



GOV. MSG. NO. 803

EXECUTIVE CHAMBERS  
HONOLULU

LINDA LINGLE  
GOVERNOR

July 10, 2009

The Honorable Colleen Hanabusa, President  
and Members of the Senate  
Twenty-Fifth State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

I am transmitting herewith HB989 HD1 SD2 CD1, without my approval, and with the statement of objections relating to the measure.

HB989 HD1 SD2 CD1

A BILL FOR AN ACT  
RELATING TO CHILDREN'S HEALTH CARE.

Sincerely,

LINDA LINGLE

EXECUTIVE CHAMBERS

HONOLULU

July 10, 2009

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 989

Honorable Members  
Twenty-Fifth Legislature  
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 989, entitled "A Bill for an Act Relating to Children's Health Care."

The purpose of this bill is to reinstate the Hawaii Children's Health Care Program, otherwise known as Keiki Care, for three years and require the participants to receive primary health care services at federally qualified health centers. The program is funded through an appropriation of \$400,000 from the general fund for the biennium.

This bill is objectionable because it fails to carry out the legislative intent of the Keiki Care program, as established pursuant to Act 236, Session Laws of Hawaii 2007. That intent was to provide health care coverage to children who are uninsured and ineligible for the State's Med-QUEST programs or other health care coverage.

An evaluation of the program found that when Keiki Care was launched in April 2008, there were 1,804 children enrolled, of which 1,750 or 95% were previously insured by their own families through HMSA's Children's Plan.

When the State evaluated the program in August 2008, it discovered that of the nearly 2,021 children enrolled in Keiki Care, only approximately 300 or 15% met the criteria of "gap group" children who were uninsured and ineligible for their coverage. The program failed to assist the neediest children who

STATEMENT OF OBJECTIONS  
HOUSE BILL NO. 989  
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were being crowded out by participants who could afford to purchase health coverage at a minimal cost through HMSA's Children's Plan but had switched to Keiki Care to receive free medical care at taxpayer expense.

This bill is also objectionable because it revives the Keiki Care program but fails to address substantive problems previously encountered with its implementation. The bill does not contain a mechanism to target program participation to the truly needy who are unable to access other State health care coverage programs, such as ensuring the children are from households that meet the residency and income thresholds.

Further, this bill raises concerns because it requires Keiki Care participants to receive medical care only at federally qualified health centers. While the State's fourteen federally qualified health centers play a vital role in Hawaii's healthcare safety net, the State should not establish the practice of limiting patients to specific providers without good cause. Moreover, this provision fails to recognize that federally qualified health centers may not be accessible to all children because of their geographic locations. At a time when federally qualified health centers report an increased strain on the health care safety net, adding to the strain is unwise.

For the foregoing reasons, I am returning House Bill No. 989 without my approval.

Respectfully,



LINDA LINGLE  
Governor of Hawaii

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## A BILL FOR AN ACT

RELATING TO CHILDREN'S HEALTH CARE.

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

1           SECTION 1. Act 236, Session Laws of Hawaii 2007, as  
2 amended by Act 239, Session Laws of Hawaii 2008, is amended by  
3 amending section 3 to read:  
4           "SECTION 3. (a) There is established the Hawaii  
5 children's health care program as a temporary [~~three-year~~] pilot  
6 program to provide health care coverage to uninsured children  
7 who live in Hawaii. The department of human services shall  
8 provide health care coverage through a public-private  
9 partnership, established as a contract to provide health and  
10 human services pursuant to chapter 103F, Hawaii Revised  
11 Statutes, between the department and one or more managed care  
12 plans operating in the state under chapter 432, Hawaii Revised  
13 Statutes, that offers accident and health or sickness insurance  
14 plans.  
15           (b) It is not the intent of the legislature to discourage  
16 employers from offering to pay, or from paying for, dependent  
17 coverage for their employees, nor that this Act supplant  
18 employer-sponsored dependent coverage plans.



- 1 (c) To qualify, a child shall:
- 2 (1) Be at least thirty-one days to less than nineteen
- 3 years old;
- 4 (2) Be living in Hawaii;
- 5 (3) Have been uninsured continually for at least six
- 6 months; provided that infants thirty-one days to six
- 7 months of age shall have been uninsured continually
- 8 since birth; and
- 9 (4) Have been ineligible during the six months the child
- 10 was uninsured for any other state or federal health
- 11 care coverage and be currently ineligible for any
- 12 other state or federal health care coverage; provided
- 13 that:
- 14 (A) All children enrolled in a managed care plan's
- 15 children's plan as of the effective date of this
- 16 Act shall be eligible for enrollment into the
- 17 Hawaii children's health care program without
- 18 being subject to the requirement of being
- 19 uninsured for the precedent six months in
- 20 subsection (c) (3);
- 21 (B) Children who are at least thirty-one days but
- 22 less than nineteen years old who become



1 ineligible for a med-QUEST division health care  
2 coverage program due to an increase in family  
3 income may enroll in the program upon  
4 disenrollment from a med-QUEST division health  
5 care coverage program; and

6 (C) Uninsured newborn children who are one day, but  
7 not more than thirty days of age who were  
8 enrolled in the Hawaii infant health care program  
9 shall be eligible for enrollment in the Hawaii  
10 children's health care program without being  
11 subject to the requirement of being uninsured for  
12 the precedent six months in subsection (c)(3).

