
A BILL FOR AN ACT

RELATING TO THE HAWAII CHILDREN'S HEALTH CARE PROGRAM.

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

1 SECTION 1. Although estimates of the number of uninsured
2 children in the State vary, one thing that can be agreed upon is
3 that there is a gap group that is ineligible for any state or
4 federal health care coverage. Children who remain uninsured
5 typically do not receive an appropriate level of medical care.
6 Children who lack a source of care or must turn regularly to a
7 hospital emergency department are unlikely to receive preventive
8 care or early and regular management of acute or chronic health
9 conditions.

10 A study performed by the Urban Institute, a nonpartisan
11 economic and social policy research organization, showed that
12 regardless of age, race, ethnicity, income, or health status,
13 uninsured children were much less likely to have received a
14 well-child checkup within the past year and were more likely
15 than insured children to report an unmet need for medical care
16 that was associated with concerns about cost.



1 Health insurance helps children and youth receive regular
2 health care so they can participate in school and other
3 activities. Often, parents experience hardship when an
4 uninsured child is sick because of the added stress of the
5 child's medical bills.

6 The purpose of this Act is to establish the Hawaii
7 children's health care program as a temporary three-year pilot
8 program to expand health care coverage for children in Hawaii
9 by:

- 10 (1) Providing continuous, quality health care services to
11 uninsured newborn children between one and thirty-one
12 days of age;
- 13 (2) Providing health care coverage to certain children
14 between thirty-one days to eighteen years old through
15 a public-private partnership between the department of
16 human services and a managed care plan operating in
17 the state under chapter 432, Hawaii Revised Statutes,
18 that offers accident and health or sickness insurance
19 plans;
- 20 (3) Providing access to medical care free-of-charge for
21 certain children nineteen years of age or younger



1 public-private partnership, established as a contract to provide
2 health and human services pursuant to chapter 103F, between the
3 department and private health care providers to continue to
4 provide health care services to children who require services
5 which exceed the \$10,000 threshold.

6 (d) The department of health shall directly reimburse any
7 health care provider participating in the dollar-for-dollar
8 matching funds, public-private partnership.

9 (e) The department shall report to the legislature no
10 later than twenty days prior to the convening of the 2008
11 regular session and annually thereafter. The report shall
12 include:

- 13 (1) The number of children who were provided services
14 through the Hawaii infant care special fund;
15 (2) A listing of health care providers participating in
16 the program;
17 (3) The annual cost of the program; and
18 (4) Any proposed legislation to improve the program."

19 SECTION 3. Section 36-27, Hawaii Revised Statutes, is
20 amended to read as follows:

21 "§36-27 Transfers from special funds for central service
22 expenses. Except as provided in this section, and



1 notwithstanding any other law to the contrary, from time to
2 time, the director of finance, for the purpose of defraying the
3 prorated estimate of central service expenses of government in
4 relation to all special funds, except the:

- 5 (1) Special out-of-school time instructional program fund
6 under section 302A-1310;
- 7 (2) School cafeteria special funds of the department of
8 education;
- 9 (3) Special funds of the University of Hawaii;
- 10 (4) State educational facilities improvement special fund;
- 11 (5) Convention center enterprise special fund under
12 section 201B-8;
- 13 (6) Special funds established by section 206E-6;
- 14 (7) Housing loan program revenue bond special fund;
- 15 (8) Housing project bond special fund;
- 16 (9) Aloha Tower fund created by section 206J-17;
- 17 (10) Funds of the employees' retirement system created by
18 section 88-109;
- 19 (11) Unemployment compensation fund established under
20 section 383-121;
- 21 (12) Hawaii hurricane relief fund established under chapter
22 431P;



- 1 (13) Hawaii health systems corporation special funds;
- 2 (14) Tourism special fund established under section
3 201B-11;
- 4 (15) Universal service fund established under chapter 269;
- 5 (16) Integrated tax information management systems special
6 fund under section 231-3.2;
- 7 (17) Emergency and budget reserve fund under section
8 328L-3;
- 9 (18) Public schools special fees and charges fund under
10 section 302A-1130(f);
- 11 (19) Sport fish special fund under section 187A-9.5;
- 12 (20) Neurotrauma special fund under section 321H-4;
- 13 (21) Deposit beverage container deposit special fund under
14 section 342G-104;
- 15 (22) Glass advance disposal fee special fund established by
16 section 342G-82;
- 17 (23) Center for nursing special fund under section
18 [f]304A-2163 [t];
- 19 (24) Passenger facility charge special fund established by
20 section 261-5.5;
- 21 (25) Solicitation of funds for charitable purposes special
22 fund established by section 467B-15;



- 1 (26) Land conservation fund established by section 173A-5;
- 2 (27) Court interpreting services revolving fund under
- 3 section 607-1.5;
- 4 (28) Trauma system special fund under section 321-22.5;
- 5 (29) Hawaii cancer research special fund;
- 6 (30) Community health centers special fund; ~~and~~
- 7 (31) Emergency medical services special fund[+]; and
- 8 (32) Hawaii infant care special fund;

