
A BILL FOR AN ACT

RELATING TO HEALTH CARE SERVICES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. This Act shall be known as the "Health Care
2 Reinvestment Act".

3 SECTION 2. The legislature finds that according to the
4 American Hospital Association, one third of the nation's
5 hospitals already operate in the red. Hospitals are incurring
6 high additional costs ensuring essential health care services
7 such as emergency on-call coverage, emergency transport
8 services, and services provided by struggling rural hospitals.
9 Between 2000 and 2004, hospitals reduced essential health care
10 services as they faced volume increases, higher costs, liability
11 concerns, and low or no payment for trauma services.

12 While Hawaii has been a leader in providing health care
13 insurance to permanent employees who work a minimum of twenty
14 hours per week, pursuant to the Prepaid Health Care Act, there
15 are many who are unable to obtain such coverage. Employers have
16 been hit hard by the high cost of health care and, therefore,
17 may employ more people at less than twenty hours per week to
18 avoid having to pay health insurance coverage. This may save



1 money for the employer in the short-term, but the long-term
2 repercussions will have serious health and economic effects on
3 us all.

4 It is imperative that health care coverage be provided to
5 all, regardless of age, race, ethnicity, income, or health
6 status who are ineligible for any state or federal health care
7 program. Health care coverage provided to those in need will
8 relieve a significant amount of strain on hospitals by
9 facilitating:

- 10 (1) Reimbursements for health care services providers;
- 11 (2) Regular health maintenance through a primary care
12 physician for acute or chronic health conditions; and
- 13 (3) A reduction in costly emergency room visits.

14 The purpose of this Act is to appropriate moneys to
15 support:

- 16 (1) Hawaii's trauma system;
- 17 (2) First responder activities relating to disasters;
- 18 (3) Statewide aeromedical evacuation programs;
- 19 (4) Rural hospitals;
- 20 (5) A structural assessment of hospitals and long-term
21 care facilities to determine their ability to



1 withstand hurricanes, earthquakes, and other natural
2 disasters; and

3 (6) Reduce the number of uninsured in Hawaii.

4 SECTION 3. Chapter 321, Hawaii Revised Statutes, is
5 amended by adding a new section to be appropriately designated
6 and to read as follows:

7 "§321- Health care reinvestment fund; support for health
8 care services. (a) There is established the health care

9 reinvestment fund, to be administered by the department of
10 health, and into which shall be deposited \$1 in general funds;
11 provided that:

12 (1) Twenty-five per cent shall be deposited into the
13 trauma system special fund established under section
14 321-22.5;

15 (2) Ten per cent shall be expended to provide medical
16 malpractice insurance subsidies for subspecialists
17 such as orthopedics, trauma surgery, general surgery,
18 and obstetrics/gynecology;

19 (3) Ten per cent shall be used to support statewide
20 aeromedical evacuation services authorized in section
21 321-228;



1 (4) Ten per cent shall be expended to support emergency
2 facilities and provide grants to keep rural hospitals
3 open, including resources for Kahuku hospital;
4 (5) Ten per cent shall be expended to support health care
5 workforce development for medically underserved areas
6 of the state; and
7 (6) The remaining funds shall be used for legislative
8 appropriations to the health insurance support special
9 fund established under section 346- .
10 (b) The department shall submit a report to the
11 legislature no fewer than twenty days prior to the convening of
12 each regular session, beginning with the regular session of
13 2008, that includes:
14 (1) The status of the health care reinvestment fund;
15 (2) The amount of moneys expended from the fund; and
16 (3) The purposes for which these amounts were expended.
17 (c) The director of health shall adopt rules in accordance
18 with chapter 91 to carry out the purposes of this section.
19 (d) As used in this section "medically underserved area"
20 means a geographic region designated by the Secretary of the
21 United States Department of Health and Human Services under 42



1 U.S.C. § 254e as a primary medical care health professional
2 shortage area."

3 SECTION 4. Chapter 346, Hawaii Revised Statutes, is
4 amended by adding a new section to be appropriately designated
5 and to read as follows:

6 **"§346- Health insurance support special fund; Hawaii**
7 **health insurance support.** (a) There is established within the
8 department the health insurance support special fund, to be
9 administered by the department, and into which shall be
10 deposited legislative appropriations from the health care
11 reinvestment fund.

