

JAN 19 2012

A BILL FOR AN ACT

RELATING TO HUMAN SERVICES.

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

1 SECTION 1. The legislature finds that the cost to the
2 State of Hawaii to provide state services to the Compact of Free
3 Association migrants has tripled over the last eight years to
4 \$115,000,000 in 2010 from \$32,000,000 in 2002.

5 The legislature finds that the rising costs to the State to
6 uphold the federally imposed mandate are unsustainable without
7 more money from the federal government, which currently
8 reimburses the State \$11,000,000 annually. Escalating costs
9 associated with the Compact of Free Association migrants are
10 passed on to Hawaii's taxpayers, and has forced the State to cut
11 jobs and programs to pay for the mandated services.

12 Migrants from Micronesia, the Marshall Islands, and Palau
13 have the privilege of being admitted to the United States to
14 lawfully engage in occupations, and to establish residence as a
15 nonimmigrant under Compact of Free Association. After the
16 United States used the Pacific Islands for nuclear weapons
17 testing from 1946 to 1958, it agreed in the 1986 pact to provide



1 financial assistance and migration rights in exchange for the
2 right to use defense sites.

3 As a result, many of the Compact of Free Association
4 migrants travel to Hawaii because of its proximity, ethnic
5 similarities, language similarities, and because they feel at
6 home. In addition, the legislature finds that many Compact of
7 Free Association migrants come to Hawaii suffering from higher
8 rates of cancer and kidney disease, which come with expensive
9 treatments, such as chemotherapy and dialysis.

10 The legislature finds that one way to address the rising
11 health care costs of Compact of Free Association migrants is to
12 create a pilot project that provides for a communal home
13 dialysis center in the Federated States of Micronesia that will
14 partner with the private sector and use medicaid funds with
15 matching private funds to finance, construct, and operate the
16 facility.

17 The use of the State's public funds to subsidize a communal
18 home dialysis center in the Federated States of Micronesia would
19 allow patients to stay in their home states and receive
20 treatments, and could save the State millions of dollars in
21 health care and associated costs that are currently used for
22 servicing Compact of Free Association migrants in Hawaii. For



1 example, in 2010, the legislature finds that the department of
2 human services spent \$52,129,664 to provide services including,
3 among other things, financial assistance and emergency housing
4 and outreach for homeless Compact of Free Association migrants
5 in Hawaii.

6 The legislature finds that the country's first rural
7 communal dialysis facility, Hale Pomaikai in Hana, Maui, would
8 be a good model for use in the Federated States of Micronesia.
9 Opened in 2009, Hale Pomaikai is located in a plantation-era,
10 wooden-frame house, and the property is owned by the State and
11 managed by the county. In 2008, the Centers for Medicare and
12 Medicaid Services approved Hale Pomaikai, which has allowed
13 patients to avoid a four- to five-hour round trip to Wailuku for
14 treatments three times a week.

15 Furthermore, the legislature finds that Maui county
16 executed a \$55,000 contract for needed improvements in the long-
17 standing house, and another \$50,000 in county funds was
18 committed to the project. A fundraising program was started to
19 purchase six dialysis machines, which cost \$20,000 each, and the
20 project also accepted donations through the Pacific Renal Care
21 Foundation. The project gained statewide recognition for its
22 unique rural model, and is considered an accomplishment for



1 public-private partnerships, government leaders, and the
2 community.

3 To facilitate the financing, construction, and operation of
4 a communal home dialysis center in the Federated States of
5 Micronesia by partnering with the private sector, as well as to
6 address the concerns of using medicaid funds for the project,
7 this Act:

8 (1) Establishes a pilot project for the financing,
9 construction, and operation of a communal home
10 dialysis center in the Federated States of Micronesia
11 through public-private partnerships that would use
12 medicaid funds with matching private funds; and

13 (2) Implements a public service announcement to inform
14 residents of Hawaii and the Federated States of
15 Micronesia about the financial and health benefits of
16 the project, and to alleviate concerns about spending
17 public money for the communal home dialysis center in
18 the Federated States of Micronesia.

19 The legislature finds that this Act will allow patients to
20 stay in the Federated States of Micronesia to receive treatment
21 at the communal home dialysis center, and in turn, save the



1 State money with a lower number of patients to service in Hawaii
2 and a lower amount of associated costs.

3 Moreover, the legislature finds that allowing the private
4 sector to build a communal home dialysis center will generally
5 allow for construction in a shorter time period and more
6 efficiently than could be provided by the State and will help to
7 free up needed funds to address other critical issues in
8 Hawaii's constrained budget.

9 SECTION 2. **Public-private partnerships; department of**
10 **human services pilot project.** (a) The department of human
11 services shall implement a pilot project that provides for a
12 communal home dialysis center in the Federated States of
13 Micronesia that would partner with the private sector and use
14 medicaid funds with matching private funds for the financing,
15 construction, and operation of the facility. The pilot project
16 shall include the following elements:

- 17 (1) The identification of an appropriate site in the
18 Federated States of Micronesia for the communal home
19 dialysis center;
- 20 (2) The identification of appropriate private sector firms
21 that have the experience, integrity, and ability to



- 1 finance, construct, and operate the communal home
2 dialysis center;
- 3 (3) The implementation of a public service announcement to
4 inform residents of Hawaii and the Federated States of
5 Micronesia about the benefits of the project, and to
6 alleviate concerns about spending public money for the
7 communal home dialysis center in the Federated States
8 of Micronesia;
- 9 (4) A review of the most appropriate, most efficient, and
10 least expensive means to finance, construct, and
11 operate the communal home dialysis center in
12 cooperation with the private sector;
- 13 (5) A review of medical professionals, trained personnel,
14 and volunteers who would operate the communal home
15 dialysis center;
- 16 (6) A review of the best means of structuring public-
17 private ventures so that proposals are mutually
18 beneficial to both the public and private sectors;
- 19 (7) A review of appropriate provisions to include in
20 agreements with the private sector to limit the
21 State's liability, address security and default



1 issues, and require private contractors to obtain
2 adequate insurance coverage; and

3 (8) A review of all other issues that impact on and would
4 facilitate the development of public-private
5 partnerships to construct a communal home dialysis
6 center in the Federated States of Micronesia.

7 (b) The department of human services shall:

8 (1) Report preliminary findings and progress in
9 implementing the pilot project to the legislature and
10 the governor no later than twenty days prior to the
11 convening of the regular session of 2013; and

12 (2) Submit a final report of its findings and
13 recommendations to the legislature and the governor no
14 later than twenty days prior to the convening of the
15 regular session of 2014.

16 SECTION 3. This Act shall take effect on July 1, 2012.

17

INTRODUCED BY: Erizanne Chun Oakland
By Request



S.B. NO. 2136

Report Title:

Medicaid; Private-Public Partnership; Communal Home Dialysis Center; Compact of Free Association

Description:

Establishes a pilot project for a communal home dialysis center in the Federated States of Micronesia that will use medicaid funds with matching private funds to finance, construct, and operate the facility. Effective July 1, 2012.

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

