

Honolulu, Hawaii

MAR 24 2015

RE: H.B. No. 576
H.D. 1
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 576, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE STATE AFFORDABLE CARE ACT INNOVATION WAIVER,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Amend the scope of the State Innovation Waiver Task Force; and
- (2) Appropriate funds for expenses related to developing a waiver from certain provisions of the federal Patient Protection and Affordable Care Act of 2010 (Affordable Care Act).

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Department of Human Services, Healthcare Association of Hawaii, Hawaii Association of Health Plans, Hawaii Medical Service Association, Hawai'i Primary Care Association, The Queen's Health Systems, Chamber of Commerce Hawaii, and Hawaii Substance Abuse Coalition.

Your Committee finds that this measure amends the scope of the State Innovation Waiver Task Force (Task Force), established by Act 158, Session Laws of Hawaii 2014 (Act 158), to conform with the requirements of section 1332 of the Affordable Care Act,



relating to state innovation waivers. The Affordable Care Act waiver is an important tool that allows states to amend provisions of the Affordable Care Act to better support unique circumstances that exist in each state's health care market.

Your Committee further finds that a state innovation waiver is particularly important for Hawaii, which has already benefited from the success of the Prepaid Health Care Act. Supporting the Task Force will enable Hawaii to remain at the forefront of health policy innovation, comply with the Affordable Care Act, ensure the Prepaid Health Care Act coexists and complements the Affordable Care Act, and improve the overall functioning of the State's health care system.

However, your Committee notes that this measure retains existing language in Act 158 that requires the Task Force to examine the feasibility of alternative approaches to specific health reform requirements contained in the Affordable Care Act and examine the feasibility of options for providing affordable insurance coverage for uninsured and underinsured individuals in Hawaii that include innovations to the State's existing Medicaid program. Your Committee has heard the concerns that these requirements may potentially delay the request from the State for the innovation waiver.

Your Committee notes that the companion to this measure, S.B. No. 1341, S.D. 1 (Regular Session of 2015), which was previously passed by the Senate, is a substantially similar measure that provides resources to develop a waiver from certain provisions of the Affordable Care Act but does not request the Task Force to examine the feasibility of alternative approaches to the health reform requirements described in the Affordable Care Act. Your Committee concludes that the language in S.B. No. 1341, S.D. 1, is preferable because it directs more of the Task Force's efforts on highlighting and complementing the already successful Prepaid Health Care Act.

Accordingly, your Committee has amended this measure by:

(1) Deleting its contents and inserting the contents of S.B. No. 1341, S.D. 1, a substantively similar measure, which:

(A) Requires the State Innovation Waiver Task Force to develop a plan for applying for a state innovation



waiver that meets certain requirements of the Affordable Care Act;

- (B) Amends the requirements of the interim report to be submitted to the Legislature no later than twenty days prior to the Regular Session of 2016; and
 - (C) Appropriates an unspecified sum for expenses related to developing an Affordable Care Act waiver; and
- (2) Retaining an effective date of July 1, 2050, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 576, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 576, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,

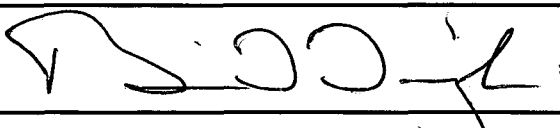


ROSALYN H. BAKER, Chair



The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 576 HD1	CPN, WAM	3/17/15		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
KAHELE, Gilbert	✓			
KIDANI, Michelle N.				✓
NISHIHARA, Clarence K.				✓
WAKAI, Glenn	✓			
SLOM, Sam		✓		
TOTAL	4	1	0	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod				
File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes