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Honolulu, Hawaii

APR 25 2013

RE: S.B. No. 1073
S.D. 2
H.D. 2
C.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1073, S.D. 2, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO DENTAL SERVICE CORPORATIONS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Establish certification and financial solvency requirements for dental service corporations; and
- (2) Repeal chapters 423 and 448D, Hawaii Revised Statutes.

Your Committee on Conference finds that under the federal Patient Protection and Affordable Care Act, beginning in 2014, stand-alone dental plans will be able to be sold through Hawaii's health insurance exchange, known as the Hawaii Health Connector.



However, certain licensing requirements must be met prior to selling a stand-alone dental plan on the Hawaii Health Connector.

Your Committee on Conference further finds that this measure establishes a regulatory framework, compatible with the federal Patient Protection and Affordable Care Act, for dental service corporations in their provision or arrangement of dental insurance plans. Your Committee on Conference additionally finds that this measure refers to "dental service corporations" rather than "dental insurers"; however, there is already a chapter in the Hawaii Revised Statutes titled "Dental Service Corporations". Therefore, amendments to the terms in this measure are necessary to avoid a conflict with the existing chapter 423, Hawaii Revised Statutes, relating to dental service corporations.

Accordingly, your Committee on Conference has amended this measure by:

- (1) Amending the title of the new chapter to "Dental Insurers", to avoid a conflict with chapter 423, "Dental Service Corporations", and making conforming substitutions of the term "dental service corporation" with the term "dental insurer" throughout the measure;
- (2) Clarifying the definitions of "dental insurer" and "insolvent" or "insolvency" and inserting a definition of "dental service corporation";
- (3) Clarifying that persons applying to the Insurance Commissioner for a certificate of authority to establish and operate a dental insurer must be in compliance with the new chapter established by this measure and chapter 423, Hawaii Revised Statutes;
- (4) Replacing the phrase "certificate of authority" with "charter of incorporation" as it relates to an existing dental service corporation whose application to the Insurance Commissioner for establishment of a dental insurer has been denied, as dental service corporations do not have certificates of authority;
- (5) Specifying that a dental insurer whose certificate of authority has been revoked shall proceed to wind up its affairs and shall conduct no further business;



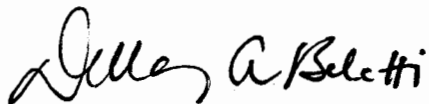
- (6) Clarifying that the Insurance Commissioner may levy an administrative fine upon a dental insurer in an amount not less than \$500 and not more than \$50,000;
- (7) Removing language that stated the new chapter established by this measure shall not apply to an insurer or dental service corporation licensed and regulated pursuant to the insurance code or the new chapter except with respect to its dental service corporation activities authorized and regulated pursuant to the new chapter, to avoid confusion as to applicable laws;
- (8) Regarding solicitation of enrollees by a dental insurer, replacing the term "health professionals" with the term "providers", to avoid confusion as to applicable laws;
- (9) Removing language that would have repealed chapters 423 and 448D, Hawaii Revised Statutes;
- (10) Inserting an effective date of July 1, 2013; and
- (11) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1073, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1073, S.D. 2, H.D. 2, C.D. 1.

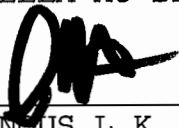
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

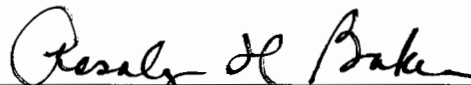
ON THE PART OF THE SENATE



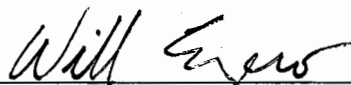
DELLA AU BELATTI, Co-Chair



ANGUS L.K. MCKELVEY, Co-Chair



ROSALYN H. BAKER, Chair



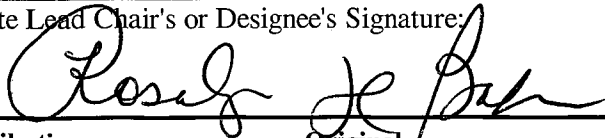

WILL ESPERO, Co-Chair



Hawaii State Legislature

CCR 60

Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: SB 1073, SD 2, HD 2					Date/Time: 4:39 pm 4-24-2013				
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).									
<input type="checkbox"/> The Committee is reconsidering its previous decision.									
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
BAKER, Rosalyn H., Chr.	✓				BELATTI, Della Au, Co-Chr.	✓			
ESPERO, Will, Co-Chr.	✓				MCKELVEY, Angus L.K., Co-Chr.	✓			
SLOM, Sam				✓	CABANILLA, Rida T.R.				✓
					FUKUMOTO, Beth	✓			
TOTAL	2	-	-	1	TOTAL	3	-	-	1
A = Aye		WR = Aye with Reservations			N = Nay		E = Excused		
Senate Recommendation is:					House Recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
									
Distribution: Original					Yellow				
File with Conference Committee Report					House Clerk's Office				
					Pink				
					Senate Clerk's Office				
					Goldenrod				
					Drafting Agency				