

JAN 25 2006

A BILL FOR AN ACT

RELATING TO HEALTHCARE.

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

1 SECTION 1. The legislature finds that it is in the best
2 interest of the State of Hawaii for each and every state citizen
3 to have publicly provided high quality and affordable healthcare
4 insurance coverage. Healthcare is more than just medical
5 insurance payouts. It includes cost-saving preventive and early
6 intervention measures to prohibit medical conditions from
7 becoming chronic, permanently disabling, or fatal.

8 Hawaii's current healthcare insurance complex is a
9 disjointed, costly, inefficient, and unnecessarily complicated
10 multi-payer private medical insurance model that is mostly
11 profit-driven, adversarial, beset with constant cost-shifting
12 and reluctant healthcare delivery, onerously bureaucratic, and
13 generally economically irrational. Additionally, healthcare
14 rates are skyrocketing at or near double-digit annual rates and
15 are creating an affordability and accessibility crisis for
16 Hawaii's residents.

17 The three biggest cost-drivers of healthcare in the United
18 States and Hawaii today are associated with the following:



- 1 (1) A profit-driven complex of payment-reluctant multi-
- 2 payer health insurance bureaucracies competing to
- 3 insure only the healthy and the wealthy, while leaving
- 4 those who need healthcare the most to the taxpayers;
- 5 (2) The lack of a central electronic healthcare database;
- 6 and
- 7 (3) High cost prescription drugs.

8 For more than a quarter of a century, Hawaii was far ahead
9 of most other states and often called itself "the health state"
10 because of the 1974 Prepaid Healthcare Act. Hawaii was once
11 known for having a low uninsured population of between two and
12 five per cent in 1994. But, the crisis in healthcare on the
13 United States continent began coming to Hawaii.

14 Today, more than one hundred thousand Hawaii citizens are
15 without any healthcare insurance coverage. More than twelve
16 thousand of the uninsured are children. Many other Hawaii
17 residents are underinsured, unable to really use their insurance
18 properly or even at all, because of increasingly expensive
19 deductibles and out-of-pocket co-payments for outpatient visits,
20 diagnostic tests, and prescription drugs, among other factors

21 The annual high increase in premium costs translates into
22 increased employer costs. Under the prepaid health care act,



1 private-sector employers are required to pay at least one-half
2 of health insurance premiums for employees that work twenty
3 hours or more per week. Public employers generally pay even
4 more because of their exemption from the prepaid health care act
5 and must negotiate with their employees for employer-provided
6 family healthcare insurance.

7 The prepaid health care act does not require employers to
8 provide health insurance coverage for employees working less
9 than twenty hours per week. Increasing health insurance costs
10 has led to several employers hiring individuals to work only
11 part-time, or less than twenty hours per week, to avoid having
12 to pay for employee healthcare benefits under the prepaid health
13 care act.

14 Even well-insured individuals are experiencing problems
15 with their health maintenance organizations and insurance
16 companies denying, or very reluctantly dispensing, expensive
17 medicines and treatments. About half of all bankruptcies are
18 due to extremely expensive catastrophic illnesses that are not
19 covered after a certain cap is reached. Other persons are near
20 bankruptcies with their quality of life seriously impacted.

21 The legislature further finds that Canada has for many
22 years had a tried, tested, and true universal publicly



1 administered healthcare-for-all healthcare insurance model with
2 one payout agency for caregivers and providers. A variation of
3 this very successful system adapted to meet the unique
4 conditions in Hawaii would be very beneficial for the following
5 reasons:

6 (1) For union members and their employers, it means taking
7 healthcare off the negotiating table;

8 (2) For patients, as taxpayers and insurance premium-
9 payers, it means significant reductions in overall
10 costs, increases in benefits, and the slowing of
11 annual inflation cost increases. It also means a
12 comeback from increasingly uncaring profit-driven
13 healthcare to the restoration of human-need driven
14 mutually respectful and caring patient-doctor-nurse-
15 and other caregiver relationships, which in earlier
16 times were fundamental to meaningful health care;

17 (3) For businesses, large and small, it reduces
18 significant overhead expenses;

