



EXECUTIVE CHAMBERS  
HONOLULU

LINDA LINGLE  
GOVERNOR

GOV. MSG. NO. 848

July 11, 2006

The Honorable Robert Bunda, President  
and Members of the Senate  
Twenty-Third State Legislature  
State Capitol, Room 003  
Honolulu, Hawaii 96813

Dear Mr. President and Members of the Senate:

I am transmitting herewith HB3116 HD2 SD2 CD1, without my approval, and with the statement of objections relating to the measure.

HB3116 HD2 SD2 CD1

A BILL FOR AN ACT RELATING TO  
THE HAWAII CHILDREN'S HEALTH  
CARE PROGRAM.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

# VETO

HOUSE OF REPRESENTATIVES  
TWENTY-THIRD LEGISLATURE, 2006  
STATE OF HAWAII

H.B. NO. 3116  
H.D. 2  
S.D. 2  
C.D. 1

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## A BILL FOR AN ACT

RELATING TO THE HAWAII CHILDREN'S HEALTH CARE PROGRAM.

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

1           SECTION 1. Although estimates of the number of uninsured  
2 children in the state vary, one thing that can be agreed upon is  
3 that there is a gap group that is ineligible for any state or  
4 federal health care coverage. Children who remain uninsured  
5 typically do not receive an appropriate level of medical care.  
6 Children who lack a source of care or must turn regularly to a  
7 hospital emergency department are unlikely to receive preventive  
8 care or early and regular management of acute or chronic health  
9 conditions.

10           A study performed by the Urban Institute, a nonpartisan  
11 economic and social policy research organization, showed that  
12 regardless of age, race, ethnicity, income, or health status,  
13 uninsured children were much less likely to have received a  
14 well-child checkup within the past year and were more likely  
15 than insured children to report an unmet need for medical care  
16 that was associated with concerns about cost.

17           Health insurance helps children and youth receive regular  
18 health care so they can participate in school and other



1 activities. Often, parents experience hardship when an  
2 uninsured child is sick because of the added stress of the  
3 child's medical bills.

4 Local health care coverage providers offer children's plans  
5 that cover certain preventive services, immunizations, doctor  
6 visits, diagnostic tests, emergency care, mental health  
7 benefits, and some prescription drugs.

8 The State has the opportunity to help provide health care  
9 coverage for children in the gap group through partnerships with  
10 mutual benefit societies such as the Hawaii Medical Service  
11 Association. Such partnerships will allow the State to offer  
12 coverage to uninsured children under the existing children's  
13 plans offered by these mutual benefit societies. The cost of  
14 the premium will be split equally between the partner mutual  
15 benefit society and the State.

16 The purpose of this Act is to establish the Hawaii  
17 children's health care program as a temporary three-year pilot  
18 program to provide health care coverage to uninsured children.

19 **SECTION 2. Hawaii children's health care program; three-**  
20 **year pilot program; establishment.** (a) There is established  
21 the Hawaii children's health care program as a temporary three-  
22 year pilot program to provide health care coverage to uninsured



1 children. The pilot program shall provide health care coverage  
2 through a public-private partnership, established as a contract  
3 to provide health and human services pursuant to chapter 103F,  
4 Hawaii Revised Statutes, between the department of human  
5 services and a mutual benefit society operating in the state  
6 under chapter 432, Hawaii Revised Statutes, that offers accident  
7 and health or sickness insurance plans.

8 (b) To qualify for this pilot program, a child shall:

9 (1) Be between thirty-one days to eighteen years old;

10 (2) Have been uninsured continually for at least six  
11 months; provided that infants between thirty-one days  
12 and six months of age shall have been uninsured  
13 continually since birth; and

14 (3) Be ineligible to qualify for any other state or  
15 federal health care coverage; provided that  
16 individuals between two hundred fifty and three  
17 hundred per cent of the federal poverty level who  
18 would otherwise be qualified for QUEST-net coverage  
19 may choose to receive coverage through QUEST-net and  
20 pay a prorated premium rate or to receive coverage  
21 through the Hawaii children's health care program at  
22 no charge.



1 (c) The department of human services and the mutual  
2 benefit society shall share equally in the cost of the premium  
3 for each child enrolled in the pilot program.

4 (d) The department of human services shall pay the State's  
5 share of the premiums under the pilot program on a quarterly  
6 basis.

7 (e) The mutual benefit society participating in the pilot  
8 program shall be responsible for determining the eligibility of  
9 the Hawaii children's health care program applicants and of  
10 enrolling applicants in the program.

11 (f) The mutual benefit society participating in the pilot  
12 program shall provide a quarterly report to the department of  
13 human services and the legislature on the number of children  
14 enrolled in the Hawaii children's health care program.

15 (g) Other private organizations may partner with the State  
16 to offer coverage to uninsured children under the Hawaii  
17 children's health care program; provided that plan benefits to  
18 be provided shall be equal to or better than those offered  
19 through the pilot program established by the State and a mutual  
20 benefit society under subsection (a).



