
A BILL FOR AN ACT

RELATING TO HEALTH CARE SERVICES.

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

1 SECTION 1. This Act shall be known as the "Health Care
2 Reinvestment Act".

3 SECTION 2. The legislature finds that according to the
4 American Hospital Association, one third of the nation's
5 hospitals already operate at a loss. Hospitals are incurring
6 high additional costs to ensure essential health care services
7 such as emergency on-call coverage, emergency transport
8 services, and services provided by struggling rural hospitals.
9 Between 2000 and 2004, hospitals reduced essential health care
10 services as they faced volume increases, higher costs, liability
11 concerns, and low or no payment for trauma services.

12 While Hawaii has been a leader in providing health care
13 insurance to permanent employees who work a minimum of twenty
14 hours per week, pursuant to the Prepaid Health Care Act, there
15 are many who are unable to obtain such coverage.

16 Employers have been hit hard by the high cost of health
17 care and, therefore, may employ more people at less than twenty
18 hours per week to avoid having to pay health insurance coverage.



1 This practice may save money for specific employers in the short
2 term, but the long-term repercussions will have serious health
3 and economic effects on society as a whole.

4 It is imperative that health care coverage be provided to
5 all, regardless of age, race, ethnicity, income, or health
6 status, who are ineligible for any state or federal health care
7 program. Health care coverage provided to those in need will
8 relieve a significant amount of strain on hospitals by
9 facilitating:

- 10 (1) Reimbursements for health care services providers;
11 (2) Regular health maintenance through a primary care
12 physician for acute or chronic health conditions; and
13 (3) A reduction in costly emergency room visits.

14 The purpose of this Act is to appropriate moneys to:

- 15 (1) Support Hawaii's trauma system;
16 (2) Sustain statewide aeromedical evacuation programs;
17 (3) Fund hospitals; and
18 (4) Reduce the number of uninsured in Hawaii.

19 SECTION 3. Chapter 321, Hawaii Revised Statutes, is
20 amended by adding a new section to be appropriately designated
21 and to read as follows:



- 1 "§321- Health care reinvestment fund; support for health
2 care services. (a) There is established the health care
3 reinvestment fund, to be administered by the department of
4 health, and into which shall be deposited \$1 in general funds;
5 provided that:
- 6 (1) Twenty-five per cent shall be deposited into the
7 trauma system special fund established under section
8 321-22.5;
- 9 (2) Ten per cent shall be expended to provide medical
10 malpractice insurance subsidies for subspecialists
11 such as orthopedics, trauma surgery, general surgery,
12 and obstetrics/gynecology;
- 13 (3) Ten per cent shall be used to support statewide
14 aeromedical evacuation services authorized in section
15 321-228;
- 16 (4) Ten per cent shall be expended to support emergency
17 facilities and provide grants to keep rural hospitals
18 open, including resources for Kahuku hospital;
- 19 (5) Ten per cent shall be expended to support health care
20 workforce development for medically underserved areas
21 of the state; and



1 (6) The remaining funds shall be used for legislative
2 appropriations to the health insurance support special
3 fund established under section 346- .

4 (b) The department of health shall submit a report to the
5 legislature no later than twenty days prior to the convening of
6 each regular session, beginning with the regular session of
7 2008, that includes:

8 (1) The status of the health care reinvestment fund;
9 (2) The amount of moneys expended from the fund; and
10 (3) The purposes for which these amounts were expended.

11 (c) The director of health shall adopt rules in accordance
12 with chapter 91 to carry out the purposes of this section.

13 (d) As used in this section, "medically underserved area"
14 means a geographic region designated by the Secretary of the
15 United States Department of Health and Human Services under
16 Title 42 United States Code Section 254e as a primary medical
17 care health professional shortage area."

18 SECTION 4. Chapter 346, Hawaii Revised Statutes, is
19 amended by adding a new section to be appropriately designated
20 and to read as follows:

21 "§346- Health insurance support special fund; Hawaii
22 health insurance support. (a) There is established within the



1 department the health insurance support special fund, to be
2 administered by the department, and into which shall be
3 deposited legislative appropriations from the health care
4 reinvestment fund.

5 (b) Moneys in the health insurance support special fund
6 shall be expended by the department for the purposes of
7 supporting:

8 (1) Reimbursements to health care providers and hospitals
9 statewide for services rendered to medicaid patients;

10 (2) The department's Hawaii children's health care program
11 established pursuant to H.B. No. 1008, H.D. 1, 2007;
12 and

13 (3) Subsidies for part-time worker insurance plans to
14 provide for those who do not qualify to receive
15 employer-funded health insurance under the Hawaii
16 Prepaid Health Care Act, chapter 393.

