



GOV. MSG. NO. 1113

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

April 25, 2016

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

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

This is to inform you that on April 25, 2016, the following bill was signed into law:

SB2775

RELATING TO THE AFFORDABLE CARE ACT
SECTION 1332 STATE INNOVATION WAIVER
ACT 013 (16)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

Approved by the Governor

APR 25 2016

on _____

THE SENATE
TWENTY-EIGHTH LEGISLATURE, 2016
STATE OF HAWAII

ACT 013

S.B. NO. 2775

JAN 27 2016

A BILL FOR AN ACT

RELATING TO THE AFFORDABLE CARE ACT SECTION 1332 STATE
INNOVATION WAIVER.

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

1 SECTION 1. The legislature finds that the State of Hawaii
2 has a bold history as an innovator in ensuring that its
3 residents have access to health care. The Hawaii Prepaid Health
4 Care Act has ensured the availability of employer-sponsored
5 health insurance for workers and their families for more than
6 forty years, meeting or exceeding the goals of the federal
7 Patient Protection and Affordable Care Act of 2010 (Affordable
8 Care Act) for employer sponsored health coverage.

9 The legislature further finds that the State of Hawaii has
10 taken all necessary steps to comply with the implementation of
11 the health insurance exchange and other insurance reforms
12 required by the Affordable Care Act, but that there remain
13 concerns that portions of the Affordable Care Act could
14 undermine certain gains made by the Hawaii Prepaid Health Care
15 Act.



1 Under section 1332 of the Affordable Care Act, a state can
2 apply for a state innovation waiver, allowing the State to
3 implement innovative ways to provide access to quality health
4 care. Act 158, Session Laws of Hawaii 2014, established a state
5 innovation waiver task force to develop a health care reform
6 plan that would meet the requirements for obtaining a state
7 innovation waiver in compliance with the Affordable Care Act.
8 Act 184, Session Laws of Hawaii 2015, amended the scope of the
9 task force's responsibilities to facilitate the development of a
10 state innovation waiver application in a timely manner.

11 The state innovation waiver task force has met regularly
12 since September 2014, holding meetings in accordance with state
13 open meeting requirements, and posting all materials on the
14 Governor's website, satisfying the procedural requirement of the
15 Affordable Care Act. In those meetings, the task force
16 carefully considered all sections of the Affordable Care Act for
17 potential waiver, identifying those provisions that improve
18 coverage and consumer protections and those that contradict,
19 confuse, or weaken employer-coverage mandates in the Hawaii
20 Prepaid Health Care Act.



1 Once the task force agreed upon the substance of its draft
2 proposal, the task force held a series of seven public hearings
3 on six islands, as required by federal law. These public
4 hearings conformed to state and federal public notice
5 requirements and were attended by a total of one hundred sixty-
6 three community participants. The draft plan and additional
7 information were made publicly available prior to and at the
8 public hearings.

9 The results of the task force's efforts are contained in
10 its report to the legislature, submitted in December of 2015,
11 recommending three actions for Hawaii's insurance marketplace:

- 12 (1) Maintain access to affordable health insurance
13 coverage for individuals via the state-based exchange
14 utilizing the federal platform;
- 15 (2) Align the Affordable Care Act with the Hawaii Prepaid
16 Health Care Act's requirements for private employers
17 to the extent allowable; and
- 18 (3) Waive the Affordable Care Act Small Business Health
19 Options Program and its requirements for the small
20 business marketplace, including the employee choice
21 provision.



S.B. NO. 2775

1 Accordingly, in order to facilitate the development of
2 innovative approaches to insuring the people of Hawaii, the
3 purpose of this Act is to authorize the State to submit a state
4 innovation waiver proposal and to implement such waiver upon
5 approval by the federal government.

6 SECTION 2. The State is authorized to submit a state
7 innovation waiver proposal to the United States Secretaries of
8 Health and Human Services and the Treasury to waive certain
9 provisions of the Affordable Care Act, as provided under section
10 1332 of the federal act, and upon approval by the Secretaries,
11 to implement the waiver on or after January 1, 2017.

12 SECTION 3. This Act shall take effect upon its approval.
13

APPROVED this 25 day of APR, 2016



GOVERNOR OF THE STATE OF HAWAII