19 (4) For the local economy, it means keeping almost all
20 healthcare dollars in the State;

21 (5) For government, it means having one integrated
22 electronic health information database for



1 unprecedented planning and cost-containment
2 capabilities. It also means relief from the perceived
3 emerging problem of "unfunded liabilities" associated
4 with long-term funding of government retiree lifetime
5 healthcare benefits;

6 (6) For physicians, nurses, and other caregivers, it means
7 less paperwork, much less work stress, and much more
8 time with patients;

9 (7) For hospitals, community health clinics, homecare
10 providers, and long-term care facilities, it means
11 sufficient and dependable annual financing through
12 global budgets; and

13 (8) For the general public, it means accessible and
14 affordable healthcare for every person, and relief
15 from the increasing stresses of constant worries over
16 healthcare coverage instability.

17 The purpose of this Act is to create a unified, single-
18 payer, universal healthcare system covering all Hawaii
19 residents, similar to that of Canada's.

20 SECTION 2. The Hawaii Revised Statutes is amended by
21 adding a new chapter to be appropriately designated and to read
22 as follows:



1 "CHAPTER

2 SINGLE-PAYER UNIVERSAL HEALTHCARE SYSTEM

3 § -1 Single-payer universal healthcare insurance system;
4 **established.** (a) There is established the single-payer
5 universal healthcare insurance system to provide the same high-
6 quality level of "medically necessary" healthcare to all Hawaii
7 citizens. Private healthcare insurers are prohibited from
8 duplicating the coverages provided by the single-payer universal
9 healthcare insurance system.

10 § -2 State healthcare insurance planning and financing
11 **authority.** (a) There is established within the department of
12 taxation, for administrative support purposes, the autonomous
13 state healthcare insurance planning and financing authority, to
14 determine the costs of the system, and to gather together the
15 needed financing methods and transition mechanisms.

16 (b) Effective July 1, 2008, the functions of the state
17 health planning and development agency are transferred to the
18 state healthcare insurance planning and financing authority, as
19 well as the prepaid health care act functions and the Hawaii
20 employer union health benefits trust fund, and these functions
21 will be maintained until the full integration of each into the



1 system can be completed by the state healthcare insurance
2 planning and financing authority.

3 (c) Directors of the authority shall be chosen through
4 statewide election, be composed of seven voting members, and
5 meet the same age and residency requirements as candidates for
6 the state senate. There shall be one executive director member
7 elected with no requirement. All members shall be elected by
8 voters statewide for terms of six years each, except that the
9 terms of the six non-executive director members in the first
10 election shall be for two, four, and six years, respectively,
11 with each seat's initial term of two, four, or six years being
12 determined by lottery conducted by the office of elections.
13 Three of the non-executive directors shall be residents of the
14 city and county of Honolulu. Of the other three, one each,
15 shall be a permanent resident of Hawaii county, Kauai county,
16 and Maui county, respectively.

17 (d) The state healthcare insurance planning and financing
18 authority shall:

- 19 (1) Start up and maintain a trust fund comprised of a pay-
20 as-we-go transfer payments system and a reserve fund;
- 21 (2) Negotiate and receive all federal, state, and other
22 appropriate healthcare revenue;



1 (3) Assess temporary progressive income and general excise
 2 surtaxes for start-up, for emergency costs as
 3 necessary, for instance, during epidemic or other
 4 medical catastrophe;

5 (4) Be the single-payer of universal healthcare financing
 6 (the one payout agency) for Hawaii;

7 (5) Hire a chief executive officer who will be accountable
 8 for the development and success of the single-payer
 9 universal healthcare system; and

10 (6) Conduct a continuous and ongoing program of
 11 enrollment.

12 (b) The concurrence of a majority of all members shall be
 13 necessary to make any action of the authority valid.

14 (d) The salary of the executive director shall be \$
 15 a year and the salaries of the other members shall be
 16 \$ a year."

17 SECTION 3. This Act shall take effect on July 1, 2006.

18

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Report Title:

Healthcare; Universal

SB. NO. 3210

Description:

Establishes agency to operate a single-payer universal healthcare insurance system.

