July 1, 2015

The Honorable Ronald D. Kouchi, The Honorable Joseph M. Souki,
President Speaker and Members of the
and Members of the Senate House of Representatives
Twenty-Eighth State Legislature Twenty-Eighth State Legislature
State Capitol, Room 409 State Capitol, Room 431
Honolulu, Hawai‘i 96813 Honolulu, Hawai‘i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on July 1, 2015, the following bill was signed into law:

HB576 HD1 SD1 CD1 RELATING TO THE STATE AFFORDABLE CARE ACT INNOVATION WAIVER ACT 184 (15)

Sincerely,

[Signature]

DAVID Y. IGE
Governor, State of Hawai‘i
A BILL FOR AN ACT

RELATING TO THE STATE AFFORDABLE CARE ACT INNOVATION WAIVER.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAI'I:

SECTION 1. Act 158, Session Laws of Hawaii 2014, established a state innovation waiver task force to develop a health care reform plan that meets the requirements for obtaining a state innovation waiver that complies with the federal Patient Protection and Affordable Care Act of 2010, Public Law 111-148 (Affordable Care Act). The plan to be developed by the task force for the waiver is expected to build on the success of chapter 393, Hawaii Revised Statutes, the Prepaid Health Care Act. The task force, which is to be dissolved on June 30, 2017, is temporarily attached to the office of the governor for administrative purposes.

In accordance with the terms of the Affordable Care Act, an approvable waiver must include:

(1) Coverage that is at least as comprehensive as the coverage defined in section 1302(b) of the Affordable Care Act and offered through exchanges;
(2) Coverage and cost-sharing protections against excessive out-of-pocket spending that are at least as affordable;

(3) Coverage for at least as many residents; and

(4) Terms that will not increase the federal deficit.

The major tasks for waiver development include:

(1) Identification of specific Affordable Care Act provisions that Hawaii seeks to waive;

(2) Actuarial analysis and actuarial certifications of required comparability;

(3) An economic analysis of the costs and effect on the federal deficit;

(4) Development of a ten-year budget;

(5) Analysis of the impact on health insurance coverage;

(6) Public hearings; and

(7) Explicit legislative approval.

The purpose of this Act is to facilitate the development of an Affordable Care Act waiver in a timely manner.

SECTION 2. Act 158, Session Laws of Hawaii 2014, is amended by amending section 2 as follows:

1. By amending subsection (c) to read:
"(c) The task force shall:

(1) Examine the feasibility of alternative approaches to the health reform requirements described under Section 1332(a)(2) of the federal act;

(2) Examine alternatives to and possible exemptions or waivers from requirements relating to allowable premium rate variations based upon age, as described in Section 1201 of the federal act;

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

and

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

[<A>] (1) Developing a strategy for health care reform that:

[<A>] (A) Provides coverage that is at least as comprehensive as required by the federal act;
(B) Provides coverage and cost-sharing protections that are at least as affordable as under the federal act;

(C) Makes health insurance coverage available to as many residents of Hawaii as under the federal act; and

(D) Is budget neutral for the federal government;

(2) Examining the feasibility of options for providing affordable insurance coverage for uninsured and underinsured individuals in Hawaii that include innovations to the State's existing medicaid program; and

(3) Ensuring compliance with all applicable public notice requirements of title 31 Code of Federal Regulations part 33 and title 45 Code of Federal Regulations part 155, as amended."

2. By amending subsection (f) to read:

"(f) The task force shall submit an initial interim report to the legislature no later than twenty days prior to the convening of the regular session of 2015. The task force shall
submit a second interim report to the legislature no later than twenty days prior to the convening of the regular session of 2016. The interim reports shall include:

1. Identification of opportunities for state agencies to collaborate on new information technology that will advance the goals of the federal act and state innovation.

2. Recommendations on the allocation of existing money available for health reform and innovation, including any proposed legislation.

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

SECTION 4. This Act shall take effect on July 1, 2015.

APPROVED this 1 day of JUL, 2015

GOVERNOR OF THE STATE OF HAWAII