REPRESENTATIVES
THIRTIETH LEGISLATURE, 2019
STATE OF HAWAII

A BILL FOR AN ACT

RELATING TO HEALTHCARE.

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

1. The legislature finds that it is in the best interest of the State of Hawaii for each and every state resident to have publicly provided high quality and affordable health care insurance coverage. Health care involves more than medical insurance payouts. It includes cost-saving preventive and early intervention measures to prohibit medical conditions from becoming chronic, permanently disabling, or fatal.

Hawaii's current complex health care insurance system is disjointed, costly, inefficient, and unnecessarily complicated. The multi-payer private medical insurance model is mostly profit-driven, adversarial, onerously bureaucratic, economically irrational, and beset with constant cost-shifting and reluctant health care delivery. Additionally, health care rates are skyrocketing, creating an affordability and accessibility crisis for Hawaii's residents.

Today, one of the biggest cost-drivers of health care in the United States and Hawaii is associated with a profit-driven,
complex system of payment-reluctant multi-payer health insurance
bureaucracies competing to insure only the healthy and the
wealthy, while leaving those who need health care the most to
the taxpayers. Another major cost-driver of healthcare is
attributable to the high cost of prescription drugs.

For more than a quarter of a century, Hawaii was far ahead
of most other states and often called itself "the health state"
because of the 1974 Prepaid Health Care Act. Hawaii was once
known for having a low uninsured population of between two and
five per cent in 1994. However, the health care crisis on the
United States continent began to spread to Hawaii.

Today, thousands of Hawaii residents lack health care
coverage, many of whom are children. Many Hawaii residents are
underinsured, unable to use their health insurance properly, or
unable to use their health insurance at all, due to increasingly
expensive deductibles and out-of-pocket co-payments for
healthcare costs such as outpatient visits, diagnostic tests,
and prescription drugs.

Even well-insured individuals experience problems with
health care organizations and insurance companies denying, or
very reluctantly dispensing, expensive medicines and treatments.
About half of all bankruptcies are due to extremely expensive catastrophic illnesses that are not covered after a certain cap is reached. Other persons are near bankruptcy and their quality of life is seriously impacted.

The legislature further finds that a universal, publicly administered, health care-for-all insurance model with one payout agency for caregivers and providers, adapted to meet the unique conditions in Hawaii, would be beneficial for the following reasons:

(1) For union members and their employers, it means taking health care off of the negotiating table;

(2) For patients, as taxpayers and insurance premium payers, it means significant reductions in overall costs, increases in benefits, and the slowing of annual inflation cost increases. It also means a shift away from increasingly uncaring profit-driven health care, and a return to human-need driven, mutually respectful, caring patient-doctor-nurse-and other caregiver relationships, which in earlier times were fundamental to meaningful health care;
(3) For businesses, large and small, it reduces significant overhead expenses;

(4) For the local economy, it means keeping almost all health care dollars in the State;

(5) For government, it means having one integrated electronic health information database for unprecedented planning and cost-containment capabilities. It also means relief from the emerging problem of unfunded liabilities associated with long-term funding of government retiree lifetime health care benefits;

(6) For physicians, nurses, and other caregivers, it means less paperwork, less work stress, and more time with patients;

(7) For hospitals, community health clinics, homecare providers, and long-term care facilities, it means sufficient and dependable annual financing through global budgets; and

(8) For the public, it means accessible and affordable health care for every person and relief from the
increasing and constant worries concerning health care coverage instability.

The purpose of this Act is to create a unified, single-payer, universal health care system covering all Hawaii residents.

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

"CHAPTER

SINGLE-PAYER UNIVERSAL HEALTH CARE SYSTEM

§  -1 Single-payer universal health care insurance system; established. There is established the single-payer universal health care insurance system to provide the same high-quality level of medically necessary health care to all Hawaii residents.

§  -2 State health care insurance planning and financing authority. (a) There is established within the department of health, for administrative support purposes, the state health care insurance planning and financing authority to determine the costs of the system and to gather together the needed financing methods and transition mechanisms.
(b) Effective July 1, 2019, the functions of the Hawaii health authority shall be transferred to the state health care insurance planning and financing authority, as well as the Prepaid Health Care Act functions and the Hawaii employer union health benefits trust fund, and these functions shall be maintained until the full integration of each into the system can be completed by the state health care insurance planning and financing authority.