12 (b) Moneys in the health insurance support special fund
13 shall be expended by the department for the purposes of
14 supporting:

15 (1) Reimbursements to health care providers and hospitals
16 statewide for services rendered to medicaid patients;

17 (2) The department's Hawaii Childrens' health care program
18 established pursuant to H.B. No. 1008, H.D. 1, 2007;
19 and

20 (3) Subsidies for part-time worker insurance plans to
21 provide for those who do not qualify to receive



1 employer-funded health insurance under the Hawaii
2 Prepaid Health Care Act, chapter 393.

3 (c) The department shall submit a report to the
4 legislature, no less than twenty days prior to the convening of
5 each regular session, beginning with the regular session of
6 2008, which shall include:

7 (1) The status of the health insurance support special
8 fund;

9 (2) The amount of money taken in by and expended from the
10 fund; and

11 (3) The purposes for which these amounts were expended.

12 (d) The director shall adopt rules in accordance with
13 chapter 91 to carry out the purposes of this section.

14 (e) As used in this section "health care provider" means
15 an individual or institution licensed, certified, or otherwise
16 authorized or permitted by law to provide health care in the
17 ordinary course of business or practice of a profession."

18 SECTION 5. Section 36-27, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "**§36-27 Transfers from special funds for central service**
21 **expenses.** Except as provided in this section, and
22 notwithstanding any other law to the contrary, from time to



1 time, the director of finance, for the purpose of defraying the
2 prorated estimate of central service expenses of government in
3 relation to all special funds, except the:

- 4 (1) Special out-of-school time instructional program fund
5 under section 302A-1310;
- 6 (2) School cafeteria special funds of the department of
7 education;
- 8 (3) Special funds of the University of Hawaii;
- 9 (4) State educational facilities improvement special fund;
- 10 (5) Convention center enterprise special fund under
11 section 201B-8;
- 12 (6) Special funds established by section 206E-6;
- 13 (7) Housing loan program revenue bond special fund;
- 14 (8) Housing project bond special fund;
- 15 (9) Aloha Tower fund created by section 206J-17;
- 16 (10) Funds of the employees' retirement system created by
17 section 88-109;
- 18 (11) Unemployment compensation fund established under
19 section 383-121;
- 20 (12) Hawaii hurricane relief fund established under chapter
21 431P;
- 22 (13) Hawaii health systems corporation special funds;



- 1 (14) Tourism special fund established under section
2 201B-11;
- 3 (15) Universal service fund established under chapter 269;
- 4 (16) Integrated tax information management systems special
5 fund under section 231-3.2;
- 6 (17) Emergency and budget reserve fund under section
7 328L-3;
- 8 (18) Public schools special fees and charges fund under
9 section 302A-1130(f);
- 10 (19) Sport fish special fund under section 187A-9.5;
- 11 (20) Neurotrauma special fund under section 321H-4;
- 12 (21) Deposit beverage container deposit special fund under
13 section 342G-104;
- 14 (22) Glass advance disposal fee special fund established by
15 section 342G-82;
- 16 (23) Center for nursing special fund under section [†]304A-
17 2163[†];
- 18 (24) Passenger facility charge special fund established by
19 section 261-5.5;
- 20 (25) Solicitation of funds for charitable purposes special
21 fund established by section 467B-15;
- 22 (26) Land conservation fund established by section 173A-5;



- 1 (27) Court interpreting services revolving fund under
2 section 607-1.5;
- 3 (28) Trauma system special fund under section 321-22.5;
- 4 (29) Hawaii cancer research special fund;
- 5 (30) Community health centers special fund; [~~and~~]
- 6 (31) Emergency medical services special fund[+];
- 7 (32) Health insurance support special fund established by
8 section 346- ; and
- 9 (33) Health care reinvestment fund established by section
10 321- ;
- 11 shall deduct five per cent of all receipts of all other special
12 funds, which [~~deduction~~] shall be transferred to the general
13 fund of the State and become general realizations of the State.
14 All officers of the State and other persons having power to
15 allocate or disburse any special funds shall cooperate with the
16 director in effecting these transfers. To determine the proper
17 revenue base upon which the central service assessment is to be
18 calculated, the director shall adopt rules pursuant to chapter
19 91 for the purpose of suspending or limiting the application of
20 the central service assessment of any fund. No later than
21 twenty days prior to the convening of each regular session of



1 the legislature, the director shall report all central service
2 assessments made during the preceding fiscal year.[+]"

3 SECTION 6. Section 36-30, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "**§36-30 Special fund reimbursements for departmental**

