



GOV. MSG. NO. 804

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 HB1504 HD1 SD2 CD1, without my approval, and with the statement of objections relating to the measure.

HB1504 HD1 SD2 CD1

A BILL FOR AN ACT  
RELATING TO HEALTH.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

EXECUTIVE CHAMBERS

HONOLULU

July 10, 2009

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 1504

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. 1504, entitled "A Bill for an Act Relating to Health."

The purpose of this bill is to establish the Hawaii Health Authority to develop a comprehensive plan for providing universal health care in Hawaii. This bill also appropriates \$50,000 from the State Health Planning and Development Special Fund for the Authority's operations.

This bill is objectionable because the mission and duties of the Hawaii Health Authority as established by this bill are duplicative of past and existing efforts. Act 223, Session Laws of Hawaii 2005, established the temporary Healthcare Task Force to develop a plan to implement health care for all Hawaii residents and appropriated \$200,000 in general funds for the task force. An eighty-five page report, titled "Analysis of the Impact of an Illustrative Single-Payer System for Hawaii," was submitted to the task force and published on June 30, 2006. Many issues that this bill is seeking to address have already been addressed by the report. That report also addressed issues that this bill does not consider, such as the impact of a universal health care system on insurance providers. The report concluded that in order to implement a universal health care system for all State residents, a payroll tax of at least nine and one half percent must be assessed from all workers in the State. It does

STATEMENT OF OBJECTIONS  
HOUSE BILL NO. 1504  
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not make sense for the State to expend additional resources to develop a plan when a plan was already completed in 2006.

Additionally, this bill establishes the Hawaii Health Authority as an agency administratively attached to the Department of Budget and Finance. The mission of the Authority is to be "responsible for overall health planning for the state." This is similar to the mission of the State Health Planning and Development Agency, which is tasked with promoting "accessibility for all the people of the State to quality health care services at reasonable cost." Because the Department of Budget and Finance has no expertise in health care, it is inappropriate for the Authority to be attached to the Department instead of the Department of Health. Since the State already has an existing agency administratively attached to the Department of Health with a similar mission, creating a new program during these difficult economic times is not justified.

For the foregoing reasons, I am returning House Bill No. 1504 without my approval.

Respectfully,



LINDA LINGLE  
Governor of Hawaii

# VETO

HOUSE OF REPRESENTATIVES  
TWENTY-FIFTH LEGISLATURE, 2009  
STATE OF HAWAII

H.B. NO. 1504  
H.D. 1  
S.D. 2  
C.D. 1

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## A BILL FOR AN ACT

RELATING TO HEALTH.

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

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

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

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

HB1504 CD1 HMS 2009-4095



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

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

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

20 The legislature recognizes the accomplishments of Ah Quon  
21 McElrath (1915-2008) toward improving the welfare of the people  
22 of the state. As a lifelong champion of the underdog and an



1 eloquent, irrepressible, and forceful spokesperson for labor,  
2 human rights, and progressive causes, McElrath never hesitated  
3 to challenge the establishment to promote standard-of-living  
4 improvements for working men and women in areas such as  
5 occupational safety, ethnic equality, health care, and  
6 education. It was her dream for everyone in our state and  
7 nation to have access to affordable health care. Accordingly,  
8 the legislature dedicates this Act to Ah Quon McElrath.

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

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

18 "CHAPTER

19 HAWAII HEALTH AUTHORITY

20 § -1 Hawaii health authority; establishment. (a) There  
21 is established within the department of budget and finance for  
22 administrative purposes the Hawaii health authority. The



1 authority shall be an autonomous public body corporate and  
2 politic and an instrumentality of the State.

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

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

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

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

18 § -2 Hawaii health authority; duties and  
19 responsibilities. (a) The authority shall be responsible for  
20 overall health planning for the state and shall be responsible  
21 for determining future capacity needs for health providers,  
22 facilities, equipment, and support services providers.



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

3 (1) Establishment of eligibility for inclusion in a health  
4 plan for all individuals;

5 (2) Determination of all reimbursable services to be paid  
6 by the authority;

7 (3) Determination of all approved providers of services in  
8 a health plan for all individuals;

9 (4) Evaluation of health care and cost effectiveness of  
10 all aspects of a health plan for all individuals; and

11 (5) Establishment of a budget for a health plan for all  
12 individuals in the state.

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

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

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





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

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

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