13 (d) In lieu of paragraphs (c)(3) and (4), a child may also  
14 qualify if the child is uninsured due to the loss of the  
15 parent's or guardian's health insurance; provided that the  
16 child's parent or guardian was employed by a Hawaii employer  
17 that was covered by and in compliance with chapter 393, Hawaii  
18 Revised Statutes, and that, between February 29, 2008 and  
19 September 30, 2008, filed for bankruptcy and ceased doing  
20 business in Hawaii or ceased doing business in Hawaii. The  
21 eligibility requirements of subsections (c)(1) and (2) shall  
22 still apply. Furthermore, coverage received based upon meeting



1 the eligibility requirements of this subsection shall continue  
2 only until the earlier of the following:

3 (1) The former employee parent or guardian of the covered  
4 child becomes employed and covered by a prepaid health  
5 care plan; or

6 (2) December 31, 2008.

7 (e) The department of human services and the managed care  
8 plans shall share equally in the cost of the premium for each  
9 child enrolled in the program subject to the appropriation of  
10 general funds for the program.

11 (f) Primary health care services for participants in the  
12 Hawaii children's health care program shall be provided by a  
13 federally qualified health center, as recognized by the United  
14 States Centers for Medicare and Medicaid Services. The managed  
15 care plan partner shall establish payment plans with the State's  
16 federally qualified health centers to cover the costs of the  
17 participants' primary health care services.

18 ~~[(f)]~~ (g) The department of human services shall pay the  
19 State's share of the premiums under the program on a quarterly  
20 basis.

21 ~~[(g)]~~ (h) The managed care plans participating in the  
22 pilot program shall be responsible for determining the



1 eligibility of program applicants and of enrolling applicants in  
2 the pilot program.

3       ~~[(h)]~~ (i) The managed care plans participating in the  
4 program shall provide a quarterly report to the department of  
5 human services and the legislature on the number of children  
6 enrolled in the program.

7       ~~[(i)]~~ (j) The department shall ensure that other private  
8 organizations have the opportunity to partner with the State to  
9 offer coverage to uninsured children under the program; provided  
10 that plan benefits to be provided shall be equal to or better  
11 than those offered through the program established by the State  
12 and managed care plans under subsection (a).

13       ~~[(j)]~~ (k) The department of human services and any  
14 participating managed care plan shall report to the legislature  
15 no later than twenty days prior to the start of the ~~[2008]~~ 2010  
16 and ~~[2009]~~ 2011 regular sessions on:

- 17       (1) Any problems experienced with the program involving  
18           crowding out eligible participants;
- 19       (2) Instances of people canceling their previous coverage  
20           to receive this free coverage;
- 21       (3) The amount of funding used and for what purposes;





- 1 (4) Any other problems encountered in the administration  
2 of the program; [~~and~~]  
3 (5) Any proposed legislation[~~-~~]; and  
4 (6) Any proposals on funding sources other than the  
5 State."

6 SECTION 2. Act 236, Session Laws of Hawaii 2007, is  
7 amended by amending section 14 to read:

8 "SECTION 14. This Act shall take effect [~~upon~~] on July 1,  
9 2007; provided that on June 30, 2010, with the exception of  
10 section 3, this Act shall be repealed and section 346-59.4,  
11 Hawaii Revised Statutes, shall be reenacted in the form in which  
12 it read on the day before the effective date of this Act [~~-~~]; and  
13 provided further that on June 30, 2012, section 3 of this Act  
14 shall be repealed."

15 SECTION 3. There is appropriated out of the general  
16 revenues of the State of Hawaii the sum of \$200,000 or so much  
17 thereof as may be necessary for fiscal year 2009-2010 and the  
18 same sum or so much thereof as may be necessary for fiscal year  
19 2010-2011 for the Hawaii children's health care program  
20 established under section 3 of Act 236, Session Laws of Hawaii  
21 2007 as amended by Act 239, Session Laws of Hawaii 2008.



1           The sums appropriated shall be expended by the department  
2 of human services for the purposes of this Act.

3           SECTION 4. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5           SECTION 5. This Act shall take effect on July 1, 2009.

