

JAN 19 2018

A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. The legislature finds that the federal Patient
2 and Protection and Affordable Care Act of 2010, Public Law No.
3 111-148 (Affordable Care Act), as amended, encourages states to
4 develop innovative approaches to ensuring that their populations
5 are covered by health insurance. The Act authorizes states to
6 apply for waivers from certain requirements of the Affordable
7 Care Act.

8 Under section 1332 of the Affordable Care Act, a state may
9 apply for a state innovation waiver, which allows the state to
10 implement innovations that help provide access to quality health
11 insurance while preserving the basic protections of the
12 Affordable Care Act. To be eligible for a waiver, a state must
13 demonstrate that its proposed health insurance reforms are as
14 comprehensive and affordable as the federal requirements for
15 insurance. In addition, the proposed reforms must be budget-
16 neutral for the federal government.



1 A state that is granted an innovation waiver may receive
2 federal assistance to operate its proposed health insurance
3 reform programs. The amount of assistance may equal the
4 aggregate amount of tax credits and cost-sharing subsidies that
5 the federal government would have otherwise paid for individuals
6 enrolled in a state health insurance exchange.

7 The legislature further finds that the State has a bold
8 history as an innovator in ensuring that its residents have
9 access to health care. The Hawaii Prepaid Health Care Act has
10 ensured the availability of employer-sponsored health insurance
11 for workers and their families, and the State's medicaid program
12 has provided access to comprehensive managed care for low-income
13 families. Hawaii was also the first state to receive a state
14 innovation waiver under section 1332 of the Affordable Care Act.
15 This waiver allowed Hawaii to effect changes to its small
16 business health insurance exchanges that preserved the
17 protections of the Hawaii Prepaid Health Care Act.

18 The legislature notes that Act 43, Session Laws of Hawaii
19 2017, Regular Session of 2017, was enacted to establish the
20 affordable health insurance working group to address the
21 complexities of the health care system in Hawaii and the related



1 uncertainty over the future of the Affordable Care Act in light
2 of recent federal actions to repeal and replace the Affordable
3 Care Act. Act 43 directed the working group to make
4 recommendations on policy issues including:

- 5 (1) Minimum standard coverage requirements for
6 individuals;
- 7 (2) Essential health care benefits;
- 8 (3) Rate setting;
- 9 (4) Medicaid expansion;
- 10 (5) Financial requirements and financing options; and
- 11 (6) Other issues that may arise, pursuant to the
12 discretion of the working group.

13 One recommendation of the working group was to apply for
14 another section 1332 state innovation waiver to explore the
15 possible establishment of a state reinsurance program for the
16 individual health insurance market. The intent of such a
17 program would be to control the cost of health insurance in
18 Hawaii by providing additional funding and innovative methods of
19 pooling risk to cover health care for high-risk patients with
20 costly medical claims.



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1 Accordingly, in order to implement the recommendations of
 2 the affordable health insurance working group, the legislature
 3 believes that the State must submit another state innovation
 4 waiver proposal to the federal government for approval.

5 The purpose of this Act is to authorize the State to submit
 6 a state innovation waiver proposal to the federal government and
 7 to implement the conditions of the waiver upon approval by the
 8 federal government.

9 SECTION 2. The State may submit a state innovation waiver
 10 proposal to the United States Secretaries of Health and Human
 11 Services and the Treasury to waive certain provisions of the
 12 federal Patient and Protection and Affordable Care Act of 2010,
 13 Public Law No. 111-148, as amended, as provided under section
 14 1332 of the federal act, and upon approval by the Secretaries,
 15 to implement the waiver on or after January 1, 2019.

16 SECTION 3. This Act shall take effect upon its approval.

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Report Title:

Insurance; Affordable Care Act; State Innovation Waiver; State Reinsurance Program

Description:

Authorizes the State to apply for and implement a waiver from certain provisions of the Patient Protection and Affordable Care Act of 2010, as amended.

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