

ACT 11

H.B. NO. 1504

A Bill for an Act Relating to Health.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The cost of health care in Hawaii and the nation is escalating exponentially, and medicaid reimbursements are frequently less than the actual cost of care. Additionally, health insurance premium costs and prescription drug costs are rising rapidly.

In recent years, some of the largest hospitals in the state reported that consumers and employers will likely pay more for labor costs due to increased hospital fees and higher insurance premiums, yet receive fewer services in return.

The increase in premium costs translates into increased costs for employers. Under the state's Prepaid Health Care Act, private-sector employers are required to pay the bulk of health insurance premiums for their regular employees who work twenty hours or more per week. Because the Act does not require employers to provide health insurance coverage for employees working fewer than twenty hours a week, increased health insurance costs may lead to employers hiring individuals to work fewer than twenty hours per week to avoid higher costs.

Increased health care costs can also be traced to the demand for access to the newest technology for treatment of illnesses. It is estimated that new technology is responsible for almost fifty per cent of the total increase in health care over the last thirty years. While greatly improving the quality of life for patients, the costs involved in providing these services place a heavy burden on the State's already struggling health care system.

Health agencies are also concerned about the growing number of uninsured individuals in the state. Hawaii was once known for its low number of uninsured people, between two and five per cent in 1994. The Healthcare Association of Hawaii estimates that the current rate of uninsured individuals is more than ten per cent of the state's population.

While the Prepaid Health Care Act has served its purpose well for many years, it is now time to consider other options to address these increased health care costs. There is a need for new and innovative legislation that will provide affordable health care for all of Hawaii's residents.

The legislature recognizes the accomplishments of Ah Quon McElrath (1915-2008) toward improving the welfare of the people of the state. As a life-long champion of the underdog and an eloquent, irrepressible, and forceful spokesperson for labor, human rights, and progressive causes, McElrath never hesitated to challenge the establishment to promote standard-of-living improvements for working men and women in areas such as occupational safety, ethnic equality, health care, and education. It was her dream for everyone in our state and nation to have access to affordable health care. Accordingly, the legislature dedicates this Act to Ah Quon McElrath.

The purpose of this Act is to initiate the comprehensive reformation of Hawaii's health care system with the ultimate goal of facilitating universal coverage through the provision of affordable, high-quality medical services for Hawaii's residents by establishing the Hawaii health authority to develop a comprehensive plan to provide universal health care in Hawaii.

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

**“CHAPTER
HAWAII HEALTH AUTHORITY**

§ -1 Hawaii health authority; establishment. (a) There is established within the department of budget and finance for administrative purposes the Hawaii health authority. The authority shall be an autonomous public body corporate and politic and an instrumentality of the State.

(b) The authority shall be composed of nine members appointed by the governor as provided in section 26-34; provided that three members shall be appointed from a list of nominees submitted by the speaker of the house of representatives and three members shall be appointed from a list of nominees submitted by the president of the senate. All members shall be appointed for terms of four years each.

(c) One member shall be selected to be the executive director and confirmed by a majority vote of a quorum of the members of the Hawaii health authority.

(d) Each member shall hold office until the member's successor is appointed and qualified.

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

§ -2 Hawaii health authority; duties and responsibilities. (a) The authority shall be responsible for overall health planning for the state and shall be responsible for determining future capacity needs for health providers, facilities, equipment, and support services providers.

(b) The authority shall develop a comprehensive health plan that includes:

- (1) Establishment of eligibility for inclusion in a health plan for all individuals;
- (2) Determination of all reimbursable services to be paid by the authority;
- (3) Determination of all approved providers of services in a health plan for all individuals;
- (4) Evaluation of health care and cost effectiveness of all aspects of a health plan for all individuals; and
- (5) Establishment of a budget for a health plan for all individuals in the state.

(c) The authority shall determine the waivers that are necessary and available by federal law, rule, or regulation necessary to implement and maintain this chapter.

(d) The authority shall adopt rules pursuant to chapter 91 necessary for the purposes of this chapter.

(e) The authority shall submit a comprehensive health plan for all individuals in the state, including its findings and recommendations, to the legislature no later than twenty days prior to the convening of the regular session of 2011.”

SECTION 3. There is appropriated out of the state health planning and development special fund of the State of Hawaii the sum of \$50,000 or so much thereof as may be necessary for fiscal year 2009-2010 for the purpose of operating the Hawaii health authority.

The sum appropriated shall be expended by the department of budget and finance for the purposes of this Act.

SECTION 4. This Act shall take effect on July 1, 2009.

(Vetoed by Governor and veto overridden by Legislature on July 15, 2009.)