



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Insurance Division

News Release

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FOR IMMEDIATE RELEASE: May 1, 2013

Insurance Commissioner Reduces HMSA's Rate Hike Request

HONOLULU – The Department of Commerce and Consumer Affairs' Insurance Division approved a reduced rate increase from Hawaii Medical Services Association for its community rated group plans (CRG).

The CRGs mainly cover small businesses that employ less than 100 workers.

HMSA requested a rate hike of 8.6 percent. Insurance Commissioner Gordon Ito approved a rate of 6.8 percent. The reduction of 1.8 percent saves consumers and businesses about \$10 million.

The CRG plans include the Preferred Provider Plan, CompMed Plan, Student Plan 19 and several Health Plan Hawaii plans. Together, the plans cover more than 118,000 Hawaii consumers.

"The biggest issue we face with health insurance rates is the increases in health care costs," Ito said. "Year over year, health care costs have risen on average 6 to 8 percent, far outpacing inflation and wages."

The new rate increase will be effective July 1, 2013.

Factors in the increase include fees associated with the Affordable Care Act (ACA). The fees account for 2 points of the 6.8 percent increase.

"We encourage small businesses to take advantage of the small business tax credit that is part of the ACA," Ito said. "Eligible small business owners can receive thousands of dollars in credits for what they contribute to their employees' premiums."

Starting in October, the Hawaii Health Connector, which is Hawaii's online health insurance marketplace created through the ACA, will begin offering alternate insurance plans for individuals and small businesses. This will give Hawaii residents more choices.

The Hawaii Insurance Division oversees the state's insurance industry, issues licenses, examines the fiscal condition of Hawaii-based companies, reviews rate and policy filings, and investigates insurance related complaints.

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