				