

JAN 25 2017

A BILL FOR AN ACT

RELATING TO HEALTH CARE INSURANCE.

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

1 SECTION 1. The legislature finds that it is in the best
2 interest of the State for every state citizen to have publicly
3 provided, high quality, affordable health care. Health care is
4 more than just medical insurance payouts - it includes cost-
5 saving, preventive, and early intervention measures to prohibit
6 medical conditions from becoming chronic, permanently disabling,
7 or fatal.

8 The legislature further finds that health care rates are
9 skyrocketing, creating an affordability and accessibility crisis
10 for Hawaii residents. Hawaii's current health care insurance
11 system is a disjointed, costly, inefficient, and unnecessarily
12 complicated, multi-payer, private medical insurance model that
13 is mostly profit-driven, adversarial, beset with constant cost-
14 shifting and reluctant health care delivery, onerously
15 bureaucratic, and economically irrational.

16 The legislature recognizes that two of the biggest cost-
17 drivers of health care today are:



1 (1) The profit-driven complex of payment-reluctant, multi-
2 payer health insurance bureaucracies competing to
3 insure only the healthy and wealthy, while leaving
4 those who need health care the most to the taxpayers;
5 and

6 (2) The high cost of prescription drugs.

7 The legislature further finds that for more than a quarter
8 of a century, Hawaii was far ahead of most other states and
9 often called itself "the health state" because of the 1974
10 Hawaii Prepaid Health Care Act. Hawaii was once known for
11 having a low uninsured population of between two and five per
12 cent in 1994.

13 However, the crisis in health care facing the nation has
14 also befallen Hawaii. Today, thousands of Hawaii citizens lack
15 health care coverage, many of whom are children. Many other
16 Hawaii residents are underinsured, unable to use their insurance
17 properly, or even at all, because of increasingly expensive
18 deductibles and out-of-pocket co-payments for outpatient visits,
19 diagnostic tests, and prescription drugs, among other factors.
20 Even well-insured individuals experience problems with their
21 insurers denying, or very reluctantly dispensing, expensive



1 medicines and treatments. About half of all bankruptcies are
2 due to extremely expensive, catastrophic illnesses that are not
3 covered after a certain cap is reached. Other individuals and
4 families struggling to avoid bankruptcy have a deteriorated
5 quality of life due to financial stress.

6 The legislature further finds that a universal, publicly
7 administered, health care-for-all insurance model with one
8 payout agency for caregivers and providers, adapted to meet the
9 unique conditions in Hawaii, would be beneficial for the
10 following reasons:

11 (1) For union members and their employers, it means taking
12 health care off the negotiating table;

13 (2) For patients, as taxpayers and insurance premium-
14 payers, it means significant reductions in overall
15 costs, increases in benefits, and the slowing of
16 annual inflation cost increases. It also means a
17 comeback from increasingly uncaring, profit-driven
18 health care to the restoration of human-need-driven,
19 mutually respectful, and caring patient-doctor-nurse-
20 and other caregiver relationships, which in the past
21 were fundamental to meaningful health care;



- 1 (3) For businesses, large and small, it reduces
2 significant overhead expenses;
- 3 (4) For the local economy, it means keeping almost all
4 health care dollars in the State;
- 5 (5) For government, it means having one integrated,
6 electronic, health information database for
7 unprecedented planning and cost-containment
8 capabilities. It also means relief from the perceived
9 emerging problem of unfunded liabilities associated
10 with long-term funding of government retiree health
11 care benefits;
- 12 (6) For physicians, nurses, and other caregivers, it means
13 less paperwork, less work stress, and more time with
14 patients;
- 15 (7) For hospitals, community health clinics, homecare
16 providers, and long-term care facilities, it means
17 sufficient and dependable annual financing through
18 global budgets; and
- 19 (8) For the public, it means accessible and affordable
20 health care for every person, and relief from the



1 stresses of constant worry over the instability of
2 health care coverage.

3 The purpose of this Act is to create a unified, single-
4 payer, universal health care system covering all Hawaii
5 residents.

6 SECTION 2. The Hawaii Revised Statutes is amended by
7 adding a new chapter to be appropriately designated and to read
8 as follows:

9 "CHAPTER

10 SINGLE-PAYER UNIVERSAL HEALTH CARE SYSTEM

11 § -1 Single-payer universal health care insurance
12 system; established. There is established the single-payer
13 universal health care insurance system to provide the same high-
14 quality level of medically necessary health care to all Hawaii
15 citizens. Private health care insurers shall not duplicate the
16 coverages provided by the single-payer universal health care
17 insurance system.

18 § -2 State health care insurance planning and financing
19 authority. (a) There is established within the department of
20 health, for administrative purposes, the state health care
21 insurance planning and financing authority to determine the



1 costs of the system and to gather the needed financing methods
2 and transition mechanisms.

3 (b) Notwithstanding any law to the contrary, effective
4 July 1, 2019, the functions of the Hawaii health authority; the
5 department of labor and industrial relations as they relate to
6 chapter 393, the Hawaii Prepaid Health Care Act; and the Hawaii
7 employer-union health benefits trust fund under chapter 87A
8 shall be transferred to the state health care insurance planning
9 and financing authority, and these functions shall be maintained
10 until fully integrated into the system by the state health care
11 insurance planning and financing authority.