9 shall deduct five per cent of all receipts of all other special
10 funds, which deduction shall be transferred to the general fund
11 of the State and become general realizations of the State. All
12 officers of the State and other persons having power to allocate
13 or disburse any special funds shall cooperate with the director
14 in effecting these transfers. To determine the proper revenue
15 base upon which the central service assessment is to be
16 calculated, the director shall adopt rules pursuant to chapter
17 91 for the purpose of suspending or limiting the application of
18 the central service assessment of any fund. No later than
19 twenty days prior to the convening of each regular session of
20 the legislature, the director shall report all central service
21 assessments made during the preceding fiscal year. [+]"



1 SECTION 4. Section 36-30, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Each special fund, except the:

4 (1) Transportation use special fund established by section
5 261D-1;

6 (2) Special out-of-school time instructional program fund
7 under section 302A-1310;

8 (3) School cafeteria special funds of the department of
9 education;

10 (4) Special funds of the University of Hawaii;

11 (5) State educational facilities improvement special fund;

12 (6) Special funds established by section 206E-6;

13 (7) Aloha Tower fund created by section 206J-17;

14 (8) Funds of the employees' retirement system created by
15 section 88-109;

16 (9) Unemployment compensation fund established under
17 section 383-121;

18 (10) Hawaii hurricane relief fund established under chapter
19 431P;

20 (11) Convention center enterprise special fund established
21 under section 201B-8;

22 (12) Hawaii health systems corporation special funds;



- 1 (13) Tourism special fund established under section
- 2 201B-11;
- 3 (14) Universal service fund established under chapter 269;
- 4 (15) Integrated tax information management systems special
- 5 fund under section 231-3.2;
- 6 (16) Emergency and budget reserve fund under section
- 7 328L-3;
- 8 (17) Public schools special fees and charges fund under
- 9 section 302A-1130(f);
- 10 (18) Sport fish special fund under section 187A-9.5;
- 11 (19) Neurotrauma special fund under section 321H-4;
- 12 (20) Center for nursing special fund under section
- 13 [†]304A-2163 [†];
- 14 (21) Passenger facility charge special fund established by
- 15 section 261-5.5;
- 16 (22) Court interpreting services revolving fund under
- 17 section 607-1.5;
- 18 (23) Trauma system special fund under section 321-22.5;
- 19 (24) Hawaii cancer research special fund;
- 20 (25) Community health centers special fund; [and]
- 21 (26) Emergency medical services special fund[†]; and
- 22 (27) Hawaii infant care special fund;



1 shall be responsible for its pro rata share of the
2 administrative expenses incurred by the department responsible
3 for the operations supported by the special fund concerned. [†]"

4 PART II

5 SECTION 5. (a) The department of human services shall
6 provide health care coverage through a public-private
7 partnership, established as a contract to provide health and
8 human services pursuant to chapter 103F, Hawaii Revised
9 Statutes, between the department of human services and a managed
10 care plan operating in the State under chapter 432, Hawaii
11 Revised Statutes, that offers accident and health or sickness
12 insurance plans.

13 (b) To qualify, a child shall:

14 (1) Be between thirty-one days to eighteen years old;

15 (2) Have been uninsured continually for at least six
16 months; provided that infants between thirty-one days
17 and six months of age shall have been uninsured
18 continually since birth; and

19 (3) Have been ineligible during the six months the child
20 was uninsured for any other state or federal health
21 care coverage and be currently ineligible for any
22 other state or federal health care coverage; provided



1 that all children enrolled in a mutual benefit
2 society's children's plan as of the effective date of
3 this Act shall be eligible for enrollment into the
4 program; and provided that children between thirty-one
5 days to eighteen years old who become ineligible for
6 QUEST due to an increase in family income may enroll
7 in the program upon disenrollment from QUEST.

8 (c) The department of human services and the managed care
9 plan shall share equally in the cost of the premium for each
10 child enrolled in the program.

11 (d) The department of human services shall pay the State's
12 share of the premiums under the program on a quarterly basis.

13 (e) The managed care plan participating in the pilot
14 program shall be responsible for determining the eligibility of
15 program applicants and of enrolling applicants in the pilot
16 program.

17 (f) The managed care plan participating in the program
18 shall provide a quarterly report to the department of human
19 services and the legislature on the number of children enrolled
20 in the program.

21 (g) Other private organizations may partner with the State
22 to offer coverage to uninsured children under the program;



1 provided that plan benefits to be provided shall be equal to or
2 better than those offered through the program established by the
3 State and a managed care plan under subsection (a).

4 (h) No more than:

5 (1) Ten thousand children shall be enrolled in the program
6 during fiscal year 2007-2008;

7 (2) Twenty thousand children shall be enrolled in the
8 program during fiscal year 2008-2009; and

9 (3) Twenty thousand children shall be enrolled in the
10 program during fiscal year 2009-2010.

