STAND. COM. REP. NO. 2614

Honolulu, Hawaii

FEB 28 2008

RE: S.B. No. 2770

S.D. 1

Honorable Colleen Hanabusa President of the Senate Twenty-Fourth State Legislature Regular Session of 2008 State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and Affordable Housing, to which was referred S.B. No. 2770, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to ensure that patients injured in automobile accidents receive prompt access to appropriate treatment for optimum rehabilitation and recovery by exempting motor vehicle insurers from being required to make available to the insured, at the insured's option, personal injury protection benefits through managed care, if there are fewer than five managed care providers or equivalent entities within twenty-five miles of the claimant.

Testimony in support of this measure was submitted by the Consumer Lawyers of Hawaii. Testimony in opposition to this measure was submitted by the Department of Commerce and Consumer Affairs, the Government Employees Insurance Company (GEICO), and one private individual.

Existing automobile insurance laws provide that personal injury protection benefits covering medical treatment may be offered on an optional managed care basis. Insurance companies are not required to make this option available, but may do so if they can provide medical treatment through a managed care program. Obtaining medical treatment under a managed care program can be challenging, especially for individuals on the neighbor islands

2008-1633 SSCR SMA.doc

who do not reside in close proximity to a physician who is a medical provider under the program. Your Committee finds that providing an exemption for insureds from the required treatment under a managed care program will allow injured individuals to receive timely treatment by their private physicians.

Your Committee recognizes the testimony submitted in opposition to this measure that raises concerns that allowing this exemption may provide a disincentive for insurers to establish or maintain a managed care system, which ultimately would be detrimental to consumers as their premium rates may increase as a result. Your Committee believes that this issue merits further input in order to be explored and discussed so that appropriate actions may be taken. Your Committee notes that the previous committee, the Committee on Health, inserted an effective date of July 1, 2050, and encourages further discussion on this matter as this measure moves through the legislative process.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2770, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on behalf of the members of the Committee on Commerce, Consumer Protection, and Affordable Housing,

RUSSELL S. KOKUBUN. Chair

The Senate Twenty-Fourth Legislature State of Hawaii

Record of Votes Committee on Commerce, Consumer Protection and Affordable Housing CPH

Bill / Resolution No.:* Committee		Referral:		Date:	
5B 2710 501 HTH		LPH		2-25-08	
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WF	R) Nay	Excused
KOKUBUN, Russell S. (C)		√.			
IGE, David Y. (VC)		V,			
ESPERO, Will		\checkmark			
IHARA, Jr., Les					/
SAKAMOTO, Norman					√ ,
TANIGUCHI, BRIAN T.					V
TRIMBLE, Gordon					
TOTAL		3		1	3
Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

^{*}Only one measure per Record of Votes