

ACT 164

S.B. NO. 933

A Bill for an Act Relating to the TRICARE Program.

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

SECTION 1. The legislature finds that, pursuant to the authority granted by Congress under title 10 United States Code section 1071 et seq., the United States Department of Defense established the TRICARE program as the managed care component of the military health system. The TRICARE program is a federal government program that provides health care services to over nine million Americans, composed of active duty, reserve, and retired members of the United States uniformed services, their family members, and survivors, including

approximately one hundred fifty thousand current and former service members and their family members who reside in Hawaii.

The legislature further finds that the purpose and mission of the TRICARE program is to ensure the availability of high-quality, low-cost health care services to members of the uniformed services and their families, which is crucial to ensuring military readiness, national defense, and the health and welfare of the residents of the State.

The TRICARE program augments the health care services provided by the United States Department of Defense personnel at military treatment facilities. TRICARE is a program of the Department of Defense, TRICARE management activity, which contracts with third-party administrators, known as “managed care support contractors”, to establish and maintain networks of TRICARE-authorized civilian health care providers in various regions of the United States. On behalf of the United States Department of Defense, managed care support contractors make advances to health care providers, including doctors, hospitals, and other providers, for costs of health care services provided to TRICARE beneficiaries. The United States Department of Defense reimburses managed care support contractors for the actual cost or advancement made to third-party health care providers.

In 2009, the legislature recognized that some uncertainty existed about whether the amounts received by a managed care support contractor of the TRICARE program for the actual cost or advancement to third-party health care providers, on behalf of the federal government, are subject to the state general excise tax. In order to avoid increasing the costs of health care services delivered through the TRICARE program and any adverse consequences to members of our uniformed services and their families from the increased costs, Act 70, Session Laws of Hawaii 2009, clarified that the amounts received by a managed care support contractor of the TRICARE program are not subject to the state general excise tax.

The purpose of this Act is to extend the state general excise tax exclusion for the amounts received by a managed care support contractor of the TRICARE program for the actual cost or advancement to third-party health care providers, pursuant to a contract with the United States for the administration of the TRICARE program.

SECTION 2. Act 70, Session Laws of Hawaii 2009, is amended by amending section 4 to read as follows:

“SECTION 4. This Act shall take effect on July 1, 2009, and shall be repealed as of December 31, [~~2013;~~] 2018; provided that section 237-24, Hawaii Revised Statutes, shall be reenacted in the form in which it read on June 30, 2009.”

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect on July 1, 2013.

(Approved June 21, 2013.)