
A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. The legislature finds that the federal Patient
2 Protection and Affordable Care Act (P.L. 111-148), as amended,
3 permits states to establish a basic health program to provide
4 health benefits to certain low-income individuals who do not
5 qualify for medicaid and who would otherwise be eligible to
6 purchase health insurance through a health insurance exchange.
7 Under the basic health program, states would receive federal
8 subsidies to finance a portion of the cost of providing basic
9 health insurance benefits for these individuals.

10 The legislature further finds that, although the intent of
11 the program would be to expand access to health care, there
12 remains a number of unknown factors that may significantly
13 affect the program's ongoing cost to the State and its ability
14 to successfully implement the program. Although federal
15 subsidies are promised to support elements of the basic health
16 program, the amount of federal support available is not clear,
17 nor is it firmly established that the federal government is
18 committed to continuing those subsidies at sustained levels for



1 the long term. To compound the problem further, the federal
2 agency designated to administer the basic health program, to
3 date, has issued no regulations or detailed guidance to the
4 states regarding the operation or financing of many aspects of
5 the basic health program called for in the Affordable Care Act.

6 The implementation of a basic health program in Hawaii may
7 present opportunities for the State to help provide health
8 insurance for low-income individuals, but it also may present
9 significant financial risks and costs to the State both short-
10 term and long-term. The legislature finds that several other
11 states have already undertaken studies of the feasibility of
12 implementing a basic health program, and they have reached
13 inconclusive results due to the many unknown factors involved in
14 operating such a program. The legislature recognizes that the
15 creation of a basic health program is an option, not a mandate,
16 for the State. The legislature also recognizes that the
17 insurance commissioner is preparing to initiate an actuarial
18 analysis on the impacts of a basic health program in Hawaii.
19 Accordingly, the legislature finds that the decision to create a
20 basic health program in Hawaii is a significant policy decision
21 that first deserves careful analysis of the financial costs and
22 benefits to Hawaii, the effects of the program on other agencies



1 and organizations in the State, including the Hawaii health
2 connector, and the delivery of health care as a whole.

3 The purpose of this Act is to:

- 4 (1) Require legislative authorization for the
5 establishment of a basic health program, pursuant to
6 the Patient Protection and Affordable Care Act; and
7 (2) Require the insurance division of the department of
8 commerce and consumer affairs to undertake a
9 feasibility study of establishing a basic health
10 program in Hawaii.

11 SECTION 2. Any department, agency, officer, or other
12 entity of the State, administratively or otherwise, seeking to
13 establish a basic health program, as contemplated by section
14 1331 of the federal Patient Protection and Affordable Care Act
15 (P.L. 111-148), as amended, shall submit proposed legislation to
16 the speaker of the house of representatives and the president of
17 the senate no later than twenty days prior to the convening of a
18 regular session of the legislature, for introduction and
19 consideration by the legislature, that authorizes or directs the
20 establishment and operation of a basic health program. A report
21 on the feasibility, plan for sustainability, and benefits of



1 establishing a basic health plan shall accompany the requested
2 legislation.

3 SECTION 3. (a) The insurance division of the department
4 of commerce and consumer affairs shall prepare a comprehensive
5 study on the feasibility of establishing a basic health program
6 in Hawaii that includes but is not limited to an analysis of
7 the:

8 (1) Short-term and long-term financial costs and benefits
9 to the State;

10 (2) Immediate and ongoing availability of federal funds to
11 support the program and requirements for long-term
12 sustainability;

13 (3) Options for selecting providers for the program;

14 (4) Effect of the program on relevant existing health care
15 providers and health care organizations, programs, and
16 agencies, including the Hawaii health connector;

17 (5) Potential benefits to enrollees of the program
18 compared to the potential drawbacks to these same
19 individuals if a basic health program is not offered;
20 and

21 (6) Any other considerations that may impact the overall
22 delivery of health care in Hawaii.



1 (b) The insurance division of the department of commerce
2 and consumer affairs shall submit a report of its findings and
3 recommendations including any proposed legislation to the
4 speaker of the house of representatives and the president of the
5 senate no later than twenty days prior to the convening of the
6 regular session of 2013.

7 SECTION 4. This Act shall take effect upon its approval.



Report Title:

Insurance; Basic Health Program

Description:

Requires legislative authorization for the establishment of a basic health program, pursuant to the Patient Protection and Affordable Care Act. Requires the insurance division of the department of commerce and consumer affairs to undertake a feasibility study of establishing a basic health program in Hawaii and to report its findings. (CD1)

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