17 (c) The department shall submit a report to the
18 legislature, no later than twenty days prior to the convening of
19 each regular session, beginning with the regular session of
20 2008, which shall include:

21 (1) The status of the health insurance support special
22 fund;



1 (2) The amount of money taken in by and expended from the
2 fund; and

3 (3) The purposes for which these amounts were expended.

4 (d) The director shall adopt rules in accordance with
5 chapter 91 to carry out the purposes of this section.

6 (e) As used in this section, "health care provider" means
7 an individual or institution licensed, certified, or otherwise
8 authorized or permitted by law to provide health care in the
9 ordinary course of business or practice of a profession."

10 SECTION 5. Section 36-27, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§36-27 Transfers from special funds for central service**
13 **expenses.** Except as provided in this section, and
14 notwithstanding any other law to the contrary, from time to
15 time, the director of finance, for the purpose of defraying the
16 prorated estimate of central service expenses of government in
17 relation to all special funds, except the:

18 (1) Special out-of-school time instructional program fund
19 under section 302A-1310;

20 (2) School cafeteria special funds of the department of
21 education;

22 (3) Special funds of the University of Hawaii;



- 1 (4) State educational facilities improvement special fund;
- 2 (5) Convention center enterprise special fund under
- 3 section 201B-8;
- 4 (6) Special funds established by section 206E-6;
- 5 (7) Housing loan program revenue bond special fund;
- 6 (8) Housing project bond special fund;
- 7 (9) Aloha Tower fund created by section 206J-17;
- 8 (10) Funds of the employees' retirement system created by
- 9 section 88-109;
- 10 (11) Unemployment compensation fund established under
- 11 section 383-121;
- 12 (12) Hawaii hurricane relief fund established under chapter
- 13 431P;
- 14 (13) Hawaii health systems corporation special funds;
- 15 (14) Tourism special fund established under section
- 16 201B-11;
- 17 (15) Universal service fund established under chapter 269;
- 18 (16) Integrated tax information management systems special
- 19 fund under section 231-3.2;
- 20 (17) Emergency and budget reserve fund under section
- 21 328L-3;



- 1 (18) Public schools special fees and charges fund under
2 section 302A-1130(f);
- 3 (19) Sport fish special fund under section 187A-9.5;
- 4 (20) Neurotrauma special fund under section 321H-4;
- 5 (21) Deposit beverage container deposit special fund under
6 section 342G-104;
- 7 (22) Glass advance disposal fee special fund established by
8 section 342G-82;
- 9 (23) Center for nursing special fund under section [+]
10 304A-2163[+];
- 11 (24) Passenger facility charge special fund established by
12 section 261-5.5;
- 13 (25) Solicitation of funds for charitable purposes special
14 fund established by section 467B-15;
- 15 (26) Land conservation fund established by section 173A-5;
- 16 (27) Court interpreting services revolving fund under
17 section 607-1.5;
- 18 (28) Trauma system special fund under section 321-22.5;
- 19 (29) Hawaii cancer research special fund;
- 20 (30) Community health centers special fund; [~~and~~]
- 21 (31) Emergency medical services special fund[+];



1 (32) Health insurance support special fund established by
2 section 346- ; and

3 (33) Health care reinvestment fund established by section
4 321- ;

5 shall deduct five per cent of all receipts of all other special
6 funds, which [~~deduction~~] shall be transferred to the general
7 fund of the State and become general realizations of the State.
8 All officers of the State and other persons having power to
9 allocate or disburse any special funds shall cooperate with the
10 director in effecting these transfers. To determine the proper
11 revenue base upon which the central service assessment is to be
12 calculated, the director shall adopt rules pursuant to chapter
13 91 for the purpose of suspending or limiting the application of
14 the central service assessment of any fund. No later than
15 twenty days prior to the convening of each regular session of
16 the legislature, the director shall report all central service
17 assessments made during the preceding fiscal year.[+]"

18 SECTION 6. Section 36-30, Hawaii Revised Statutes, is
19 amended by amending subsection (a) to read as follows:

20 "**§36-30 Special fund reimbursements for departmental**
21 **administrative expenses.** (a) Each special fund, except the:



