
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 Patient
2 Protection and Affordable Care Act encourages states to develop
3 innovative approaches to insuring their populations by
4 authorizing states to apply for waivers from certain
5 requirements of the Act. To be eligible, a state must
6 demonstrate that its proposed health insurance reforms are as
7 comprehensive and affordable as the federal requirements for
8 insurance sold in its state health insurance exchange. In
9 addition, proposed reforms must be budget neutral for the
10 federal government. States that are granted innovation waivers
11 may receive federal assistance to operate their reform programs
12 in an amount that is equivalent to the aggregate amount of tax
13 credits and cost-sharing subsidies that the federal government
14 would have paid for individuals enrolled in state health
15 insurance exchanges.

16 The legislature also finds that Hawaii has a bold history
17 as an innovator in ensuring that its residents have access to
18 health care. The Hawaii Prepaid Health Care Act has ensured the



1 availability of employer-sponsored health insurance for workers
2 and their families, and the State's Med-QUEST program has
3 provided access to comprehensive managed care for low-income
4 families. The legislature believes that, while Hawaii has taken
5 great steps in implementing the health insurance exchange and
6 other insurance reforms required by the Patient Protection and
7 Affordable Care Act, the State may be able to create a more
8 effective alternative solution for providing affordable health
9 coverage to individuals.

10 The purpose of this Act is to establish a state innovation
11 waiver task force to develop a health care reform plan that
12 meets requirements for obtaining a state innovation waiver.

13 SECTION 2. (a) There is created the state innovation
14 waiver task force, to be attached to the office of the governor
15 for administrative purposes.

16 (b) The task force shall consist of the following members,
17 or their respective designees:

18 (1) The healthcare transformation coordinator, who shall
19 serve as chair;

20 (2) The director of health;

21 (3) The director of commerce and consumer affairs;

22 (4) The director of labor and industrial relations;



- 1 (5) The administrator of the MedQUEST division of the
2 department of human services;
- 3 (6) The insurance commissioner;
- 4 (7) The administrator of the Hawaii employer-union health
5 benefits trust fund;
- 6 (8) The chairperson of the board of directors of the
7 Hawaii Health Connector;
- 8 (9) The executive director of the Hawaii Health Connector;
- 9 (10) The executive director of the Hawaii Health
10 Information Exchange;
- 11 (11) Two persons with expertise in health care delivery or
12 health insurance, to be designated by the president of
13 the senate; and
- 14 (12) Two persons with expertise in health care delivery or
15 health insurance, to be designated by the speaker of
16 the house of representatives.
- 17 (c) The task force shall:
- 18 (1) Examine the feasibility of alternative approaches to
19 the health reform requirements described under section
20 1332(a)(2) of the federal act;
- 21 (2) Examine alternatives to and possible exemptions or
22 waivers from requirements relating to allowable



1 premium rate variations based upon age, as described
2 in section 1201 of the federal act;

3 (3) Examine the feasibility of options for providing
4 affordable insurance coverage for uninsured and
5 underinsured individuals in Hawaii through brokers and
6 professional employer organizations that include
7 innovations to the State's existing medicaid program;
8 and

9 (4) Develop a plan for applying for a state innovation
10 waiver that meets the requirements of section 1332 of
11 the federal act, including:

12 (A) Developing a strategy for health care reform
13 that:

14 (i) Provides coverage that is at least as
15 comprehensive as required by the federal
16 act;

17 (ii) Provides coverage and cost-sharing
18 protections that are at least as affordable
19 as under the federal act;

20 (iii) Makes health insurance coverage available to
21 as many residents of Hawaii as under the
22 federal act; and



- 1 (iv) Is budget neutral for the federal
2 government;
- 3 (B) Examining the feasibility of options for
4 providing affordable insurance coverage for
5 uninsured and underinsured individuals in Hawaii
6 that include innovations to the State's existing
7 medicaid program; and
- 8 (C) Ensuring compliance with all applicable public
9 notice requirements of 31 Code of Federal
10 Regulations part 33 and 45 Code of Federal
11 Regulations part 155, as amended.
- 12 (d) The task force shall prepare a draft application for a
13 state innovation waiver, to take effect for plan years beginning
14 after January 1, 2017.
- 15 (e) The members of the task force shall serve without
16 compensation but shall be reimbursed for expenses, including
17 travel expenses, necessary for the performance of their duties.
- 18 (f) The task force shall submit a report of its findings
19 and recommendations to the legislature, including any proposed
20 legislation and the draft application, no later than twenty days
21 prior to the convening of the regular session of 2016.
- 22 (g) The task force shall be dissolved on June 30, 2017.



1 (h) For the purposes of this section, "federal act" means
2 the Patient Protection and Affordable Care Act (Public Law 111-
3 148), as amended, and any regulations adopted thereunder.

4 SECTION 3. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$ or so much
6 thereof as may be necessary for fiscal year 2014-2015 for the
7 operations of the state innovation waiver task force.

8 The sum appropriated shall be expended by the office of the
9 governor for the purposes of this Act.

10 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

State Innovation Waiver; Task Force; Appropriation

Description:

Establishes and appropriates funds for the state innovation waiver task force to develop a plan for applying for a state innovation waiver under the PPACA. Effective July 1, 2050.
(HB2581 HD2)

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