

JAN 26 2022

S.B. NO. 3259

A BILL FOR AN ACT

RELATING TO HEALTH.

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

1 SECTION 1. The legislature finds that Hawaii has long been
2 a leader in advancing medical services and health care,
3 advocating the importance of access to health care without
4 discrimination, and implementing forward-thinking health care
5 policy such as the Hawaii Prepaid Health Care Act of 1974. It
6 is in the best interest of the State for each and every
7 employer-union health benefits trust fund beneficiary to have
8 publicly provided, high quality, and affordable health care.

9 Health care involves more than just medical insurance
10 payouts, but also includes cost-saving preventative and early
11 intervention measures, dental services, and mental illness
12 treatment to prevent medical health conditions from becoming
13 chronic, permanently disabling, or fatal. Under Hawaii's
14 current health care insurance system, patients encounter many
15 challenges to their medical care, including requirements for
16 prior authorizations, formulary restrictions, and networks with
17 limited physician participation. This system also burdens



1 physicians and hospitals with administrative demands such as pay
2 for performance, pay for documentation, and capitation, all of
3 which require much more detailed documentation and data
4 reporting while controlling and restricting payment for primary
5 care in particular, which results in physicians being driven out
6 of practice or leaving the State.

7 The legislature further finds that health care rates are
8 skyrocketing, creating an affordability and accessibility crisis
9 for Hawaii's residents. The two largest cost drivers of health
10 care in the United States and Hawaii are high administrative
11 costs due to reliance on a competitive insurance business model
12 and the high cost of prescription drugs. For more than a
13 quarter of a century, Hawaii was far ahead of most other states
14 and often called itself the "health state" because of the
15 Prepaid Health Care Act and for having a low percentage of
16 residents without health insurance, which in 1994 was between
17 two and five per cent.

18 The legislature also finds that as a result of the COVID-19
19 pandemic, thousands of Hawaii residents have lost their jobs and
20 health insurance, making it critical for the State to support
21 struggling families by ensuring preventative care and limiting



1 out-of-pocket costs. The safeguarding of access to health care,
2 solidification of the essential health benefits that have
3 changed thousands of lives, and improvement of overall access to
4 care requires the preservation of certain important aspects of
5 the federal Patient Protection and Affordable Care Act and the
6 expansion of access to care for residents of Hawaii.

7 Accordingly, the purpose of this Act is to require the
8 auditor to conduct a comprehensive study of the health insurance
9 plans in the State that administer the Hawaii employer-union
10 health benefits trust fund.

11 SECTION 2. (a) The auditor shall conduct a study that
12 includes:

13 (1) A financial analysis of the health insurance plans
14 that administer the Hawaii employer-union health
15 benefits trust fund to assess the medical loss ratio
16 by auditing:

17 (A) Amounts paid for direct health care services,
18 including laboratory and other testing services;

19 (B) Amounts paid for quality improvement under the
20 federal Patient Protection and Affordable Care
21 Act; and



- 1 (C) Amounts paid for administrative services,
2 including a breakdown of:
3 (i) Medical management administrative costs;
4 (ii) Payment reform administrative costs; and
5 (iii) Payments to providers of health care; and
6 (2) An analysis of the effects of payment reforms,
7 particularly payments to primary care physicians,
8 including:
9 (A) How capitation payments impact administrative
10 costs and burdens of physicians' practices and
11 contribute to the State's physician shortage; and
12 (B) An assessment of the financial prudence of having
13 managed care organizations administer the
14 employer-union health benefits trust fund based
15 on the amount paid for health care and the amount
16 paid for administrative services in the State.
17 (b) The auditor shall submit a report of its findings and
18 recommendations, including any proposed legislation, to the
19 legislature no later than twenty days prior to the convening of
20 the regular session of 2023.



1 SECTION 3. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$ or so
3 much thereof as may be necessary for fiscal year 2022-2023 for a
4 comprehensive study of the health insurance plans in the State
5 that administer the Hawaii employer-union health benefits trust
6 fund.

7 The sum appropriated shall be expended by the auditor for
8 the purposes of this Act.

9 SECTION 4. This Act shall take effect on July 1, 2022.

10
INTRODUCED BY:  _____



S.B. NO. 3259

Report Title:

Auditor; Study; EUTF; Health Insurance Plans

Description:

Requires auditor to conduct a comprehensive study of the health insurance plans in the State that administer the Hawaii employer-union health benefits trust fund.

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

