A BILL FOR AN ACT

RELATING TO MEDICAID.

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

SECTION 1. The legislature finds that nearly $1,000,000,000 in general fund revenues is appropriated each fiscal year to the department of human services to operate the State's medicaid program (program ID HMS401). These funds account for nearly three-quarters of the department of human services' total operating expenses. They are deposited into the state treasury and expended through allotments authorized by the department of budget and finance.

The legislature also finds that credit unions are financial institutions that serve vulnerable communities. As nonprofit organizations, credit unions provide essential financial services for low- and middle-income citizens and their families.

If the funds appropriated for medicaid are deposited into one or more interest-bearing accounts held by one or more credit union depositories, the public good would be served by:

(1) Allowing the State to make earnings on existing funds without risk;
(2) Providing an influx of capital to one or more credit unions that could be used to provide loans and other financial products and services for the State's most vulnerable communities; and

(3) Establishing new sources of revenue for other essential services under the medicaid program.

Accordingly, the purpose of this Act is to require that medicaid program funds be deposited into one or more interest-bearing accounts operated by one or more credit union depositories with the interest earned on any of these accounts to be deposited back into these accounts for use by the medicaid program.

SECTION 2. Chapter 38, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§38—Deposits of medicaid funds. (a) Any law to the contrary notwithstanding, funds authorized or appropriated for program ID HMS401 shall be deposited into one or more interest-bearing accounts operated by one or more credit union depositories. Any account containing funds authorized or appropriated for program ID HMS401 shall contain only funds
authorized or appropriated for program ID HMS401, or interest accrued thereon.

(b) The director may transfer interest accrued from an interest-bearing account containing only funds authorized or appropriated for program ID HMS401 to any other interest-bearing account containing only funds authorized or appropriated for program ID HMS401; provided that the director shall not transfer any of that interest to an account that does not contain funds authorized or appropriated for program ID HMS401.

(c) Before January 1, 2020, the department shall adopt rules pursuant to chapter 91 to effectuate the purposes of this section.

(d) For the purposes of this section, program ID HMS401 shall include any successor program identification code under which medicaid funds are allocated."

SECTION 3. Section 38-1, Hawaii Revised Statutes, is amended to read as follows:

"§38-1 Definitions. As used in this chapter, unless the context otherwise indicate:

[Comptroller] "Comptroller" means the state comptroller.
"Credit union depository" means a credit union as defined by section 412:10-100 or a federal credit union if:

1. The shares and deposits of the credit union or federal credit union are insured by the National Credit Union Share Insurance Fund or any successor fund administered by the National Credit Union Administration or any successor governmental agency;

and

2. The credit union or federal credit union maintains a principal office or branch in this State operating as a credit union or federal credit union.

"Depository" includes any federally insured national or state bank, savings and loan association, or financial services loan company; or federal or state credit union insured by the national credit union administration authorized to do business in this State.

"Director" means the state director of finance."

SECTION 4. After June 30, 2020, the director of finance shall deposit all funds contained in the state treasury authorized or appropriated for program ID HMS401 into one or
more interest-bearing accounts operated by one or more credit
union depositories.

SECTION 5. Statutory material to be repealed is bracketed
and stricken. New statutory material is underscored.

SECTION 6. This Act shall take effect on July 1, 2019.

INTRODUCED BY: Calvin [Signature]

John [Signature] JAN 2 2 2019
Report Title:
Deposit of Medicaid Funds; Department of Budget and Finance; Credit Unions; HMS401

Description:
Requires the director of finance, after June 30, 2020, to deposit all medicaid funds (program ID HMS401) into interest-bearing accounts operated by credit union depositories.

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