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# A BILL FOR AN ACT

RELATING TO HEALTH INSURANCE.

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

1           SECTION 1. (a) There is established the state health  
2 authority. Beginning on January 1, 2009, the authority shall be  
3 the designated state medicaid agency.

4           (b) The authority shall be composed of eleven members,  
5 three to be appointed by the governor, three appointed by the  
6 president of the senate, and three appointed by the speaker of  
7 the house of representatives. The remaining two shall be  
8 appointed by the governor from the health care industry. There  
9 shall also be three ex officio members who are:

- 10           (1) The director of health or the director's designee;  
11           (2) The director of business, economic development, and  
12           tourism or the director's designee; and  
13           (3) The insurance commissioner or the insurance  
14           commissioner's designee.

15           (c) The authority shall be responsible for the overall  
16 health planning for the State and shall be responsible for  
17 determining future capacity needs of health providers,  
18 facilities, equipment, and support services providers.



1 SECTION 2. (a) The authority shall develop a plan that  
2 includes:

3 (1) Providing state-funded health insurance for  
4 individuals with incomes up to three hundred per cent  
5 of the federal poverty level who are otherwise  
6 eligible for benefits under the state's medicaid  
7 programs, including QUEST; and

8 (2) Adopting all optional services allowed under the  
9 medicaid programs.

10 The board of trustees of the Hawaii employer-union health  
11 benefits trust fund is authorized to transfer moneys from the  
12 respective funds to the authority for the purposes of this  
13 subsection.

14 (b) The plan shall be ready to implement on or about  
15 January 1, 2010.

16 SECTION 3. (a) The authority shall develop a plan to  
17 purchase all health care based on assessing the feasibility of:

18 (1) Reimbursing all certified health care providers at a  
19 rate to be determined by the authority within thirty  
20 days of the provision of care;

21 (2) Collecting from each employee earning a wage or salary  
22 in the State, a monthly employer health insurance



1 assessment based on a percentage of the employee's  
2 monthly wage, based on hourly wages, of each employee  
3 of all hours worked in the month. The authority may  
4 determine and establish the employer health insurance  
5 assessment formula, which, at all times, shall be  
6 based on the actual payments made for health care in  
7 the prior twelve-month period, plus administrative  
8 costs for the authority; and

9 (3) Collecting or receiving, for purposes of funding the  
10 authority's purchase of health care, the following:

11 (A) The employer health insurance assessment for each  
12 individual who earns a wage or salary in the  
13 State, including the current medical portion of  
14 workers' compensation insurance;

15 (B) Federal medicaid matching funds;

16 (C) State general fund appropriations;

17 (D) Self-employed health insurance assessments from  
18 individuals who are self-employed, as  
19 differentiated from the employee health insurance  
20 assessment; and



1           (E) Individual monthly dues and the medical payment  
2           portions as determined by audit of 2002 premiums  
3           covering:

- 4           (i) Automobile insurance policy premiums;
  - 5           (ii) Public liability insurance premiums; and
  - 6           (iii) Homeowners insurance policy premiums;
- 7           paid to the authority by insurance carriers on a  
8           monthly basis.

9           (b) The authority shall seek public input during the  
10          planning and development of the program.

11          (c) The authority shall develop a detailed plan to  
12          purchase all health care for all residents of the State. The  
13          authority shall submit the plan to purchase all health care and  
14          shall submit a proposal and any necessary legislation to the  
15          legislature no later than twenty days prior to the regular  
16          session of 2009. The authority shall be ready to implement the  
17          plan no later than January 1, 2010.

18          SECTION 4. The authority shall also:

- 19          (1) Reevaluate the Prepaid Health Care Act and search for  
20          other viable options for universal health care  
21          coverage; and



1 (2) Determine a funding mechanism using the employees,  
 2 medicaid waiver funds, appropriations, and the health  
 3 benefits portion of different types of insurance  
 4 including homeowners, automobile, and liability  
 5 insurance to draw on federal matching funds.

6 SECTION 5. As used in this Act:

7 "Authority" means the state health authority.

8 SECTION 6. This Act shall take effect on July 1, 2008.

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INTRODUCED BY:

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**Report Title:**

State Health Authority

**Description:**

Establishes the state health authority to propose a plan to provide medical assistance for all citizens of Hawaii.