11 (i) The department of human services and any participating
12 managed care plan shall report to the legislature no later than
13 twenty days prior to the start of the 2008 and 2009 regular
14 session on:

15 (1) Any problems experienced with the program involving
16 crowding out eligible participants;

17 (2) Instances of people dropping their previous coverage
18 to receive this free coverage;

19 (3) The amount of funding used and for what purposes;

20 (4) Any other problems encountered in the administration
21 of the program; and

22 (5) Any proposed legislation.



PART III

1
2 SECTION 6. Section 346-59.4, Hawaii Revised Statutes, is
3 amended to read as follows:

4 " ~~[+]§346-59.4[+]~~ Medical assistance to other children.

5 The department shall provide state-funded medical assistance ~~[7~~
6 ~~of up to two hundred per cent of the federal poverty level for~~
7 ~~Hawaii,]~~ free of charge to persons ~~[less than]~~ nineteen years of
8 age or younger whose family income is at or below three hundred
9 per cent of the federal poverty level for Hawaii and who are:

- 10 (1) Legal permanent residents who arrived after August 22,
11 1996;
- 12 (2) Persons who are permanently residing under color of
13 law; and
- 14 (3) Nonimmigrants from the Trust Territories of the
15 Pacific Islands who are citizens of:
- 16 (A) The Marshall Islands;
- 17 (B) The Federated States of Micronesia; or
- 18 (C) Palau, as defined by the Compact of Free
19 Association Act of 1985, P.L. 99-239, or the
20 Compact of Free Association between the United
21 States and the Government of Palau, P.L. 99-658,



1 who are otherwise eligible for benefits under the State's
2 medicaid programs, including QUEST and the State's children
3 health insurance program, but are ineligible due to restricted
4 eligibility rules imposed by Title XXI of the Social Security
5 Act, the Personal Responsibility and Work Reconciliation Act of
6 1996, the Compact of Free Association Act of 1985, P.L. 99-239,
7 the Compact of Free Association between the United States and
8 the Government of Palau, P.L. 99-658, or any other provision of
9 federal law denying medical assistance to nonimmigrants who are
10 citizens of the Marshall Islands, the Federated States of
11 Micronesia, or Palau."

12 **PART IV**

13 SECTION 7. The department of human services shall provide
14 medical assistance under QUEST-Net at no charge to children
15 nineteen years or younger whose family income is at or above two
16 hundred fifty per cent and does not exceed three hundred per
17 cent of the federal poverty level for Hawaii and who are
18 otherwise eligible for QUEST-Net benefits.

19 **PART V**

20 SECTION 8. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$500,000, or so much
22 thereof as may be necessary for fiscal year 2007-2008, and the



1 same sum, or so much thereof as may be necessary for fiscal year
2 2008-2009, to the Hawaii infant care special fund.

3 SECTION 9. There is appropriated out of the Hawaii infant
4 care special fund the sum of \$500,000, or so much thereof as may
5 be necessary for fiscal year 2007-2008, and the same sum, or so
6 much thereof as may be necessary for fiscal year 2008-2009, to
7 provide continuous, quality health care services to uninsured
8 newborn children between the one and thirty-one days of age
9 pursuant to part I of this Act.

10 The sums appropriated shall be expended by the department
11 of human services for the purposes of part I of this Act.

12 SECTION 10. There is appropriated out of the general
13 revenues of the State of Hawaii the sum of \$1,000,000, or so
14 much thereof as may be necessary for fiscal year 2007-2008, and
15 the same sum, or so much thereof as may be necessary for fiscal
16 year 2008-2009, for the department of human services to provide
17 health care coverage to certain children between thirty-one days
18 to eighteen years old through a public-private partnership with
19 a managed care plan pursuant to part II of this Act.

20 The sums appropriated shall be expended by the department
21 of human services for the purposes of part II of this Act.



1 SECTION 11. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$3,000,000, or so
3 much thereof as may be necessary for fiscal year 2007-2008, and
4 the same sum, or so much thereof as may be necessary for fiscal
5 year 2008-2009, to provide QUEST-Net services free-of-charge to
6 children nineteen years of age or younger whose family income is
7 at or above two hundred fifty per cent and under three hundred
8 per cent of the federal poverty level pursuant to part IV of
9 this Act.

10 The sums appropriated shall be expended by the department
11 of human services for the purposes of part IV of this Act.

12 SECTION 12. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 13. This Act shall take effect upon approval;
15 provided that sections 8, 9, 10, and 11 shall take effect on
16 July 1, 2007; provided further that on June 30, 2010, this Act
17 shall be repealed and sections 36-27, 36-30, and 346-59.4,
18 Hawaii Revised Statutes, are reenacted in the form in which they
19 read on the day before the approval of this Act.



Report Title:

Children's Health Care Program; Appropriations

Description:

Creates a three-year pilot program to expand health care coverage for children in Hawaii; and appropriates funds. (SD1)

