

JAN 19 2018

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# 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 resident 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. Rather, a universal,  
16 publicly administered, health care-for-all insurance model with  
17 one payout agency for caregivers and providers, adapted to meet



1 the unique conditions in Hawaii, would be beneficial for all of  
2 the residents of the State.

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 residents. 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, 2020, 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.



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

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

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

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

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

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

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

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



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

3 (g) 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  
14 much thereof as may be necessary for fiscal year 2018-2019 for  
15 establishment of the state health care insurance planning and  
16 financing authority to operate a single-payer universal health  
17 care insurance system.

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

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SECTION 7. This Act shall take effect on July 1, 2018.

J. L. M.  
 Mike Gebhard  
BS  
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# S.B. NO. 2207

**Report Title:**

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

**Description:**

Establishes a single-payer universal health care insurance system to provide the same high-quality level of medically necessary health care to all Hawaii residents. 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.*

