

MAR 12 2021

SENATE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT SOCIAL AND FINANCIAL ASSESSMENTS OF THE ADOPTION OF A UNIVERSAL, PUBLICLY-ADMINISTERED HEALTH CARE SYSTEM WITH A REQUIREMENT THAT THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND BECOMES SELF-FUNDING AND OF THE IMPLEMENTATION OF A MANDATORY HEALTH INSURANCE COVERAGE SYSTEM IN THE FORM OF SELF-INSURED HEALTH BENEFITS PROGRAMS FOR EMPLOYER-UNION HEALTH BENEFITS TRUST FUND AND MEDICAID BENEFICIARIES USING ADMINISTRATIVE SERVICES ONLY CONTRACTS FOR NECESSARY ADMINISTRATIVE FUNCTIONS.

1 WHEREAS, Hawaii has long been a leader in advancing medical
2 services and health care, advocating the importance of access to
3 health care without discrimination, and implementing forward-
4 thinking health care policy like the Prepaid Health Care Act of
5 1974; and

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7 WHEREAS, Hawaii's benefits and protections have been
8 threatened for four years by a hostile federal administration
9 that has attempted to restrict and repeal the federal Patient
10 Protection and Affordable Care Act and limit access to health
11 care benefits and protections for pre-existing conditions and
12 other conditions that can be difficult to treat; and

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14 WHEREAS, it is in the best interest of the State for each
15 and every Employer-Union Health Benefits Trust Fund and Medicaid
16 beneficiary to have publicly provided, high quality, and
17 affordable health care; and

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19 WHEREAS, health care involves more than just medical
20 insurance payouts, but also includes cost-saving preventative
21 and early intervention measures, dental coverage, and mental
22 illness treatment to prevent medical health conditions from
23 becoming chronic, permanently disabling, or fatal; and

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1 WHEREAS, under Hawaii's current health care insurance
2 system, health insurance companies have used their unilateral
3 control over how health care is organized and paid for to erect
4 obstacles to care for patients through excessive prior
5 authorizations, formulary restrictions, and networks with
6 limited physician participation; and
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8 WHEREAS, this system also burdens physicians and hospitals
9 with administrative demands such as pay for performance, pay for
10 documentation, and capitation, all of which require much more
11 detailed documentation and data reporting while controlling and
12 restricting payment for primary care in particular, resulting in
13 physicians being driven out of practice or leaving the State;
14 and
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16 WHEREAS, health care rates are skyrocketing, creating an
17 affordability and accessibility crisis for Hawaii's residents;
18 and
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20 WHEREAS, the two largest cost drivers of health care in the
21 United States and Hawaii are:
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23 (1) High administrative costs due to reliance on a
24 competitive insurance business model that incentivizes
25 denial and obstruction of care, micromanagement of
26 doctors and hospitals, and attempts to avoid covering
27 or paying for sicker and socially disadvantaged
28 patients and populations, resulting in disparities in
29 access to care; and
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31 (2) The high cost of prescription drugs; and
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33 WHEREAS, for more than a quarter of a century, Hawaii was
34 far ahead of most other states and often called itself the
35 "health state" because of the Hawaii Prepaid Health Care Act of
36 1974 and was once known for having a low percentage of residents
37 without health insurance, which in 1994 was between two and five
38 percent; and
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40 WHEREAS, as a result of the coronavirus disease 2019
41 pandemic, thousands of Hawaii residents have lost their jobs and
42 health insurance, making it critical for the State to support



1 struggling families by ensuring preventative care and limiting
2 out-of-pocket costs; and

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4 WHEREAS, a publicly administered, self-insured Employer-
5 Union Health Benefits Trust Fund and Medicaid health insurance
6 model, with one payout agency for caregivers and providers,
7 adapted to meet the unique conditions of Hawaii, would be the
8 most cost-effective form of health insurance for Employer-Union
9 Health Benefits Trust Fund and Medicaid beneficiaries; and

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11 WHEREAS, more than a majority of states, twenty-nine
12 altogether, have converted to self-insured plans where they
13 contract with outside vendors, such as Third-Party
14 Administrators or Administration Services Only contractors to
15 provide administrative services, including claims payment,
16 utilization review, disease management, and pharmacy benefit
17 management; and

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19 WHEREAS, almost all states, forty-eight altogether,
20 including the State of Hawaii, have self-funded portions of
21 their health care, like Hawaii's pharmaceutical drug program;
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24 WHEREAS, in Mississippi, its plan has been able to expand
25 benefits and access to quality providers year after year, and
26 has not increased premiums for active employees in the past six
27 years; and

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29 WHEREAS, in Utah, self-funding is the choice of most large
30 employers, where eighty-five percent of employer health plans
31 are self-funded to control administrative costs, earn interest,
32 customize benefits, eliminate health insurance profit margin or
33 risk charge, and provide tax and pharmacy savings; and

