

Honolulu, Hawaii

FEB 15 2013

RE: S.B. No. 1073  
S.D. 1

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

Madam:

Your Committee on Commerce and Consumer Protection, to which  
was referred S.B. No. 1073 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to establish the  
licensing and regulation of dental service corporations under the  
Insurance Commissioner.

Your Committee received testimony in support of this measure  
from the Insurance Division of the Department of Commerce and  
Consumer Affairs. Your Committee received testimony in opposition  
to this measure from the Hawaii Dental Association.

Your Committee finds that under the federal Patient  
Protection and Affordable Care Act, beginning in 2014, all health  
plans will include a pediatric dental component. Your Committee  
further finds that stand alone dental plans will be able to be  
sold through Hawaii's health insurance exchange, known as the  
Hawaii Health Connector. However, a dental insurer must be  
licensed prior to selling a stand alone dental plan on the Hawaii  
Health Connector. This measure creates a licensing requirement  
for dental insurers to enable the dental insurers to sell dental  
plans on the Connector, places dental insurers under insurance  
regulation, and establishes financial solvency oversight for  
consumer protection.



Your Committee has heard the concerns that this measure would repeal the existing statutory authority for the formation and corporate structure of dental service corporations in the State. Your Committee therefore concludes that amendments to this measure are necessary.

Accordingly, your Committee has amended this measure by:

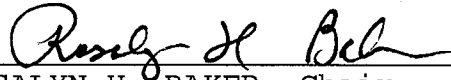
- (1) Amending the title of the new chapter to "Dental Insurers", to avoid a conflict with chapter 423, "Dental Service Corporations", and making conforming substitutions for the term "dental service corporation" with the term "dental insurer";
- (2) Specifying that dental insurers are required to adopt provisions for the coordination of benefits;
- (3) Removing language that would have repealed chapters 423 and 448D, Hawaii Revised Statutes;
- (4) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes that this amended measure is the result of a compromise between the Insurance Division of the Department of Commerce and Consumer Affairs and interested stakeholders.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1073, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1073, S.D. 1, and be referred to the Committee on Ways and Means.



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



ROSALYN H. BAKER, Chair



The Senate  
Twenty-Seventh Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <b>SB 1073</b>	Committee Referral: <b>CPN, WAM</b>	Date: <b>1/12/13</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"><input type="checkbox"/> Pass, unamended 2312</div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments 2311</div> <div style="text-align: center;"><input type="checkbox"/> Hold 2310</div> <div style="text-align: center;"><input type="checkbox"/> Recommit 2313</div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
GALUTERIA, Brickwood (VC)	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
TANIGUCHI, Brian T.	✓			
WAKAI, Glenn	✓			
SLOM, Sam				✓
TOTAL	6			1
Recommendation: <input checked="" type="checkbox"/> Adopted <span style="margin-left: 100px;"><input type="checkbox"/> Not Adopted</span>				
Chair's or Designee's Signature: _____ <div style="text-align: center; margin-top: 10px;"> </div>				
<div style="display: flex; justify-content: space-between; font-size: small;"> <div>Distribution:</div> <div>Original</div> <div>Yellow</div> <div>Pink</div> <div>Goldenrod</div> </div> <div style="display: flex; justify-content: space-between; font-size: x-small;"> <div>File with Committee Report</div> <div>Clerk's Office</div> <div>Drafting Agency</div> <div>Committee File Copy</div> </div>				

\*Only one measure per Record of Votes