6 **administrative expenses.** (a) Each special fund, except the:

- 7 (1) Transportation use special fund established by section
8 261D-1;
- 9 (2) Special out-of-school time instructional program fund
10 under section 302A-1310;
- 11 (3) School cafeteria special funds of the department of
12 education;
- 13 (4) Special funds of the University of Hawaii;
- 14 (5) State educational facilities improvement special fund;
- 15 (6) Special funds established by section 206E-6;
- 16 (7) Aloha Tower fund created by section 206J-17;
- 17 (8) Funds of the employees' retirement system created by
18 section 88-109;
- 19 (9) Unemployment compensation fund established under
20 section 383-121;
- 21 (10) Hawaii hurricane relief fund established under chapter
22 431P;



- 1 (11) Convention center enterprise special fund established
2 under section 201B-8;
- 3 (12) Hawaii health systems corporation special funds;
- 4 (13) Tourism special fund established under section
5 201B-11;
- 6 (14) Universal service fund established under chapter 269;
- 7 (15) Integrated tax information management systems special
8 fund under section 231-3.2;
- 9 (16) Emergency and budget reserve fund under section
10 328L-3;
- 11 (17) Public schools special fees and charges fund under
12 section 302A-1130(f);
- 13 (18) Sport fish special fund under section 187A-9.5;
- 14 (19) Neurotrauma special fund under section 321H-4;
- 15 (20) Center for nursing special fund under section [+]
16 304A-2163[+];
- 17 (21) Passenger facility charge special fund established by
18 section 261-5.5;
- 19 (22) Court interpreting services revolving fund under
20 section 607-1.5;
- 21 (23) Trauma system special fund under section 321-22.5;
- 22 (24) Hawaii cancer research special fund;



- 1 (25) Community health centers special fund; [~~and~~]
2 (26) Emergency medical services special fund[+];
3 (27) Health insurance support special fund established by
4 section 346- ; and
5 (28) Health care reinvestment fund established by section
6 321- ;

7 shall be responsible for its pro rata share of the
8 administrative expenses incurred by the department responsible
9 for the operations supported by the special fund concerned.[+]"

10 SECTION 7. Section 321-22.5, Hawaii Revised Statutes, is
11 amended by amending subsection (c) to read as follows:

12 "(c) Interest and investment earnings attributable to the
13 moneys in the trauma system special fund, federal funding,
14 legislative appropriations[~~r~~] and grants, moneys from the health
15 care reinvestment fund, donations, and contributions from
16 private or public sources for the purposes of the trauma system
17 special fund shall be deposited into the trauma system special
18 fund."

19 SECTION 8. There is appropriated out of the health care
20 reinvestment fund the sum of \$1 or so much there of as may be
21 necessary for fiscal year 2007-2008 and the same sum or so much



1 thereof as may be necessary for fiscal year 2008-2009 to be
2 deposited into the health insurance support special fund.

3 SECTION 9. There is appropriated out of the health care
4 reinvestment fund the sum of \$1 or so much thereof as may be
5 necessary for fiscal year 2007-2008 and the same sum or so much
6 thereof as may be necessary for fiscal year 2008-2009 to
7 support:

- 8 (1) Hospitals in meeting their needs for securing
9 emergency on-call services;
- 10 (2) Emergency transport services; and
- 11 (3) Rural hospitals in providing health care services.

12 The sums appropriated shall be expended by the department
13 of health for the purposes of this Act.

14 SECTION 10. There is appropriated out of the health
15 insurance support special fund the sum of \$1 or so much thereof
16 as may be necessary for fiscal year 2007-2008 and the same sum
17 or so much thereof as may be necessary for fiscal year 2008-2009
18 to:

- 19 (1) Subsidize payments of high-deductible health insurance
20 premiums for employees who are ineligible for
21 employer-provided health insurance pursuant to chapter
22 393, Hawaii Revised Statutes; and



1 (2) Assist individuals who do not qualify for any other
2 state-funded health care insurance assistance program
3 in acquiring adequate health care insurance coverage.

4 The sums appropriated shall be expended by the department
5 of human services for the purposes of this Act.

6 SECTION 11. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 12. This Act shall take effect on July 1, 2007.



Report Title:

Health Care Services; General Excise Tax

Description:

Appropriates general funds to support Hawaii's trauma system, statewide aeromedical evacuation programs, rural hospitals, Hawaii Childrens' Health Care Program, and support services for people without health insurance. (HB223 HD2)