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35 WHEREAS, all twenty-nine self-insured states have received
36 top Triple-A or Double-A bond ratings from 2004 through 2017;
37 and

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39 WHEREAS, a self-insured Employer-Union Health Benefits
40 Trust Fund and Medicaid health insurance system would be
41 beneficial for the following reasons:
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- 1 (1) For state and county union members and their
2 dependents, as well as their employers, it means
3 assuring health care while removing or greatly
4 simplifying negotiation of health benefits and
5 reducing their cost;
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- 7 (2) For Medicaid beneficiaries and for taxpayers, it means
8 improved access to care, significant reductions in
9 overall costs, increases in benefits, and the slowing
10 of annual inflation cost increases, and a return from
11 increasingly-uncaring, profit-driven health care to
12 the restoration of human-need-driven, mutually-
13 respectful, and caring patient-doctor-nurse- and other
14 caregiver relationships, which in earlier times were
15 fundamental to meaningful health care;
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- 17 (3) For the local economy, it means keeping almost all
18 health care dollars in the State;
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- 20 (4) For government, it means having one integrated,
21 electronic, health information database for
22 unprecedented planning and cost-containment
23 capabilities, and a relief from the perceived emerging
24 problem of unfunded liabilities associated with long-
25 term funding of government retiree health care
26 benefits;
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- 28 (5) For physicians, nurses, and other caregivers, it means
29 less paperwork, less work-related stress, and more
30 time to take care of patients covered by the Employer-
31 Union Health Benefits Trust Fund and Medicaid;
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- 33 (6) For hospitals, community health clinics, homecare
34 providers, and long-term care facilities, it means
35 sufficient and dependable annual financing through
36 global budgets; and
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- 38 (7) For Medicaid beneficiaries, it means accessible and
39 affordable health care and relief from the increasing
40 and constant worries concerning health care coverage
41 inability; and
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1 WHEREAS, the safeguarding of access to health care, the
2 solidification of the essential health benefits that have
3 changed thousands of lives, and the improvement of overall
4 access to care requires the preservation of certain important
5 aspects of the Patient Protection and Affordable Care Act and
6 the expansion of access to care for residents of Hawaii; and
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8 WHEREAS, S.B. No. 437, Regular Session of 2021, would
9 authorize the Hawaii Health Authority to continue planning for
10 the adoption of a universal, publicly-administered health care
11 system covering all residents in Hawaii with a single payout
12 agency, and would require the Employer-Union Health Benefits
13 Trust Fund (EUTF) to become a self-funded program, end pre-
14 funding of future benefits, and use existing money in the
15 unfunded liabilities account for insurance reserves and a rate
16 stabilization fund; and
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18 WHEREAS, S.B. No. 983, Regular Session of 2021, would
19 require EUTF and Medicaid to work with the Hawaii Health
20 Authority to design self-insured health benefits programs that
21 are consistent and as closely aligned as possible, using non-
22 risk administrative services only contracts for necessary
23 administrative functions; and
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25 WHEREAS, section 23-51, Hawaii Revised Statutes, requires
26 that, before any legislative measure that mandates health
27 insurance coverage for specific health services, specific
28 diseases, or certain providers of health care services as part
29 of individual or group health insurance policies can be
30 considered, there shall be concurrent resolutions passed
31 requesting the Auditor to prepare and submit to the Legislature
32 a report that assesses both the social and financial impacts of
33 the proposed mandatory health coverage; now, therefore,
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35 BE IT RESOLVED by the Senate of the Thirty-first
36 Legislature of the State of Hawaii, Regular Session of 2021, the
37 House of Representatives concurring, that the Auditor is
38 requested to conduct a social and financial assessment of the
39 adoption of a universal, publicly-administered health care
40 system covering all residents in Hawaii with a single payout
41 agency and the mandate for the EUTF to become self-funding as
42 proposed under S.B. No. 437, Regular Session of 2021; and



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BE IT FURTHER RESOLVED that the Auditor is requested to conduct a social and financial assessment of a mandatory health insurance coverage system in the form of self-insured health benefits programs for EUTF and Medicaid beneficiaries using administrative services only contracts for necessary administrative functions proposed under S.B. No. 983, Regular Session of 2021; and

BE IT FURTHER RESOLVED that the Auditor is requested to submit a report of the Auditor's findings and recommendations, including any proposed legislation, to the Legislature not later than twenty days prior to the convening of the Regular Session of 2022; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Auditor, Director of Commerce and Consumer Affairs, Director of Human Services, Insurance Commissioner, and Administrator of the Hawaii Employer-Union Health Benefits Trust Fund.

OFFERED BY: *Jana Alcasio*