1 (h) All children currently enrolled in a mutual benefit  
2 society's children's plan shall be eligible for enrollment into  
3 the Hawaii children's health care program.

4 (i) The Hawaii children's health care program shall  
5 terminate on June 30, 2009.

6 SECTION 3. There is appropriated out of the general  
7 revenues of the State of Hawaii the sum of \$600,000 or so much  
8 thereof as may be necessary for fiscal year 2006-2007 for the  
9 Hawaii children's health care program established by this Act.

10 The sum appropriated shall be expended by the department of  
11 human services for the purposes of this Act.

12 SECTION 4. This Act shall take effect on July 1, 2006, and  
13 shall be repealed on June 30, 2009.

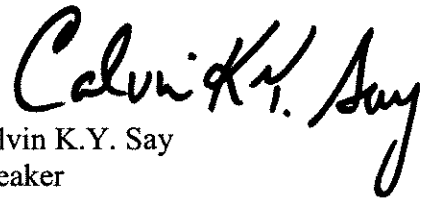


HB No. 3116 HD 2 SD 2 CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 2, 2006  
Honolulu, Hawaii

We hereby certify that the foregoing Bill on this day passed Final Reading in the House of Representatives of the Twenty-Third Legislature of the State of Hawaii, Regular Session of 2006.



Calvin K.Y. Say  
Speaker  
House of Representatives

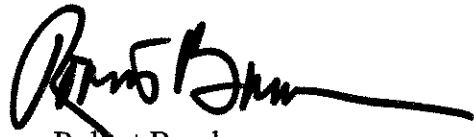


Patricia Mau-Shimizu  
Chief Clerk  
House of Representatives

THE SENATE OF THE STATE OF HAWAII

Date: May 2, 2006  
Honolulu, Hawaii

We hereby certify that the foregoing Bill on this day passed Final Reading in the Senate of the Twenty-Third Legislature of the State of Hawaii, Regular Session of 2006.



Robert Bunda  
President of the Senate



Paul Kawaguchi  
Clerk of the Senate

P R O C L A M A T I O N

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 3116, entitled "A Bill for an Act Relating to the Hawaii Children's Health Care Program," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 3116 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 3116 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,  
State of Hawaii, this 26th  
day of June, 2006.



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LINDA LINGLE  
Governor of Hawaii



EXECUTIVE CHAMBERS

HONOLULU

July 11, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 3116

Honorable Members  
Twenty-Third Legislature  
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 3116, entitled "A Bill for an Act Relating to the Hawaii Children's Health Care Program."

The purposes of this bill are to establish the "Hawaii Children's Health Care Program" (HCHCP), a temporary three-year pilot program that will provide free health insurance for qualified uninsured children, and to appropriate \$600,000 for fiscal year 2006-2007 to the Department of Human Services for the HCHCP.

This bill is objectionable because it will fail to achieve its intended purpose of providing health insurance to "uninsured children" who are "ineligible for any state or federal health care coverage."

First, the limited number of spots available in the free HCHCP may go to children who were insured, but whose parents opted to keep uninsured for six months in order to qualify for the free HCHCP insurance. The bill provides that "individuals between two hundred fifty and three hundred per cent of the federal poverty level who would otherwise be qualified for QUEST-net coverage may choose to receive coverage through QUEST-net and pay a prorated premium rate or to receive coverage through the [HCHCP] at no charge." Allowing children who qualify for coverage under an existing program to be eligible for the free HCHCP insurance would clearly defeat the intent of this bill to provide healthcare coverage to uninsured children.

Second, the measure states, "All children currently enrolled in a mutual benefit society's children's plan shall be eligible for enrollment into the Hawaii children's health care program." This means that approximately \$300,000 of the \$600,000

appropriation contained in House Bill 3116 will be used to cover children who are currently enrolled in HMSA's children's health plan, whose parents currently pay the fifty dollar co-pay for coverage. Consequently, a child who was already insured may take the spot of a child who was truly uninsured. Again, allowing children who qualify for coverage under an existing program to be eligible for the free HCHCP insurance clearly defeats the intent of this bill to provide healthcare coverage to uninsured children.

Third, requiring that children be uninsured continually for at least six months in order to qualify for the program may result in the unintended consequence of parents disenrolling their children from private health insurance to go without health insurance for the six months required to access the program.

Fourth, with the recent approval of the Department of Human Services' Section 1115 waiver, any child with a household income up to three hundred per cent of the Federal Poverty Level (FPL) will now have easier access to the full benefit packages offered in Medicaid health insurance, QUEST, and QUEST-Net programs. It is important to note that these programs are able to utilize federal funds as well as State funds, providing an enhanced package of benefits at a lower cost. By contrast, this measure appropriates \$600,000 in State funds, without any federal contribution, for a limited health benefit package that can only serve a portion of the children that are served through the State's existing programs.

For the foregoing reasons, I am returning House Bill No. 3116 without my approval.

Respectfully,



LINDA LINGLE  
Governor of Hawaii