(c) The state health care insurance planning and financing authority shall be composed of nine members appointed by the governor as provided in section 26-34; provided that three members shall be appointed from a list of nominees submitted by the speaker of the house of representatives and three members shall be appointed from a list of nominees submitted by the president of the senate. Each member shall be appointed for a term of four years. One member shall be selected to be the executive director and confirmed by a majority vote of a quorum of the members of the state health care insurance planning and financing authority.
(d) Five members shall constitute a quorum, whose affirmative vote shall be necessary for all valid actions by the state health care insurance planning and financing authority.

(e) The state health care insurance planning and financing authority shall:

(1) Begin and maintain a trust fund comprised of a pay-as-we-go transfer payments system and a reserve fund;

(2) Negotiate and receive all federal, state, and other appropriate health care revenue;

(3) Assess temporary surcharges on income and general excise taxes for start-up and emergency costs as necessary, for instance, during epidemic or other medical catastrophe;

(4) Be the single payer of universal health care financing for Hawaii;

(5) Hire a chief executive officer who shall be accountable for the development and success of the single-payer universal health care system and other staff as necessary; and

(6) Conduct a continuous and ongoing program of enrollment.
(f) The concurrence of a majority of all directors shall be necessary to make any action of the authority valid.

(g) The salary of the executive director shall be $ per year and the salaries of the other members shall be $ per year."

SECTION 3. All rights, powers, functions, and duties of the Hawaii health authority agency and the Prepaid Health Care Act functions of the Hawaii employer-union health benefits trust fund are transferred to the state health care insurance planning and financing authority.

All officers and employees whose functions are transferred by this Act shall be transferred with their functions and shall continue to perform their regular duties upon their transfer, subject to the state personnel laws and this Act.

No officer or employee of the State having tenure shall suffer any loss of salary, seniority, prior service credit, vacation, sick leave, or other employee benefit or privilege as a consequence of this Act, and such officer or employee may be transferred or appointed to a civil service position without the necessity of examination; provided that the officer or employee possesses the minimum qualifications for the position to which
the person is transferred or appointed; and provided that
subsequent changes in status may be made pursuant to applicable
civil service and compensation laws.

An officer or employee of the State who does not have
tenure and who may be transferred or appointed to a civil
service position as a consequence of this Act shall become a
civil service employee without the loss of salary, seniority,
prior service credit, vacation, sick leave, or other employee
benefits or privileges and without the necessity of examination;
provided that such officer or employee possesses the minimum
qualifications for the position to which the person is
transferred or appointed.

If an office or position held by an officer or employee
having tenure is abolished, the officer or employee shall not
thereby be separated from public employment, but shall remain in
the employment of the State with the same pay and classification
and shall be transferred to some other office or position for
which the officer or employee is eligible under the personnel
laws of the State as determined by the head of the department or
the governor.
SECTION 4. All appropriations, records, equipment, machines, files, supplies, contracts, books, papers, documents, maps, and other personal property heretofore made, used, acquired, or held by the department of labor and industrial relations regarding the Prepaid Health Care Act, the Hawaii health authority, and the Hawaii employer-union health benefits trust fund relating to the functions transferred to the department of health shall be transferred with the functions to which they relate.

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of $ or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for establishment of the state health care insurance planning and financing authority to operate a single-payer universal health care insurance system.

The sums appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 6. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or
applications of the Act that can be given effect without the
invalid provision or application, and to this end the provisions
of this Act are severable.

SECTION 7. This Act shall take effect on July 1, 2019.

INTRODUCED BY: [Signatures]

JAN 24 2019
Report Title:
Healthcare; Single-Payer Healthcare System; Health Insurance; Hawaii Health Authority; EUTF; Prepaid Healthcare Act; State Healthcare Insurance Planning and Financing Authority

Description:
Establishes a single-payer healthcare system in Hawaii by transferring Prepaid Health Care Act functions to the EUTF and the functions and duties of the Hawaii Health Authority (Department of Budget and Finance) to a newly established State Health Care Insurance Planning and Financing Authority, governed by a nine-member commission, under the Department of Health. Makes an appropriation.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.