



## HOUSE OF REPRESENTATIVES

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### REP. BEV HARBIN FILES IRS AND STATE ETHICS COMMISSION COMPLAINTS AGAINST HMSA FOUNDATION AND THEIR EMPLOYEE MARK L. FORMAN

HONOLULU: MAY 24, 2006 -- Representative Bev Harbin (Downtown, Chinatown, Keeaumoku/Kakaako) has filed formal complaints against the HMSA Foundation for failure to file required lobbyist registration requirements, and against HMSA Executive Administrator Mark L. Forman for failure to file as lobbyist. Forman remained a paid employee of the HMSA Foundation after being placed as a full time employee/intern or "embedded lobbyist" with the House Consumer Protection & Commerce Committee (CPC) before and during the 2006 legislative session.

Harbin said, "I continue to be amazed by the hubris of the HMSA Foundation and their parent company HMSA. Even after a loud public outcry and significant media coverage, HMSA continued to maintain this embedded lobbyist on staff with the powerful House CPC Committee. It became abundantly clear that the sole purpose of placing such a high-level employee in this important position was to protect the interests of HMSA as the prevailing health care provider in the State of Hawaii." Harbin further noted, "This in fact bore true. The Chair of the CPC committee unilaterally killed Hawaii's Health Care Rate Regulation -- the only independent oversight mechanism then in place to protect Hawaii's small businesses and their employees from predatory and discriminatory pricing of health care premiums and co-pays for drugs and services."

"The impact on unions to fairly negotiate wages for members will also be greatly impacted," Harbin said. "As the prevailing health plan, without oversight HMSA now has the ability to raise premiums to such a level that employers will be hard-pressed to raise wages accordingly. HMSA also has the ability to temporarily lower prices to such levels as to thwart any competition wishing to do business in the Hawai'i market. The decision of House Leadership to allow this blatant internal control of the CPC Committee and to affect legislation that could enrich HMSA is unconscionable. It is my sincere hope that the Ethics Commission will see through HMSA's thin veil of rhetoric regarding their unconscionable acts."

Harbin has also filed a notice with the Internal Revenue Service, Tax Exempt and Government Entities Division which has oversight of 501(c)3 private Foundations such as the HMSA Foundation. Harbin related, "I trust the IRS will take immediate action against this arrogant disregard of IRS regulations prohibiting such blatant political intervention in the legislative process. I am confident that the IRS with its fast-tracked Political Activities Compliance Initiative (PACI) will see this for what it is -- a misuse of lobbying power by a private foundation to influence legislation. I am requesting that the IRS examine the activities of the HMSA Foundation, impose sanctions, and provide education to the HMSA Foundation executives regarding their responsibilities and their political activities." Copies of related IRS and Ethics Commission documentation are available upon request.

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