12 (c) The authority shall be composed of nine members
13 appointed by the governor as provided in section 26-34; provided
14 that three members shall be appointed from a list of nominees
15 submitted by the speaker of the house of representatives and
16 three members shall be appointed from a list of nominees
17 submitted by the president of the senate. All members shall be
18 appointed for terms of four years each. One member shall be
19 selected to be the executive director and confirmed by a
20 majority vote of a quorum of the members of the state health
21 care insurance planning and financing authority.



1 (d) Five members shall constitute a quorum, whose
2 affirmative vote shall be necessary for all valid actions by the
3 authority.

4 (e) The state health care insurance planning and financing
5 authority shall:

6 (1) Begin and maintain a trust fund comprised of a pay-as-
7 we-go transfer payments system and a reserve fund;

8 (2) Negotiate and receive all federal, state, and other
9 appropriate health care revenue;

10 (3) Assess temporary surcharges on the income and general
11 excise taxes for start-up and emergency costs as
12 necessary, for instance, during epidemic or other
13 medical catastrophes;

14 (4) Be the single payer of universal health care financing
15 for Hawaii;

16 (5) Hire a chief executive officer who shall be
17 accountable for the development and success of the
18 single-payer universal health care system and other
19 staff as necessary; and

20 (6) Conduct a continuous and ongoing program of
21 enrollment.



1 (e) The concurrence of a majority of all directors shall
2 be necessary to make any action of the authority valid.

3 (f) The salary of the executive director shall be
4 \$ a year, and the salaries of the other members shall
5 be \$ a year."

6 SECTION 3. Chapter 322H, Hawaii Revised Statutes, is
7 repealed.

8 SECTION 4. All rights, powers, functions, and duties of
9 the Hawaii health authority, department of labor and industrial
10 relations as they relate to the Hawaii Prepaid Health Care Act,
11 and Hawaii employer-union benefits trust fund are transferred to
12 the state health care insurance planning and financing
13 authority.

14 All officers and employees whose functions are transferred
15 by this Act shall be transferred with their functions and shall
16 continue to perform their regular duties upon their transfer,
17 subject to the state personnel laws and this Act.

18 No officer or employee of the State having tenure shall
19 suffer any loss of salary, seniority, prior service credit,
20 vacation, sick leave, or other employee benefit or privilege as
21 a consequence of this Act, and such officer or employee may be



1 transferred or appointed to a civil service position without the
2 necessity of examination; provided that the officer or employee
3 possesses the minimum qualifications for the position to which
4 transferred or appointed; provided further that subsequent
5 changes in status may be made pursuant to applicable civil
6 service and compensation laws.

7 An officer or employee of the State who does not have
8 tenure and who may be transferred or appointed to a civil
9 service position as a consequence of this Act shall become a
10 civil service employee without the loss of salary, seniority,
11 prior service credit, vacation, sick leave, or other employee
12 benefits or privileges and without the necessity of examination;
13 provided that such officer or employee possesses the minimum
14 qualifications for the position to which transferred or
15 appointed.

16 If an office or position held by an officer or employee
17 having tenure is abolished, the officer or employee shall not
18 thereby be separated from public employment, but shall remain in
19 the employment of the State with the same pay and classification
20 and shall be transferred to some other office or position for
21 which the officer or employee is eligible under the personnel



1 laws of the State as determined by the head of the department or
2 the governor.

3 SECTION 5. All appropriations, records, equipment,
4 machines, files, supplies, contracts, books, papers, documents,
5 maps, and other personal property made, used, acquired, or held
6 by the department of labor and industrial relations regarding
7 the Hawaii Prepaid Health Care Act, Hawaii health authority, and
8 Hawaii employer-union benefits trust fund relating to the
9 functions transferred to the state health care insurance
10 planning and financing authority shall be transferred with the
11 functions to which they relate.

12 SECTION 6. There is appropriated out of the general
13 revenues of the State of Hawaii the sum of \$ or so much
14 thereof as may be necessary for fiscal year 2017-2018 and the
15 same sum or so much thereof as may be necessary for fiscal year
16 2018-2019 for establishment of the state health care insurance
17 planning and financing authority to operate a single-payer
18 universal health care insurance system.

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



S.B. NO. 1120

1 SECTION 7. This Act shall take effect on July 1, 2017.

2

INTRODUCED BY: 



S.B. NO. 1120

Report Title:

Health Care; Single-payer Universal Health Care Insurance System; State Health Care Insurance Planning and Financing Authority; Appropriation

Description:

Establishes the single-payer universal health care insurance system to provide the same high-quality level of medically necessary health care to all Hawaii citizens. Prohibits private health care insurers from duplicating the coverages provided by the system. Establishes the state health care insurance planning and financing authority within the department of health to operate the system. Provides the structure and duties of the authority. Requires that the functions, rights, powers, duties, and appropriations of the Hawaii health authority, DLIR as they relate to the Hawaii Prepaid Health Care Act, and Hawaii employer union health benefits trust fund be transferred to the state health care insurance planning and financing authority. Repeals the Hawaii health authority. Appropriates funds to the state health care insurance planning and financing authority to establish and operate the single-payer universal health care insurance system.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