- 1 (1) Transportation use special fund established by section
- 2 261D-1;
- 3 (2) Special out-of-school time instructional program fund
- 4 under section 302A-1310;
- 5 (3) School cafeteria special funds of the department of
- 6 education;
- 7 (4) Special funds of the University of Hawaii;
- 8 (5) State educational facilities improvement special fund;
- 9 (6) Special funds established by section 206E-6;
- 10 (7) Aloha Tower fund created by section 206J-17;
- 11 (8) Funds of the employees' retirement system created by
- 12 section 88-109;
- 13 (9) Unemployment compensation fund established under
- 14 section 383-121;
- 15 (10) Hawaii hurricane relief fund established under chapter
- 16 431P;
- 17 (11) Convention center enterprise special fund established
- 18 under section 201B-8;
- 19 (12) Hawaii health systems corporation special funds;
- 20 (13) Tourism special fund established under section
- 21 201B-11;
- 22 (14) Universal service fund established under chapter 269;



- 1 (15) Integrated tax information management systems special
2 fund under section 231-3.2;
- 3 (16) Emergency and budget reserve fund under section
4 328L-3;
- 5 (17) Public schools special fees and charges fund under
6 section 302A-1130(f);
- 7 (18) Sport fish special fund under section 187A-9.5;
- 8 (19) Neurotrauma special fund under section 321H-4;
- 9 (20) Center for nursing special fund under section [+]
10 304A-2163[+];
- 11 (21) Passenger facility charge special fund established by
12 section 261-5.5;
- 13 (22) Court interpreting services revolving fund under
14 section 607-1.5;
- 15 (23) Trauma system special fund under section 321-22.5;
- 16 (24) Hawaii cancer research special fund;
- 17 (25) Community health centers special fund; [~~and~~]
- 18 (26) Emergency medical services special fund[+];
- 19 (27) Health insurance support special fund established by
20 section 346- ; and
- 21 (28) Health care reinvestment fund established by section
22 321- ;



1 shall be responsible for its pro rata share of the
2 administrative expenses incurred by the department responsible
3 for the operations supported by the special fund concerned.[+]"

4 SECTION 7. Section 321-22.5, Hawaii Revised Statutes, is
5 amended by amending subsection (c) to read as follows:

6 "(c) Interest and investment earnings attributable to the
7 moneys in the trauma system special fund, federal funding,
8 legislative appropriations[7] and grants, moneys from the health
9 care reinvestment fund, donations, and contributions from
10 private or public sources for the purposes of the trauma system
11 special fund shall be deposited into the trauma system special
12 fund."

13 SECTION 8. There is appropriated out of the health care
14 reinvestment fund the sum of \$1 for fiscal year 2007-2008 and
15 the same sum for fiscal year 2008-2009 to be deposited into the
16 health insurance support special fund.

17 SECTION 9. There is appropriated out of the health care
18 reinvestment fund the sum of \$1 or so much thereof as may be
19 necessary for fiscal year 2007-2008 and the same sum or so much
20 thereof as may be necessary for fiscal year 2008-2009 to
21 support:



- 1 (1) Hospitals in meeting their needs for securing
- 2 emergency on-call services;
- 3 (2) Emergency transport services; and
- 4 (3) Rural hospitals in providing health care services.

5 The sums appropriated shall be expended by the department
6 of health for the purposes of this Act.

7 SECTION 10. There is appropriated out of the health
8 insurance support special fund the sum of \$1 or so much thereof
9 as may be necessary for fiscal year 2007-2008 and the same sum
10 or so much thereof as may be necessary for fiscal year 2008-2009
11 to:

- 12 (1) Subsidize payments of high-deductible health insurance
- 13 premiums for employees who are ineligible for
- 14 employer-provided health insurance pursuant to chapter
- 15 393, Hawaii Revised Statutes; and
- 16 (2) Assist individuals who do not qualify for any other
- 17 state-funded health care insurance assistance program
- 18 in acquiring adequate health care insurance coverage.

19 The sums appropriated shall be expended by the department
20 of human services for the purposes of this Act.

21 SECTION 11. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.



1 SECTION 12. This Act shall take effect on July 1, 2020.



Report Title:

Health Care Services; General Excise Tax

Description:

Appropriates general funds to support Hawaii's trauma system, statewide aeromedical evacuation programs, rural hospitals, Hawaii Childrens' Health Care Program, and support services for people without health insurance. (HB223 HD3)

