

JAN 19 2007

A BILL FOR AN ACT

RELATING TO HEALTH CARE SERVICES.

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

1 SECTION 1. The legislature finds that according to the
2 American Hospital Association, one third of the nation's
3 hospitals already operate in the red. High additional costs are
4 being incurred by hospitals ensuring essential health care
5 services such as emergency on-call coverage, emergency transport
6 services, and the struggle to continue services provided by our
7 state's rural hospitals. Between 2000 and 2004, hospitals
8 reduced essential health care services as they faced volume
9 increases, higher costs, liability concerns, and low or no
10 payment for trauma services.

11 While Hawaii has been a leader in providing health care
12 insurance to permanent employees who work a minimum of twenty
13 hours per week, pursuant to the Prepaid Health Care Act, there
14 are many who are unable to obtain such coverage. Employers have
15 been hit hard by the high cost of health care and, therefore,
16 may employ more people at less than twenty hours per week to
17 avoid having to pay health insurance coverage. This may save
18 money for the employer in the short-term, but the long-term



1 repercussions will have serious health and economic effects on
2 us all.

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

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

13 The purpose of this Act is to earmarks general excise tax
14 revenues generated by health care services to provide:

- 15 (1) Subsidies to support hospital emergency on-call
16 services;
- 17 (2) Emergency transport services;
- 18 (3) Rural hospitals health care services;
- 19 (4) Affordable health care for part-time workers who are
20 ineligible for employer provided health insurance
21 under the Prepaid Health Care Act; and
- 22 (5) Services for people without health insurance.



1 SECTION 2. Chapter 321, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§321- Hawaii hospital support system; first response
5 health care services special fund. (a) There is established
6 within the department, the first response health care services
7 special fund into which shall be deposited legislative
8 appropriations from the essential health care services special
9 fund.

10 (b) Moneys in the first response health care services
11 special fund shall be expended by the department for the purpose
12 of supporting:

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

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

- 21 (1) Status of the first response health care services
22 special fund;



1 (2) Amount of moneys 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 SECTION 3. Chapter 346, Hawaii Revised Statutes, is
7 amended by adding a new section to be appropriately designated
8 and to read as follows:

9 "§346- Support for part-time workers and the uninsured;
10 essential health care services special fund. (a) There is
11 established within the department the essential health care
12 services special fund into which shall be deposited state
13 general excise tax revenues generated by health care services,
14 as defined under section 237-31, and collected each fiscal year
15 under section 237-31.

16 (b) Moneys in the fund shall be expended by the department
17 to support the operators of adult residential care homes in
18 meeting their insurance liability needs by:

19 (1) Subsidizing payments of high-deductible health
20 insurance premiums for employees who are ineligible
21 for employer-provided health insurance pursuant to
22 chapter 393; and



1 (2) Assisting individuals who do not qualify for any other
2 state-funded health care insurance assistance program
3 in acquiring adequate health care insurance coverage.

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

- 8 (1) Status of the health care subsidies special fund; and
- 9 (2) Amount of moneys taken in by and expended from the
- 10 fund; and
- 11 (3) The purposes for which these amounts were expended.

12 (d) The director shall adopt rules in accordance with
13 chapter 91 to carry out the purposes of this section, including
14 criteria for payment of premiums."

15 SECTION 4. Section 36-27, Hawaii Revised Statutes, is
16 amended to read as follows:

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



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



- 1 (16) Integrated tax information management systems special
- 2 fund under section 231-3.2;
- 3 (17) Emergency and budget reserve fund under section
- 4 328L-3;
- 5 (18) Public schools special fees and charges fund under
- 6 section 302A-1130(f);
- 7 (19) Sport fish special fund under section 187A-9.5;
- 8 (20) Neurotrauma special fund under section 321H-4;
- 9 (21) Deposit beverage container deposit special fund under
- 10 section 342G-104;
- 11 (22) Glass advance disposal fee special fund established by
- 12 section 342G-82;
- 13 (23) Center for nursing special fund under section [+]304A-
- 14 2163 [+] ;
- 15 (24) Passenger facility charge special fund established by
- 16 section 261-5.5;
- 17 (25) Solicitation of funds for charitable purposes special
- 18 fund established by section 467B-15;
- 19 (26) Land conservation fund established by section 173A-5;
- 20 (27) Court interpreting services revolving fund under
- 21 section 607-1.5;
- 22 (28) Trauma system special fund under section 321-22.5;



- 1 (29) Hawaii cancer research special fund;
- 2 (30) Community health centers special fund; [~~and~~]
- 3 (31) Emergency medical services special fund[+];
- 4 (32) First response health care services special fund; and
- 5 (33) Essential health care services special fund;

6 shall deduct five per cent of all receipts of all other special
 7 funds, which [~~deduction~~] shall be transferred to the general
 8 fund of the State and become general realizations of the State.

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

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

21 "§36-30 Special fund reimbursements for departmental
 22 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 [†]304A-
- 10 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) First response health care services special fund; and
- 20 (28) Essential health care services special fund;



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 237-31, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "§237-31 Remittances [-]; disposition. All remittances of
7 taxes imposed by this chapter shall be made by money, bank
8 draft, check, cashier's check, money order, or certificate of
9 deposit to the office of the department of taxation to which the
10 return was transmitted. The department shall issue its receipts
11 therefore to the taxpayer and shall pay the moneys into the
12 state treasury as a state realization, to be kept and accounted
13 for as provided by law; provided that:

- 14 (1) The sum from all general excise tax revenues realized
15 by the State that represents the difference between
16 \$90,000,000 and the proceeds from the sale of any
17 general obligation bonds authorized for that fiscal
18 year for the purposes of the state educational
19 facilities improvement special fund shall be deposited
20 in the state treasury in each fiscal year to the
21 credit of the state educational facilities improvement



1 special fund for public school capital improvement
2 program needs; [and]

3 (2) A sum, not to exceed \$5,000,000, from all general
4 excise tax revenues realized by the State shall be
5 deposited in the state treasury in each fiscal year to
6 the credit of the compound interest bond reserve
7 fund[-];

8 (3) Of the general excise tax revenues generated by health
9 care services and collected each fiscal year by the
10 department of taxation under section 237-31, with the
11 exception of the county surcharge on state tax
12 authorized by section 46-16.8, a maximum of
13 \$100,000,000 annually shall be deposited to the credit
14 of the essential health care services special fund,
15 established pursuant to section 346- .

16 For purposes of this paragraph, "health care services"
17 means the following medical services:

- 18 (1) Preventive care;
- 19 (2) Emergency care;
- 20 (3) Inpatient/outpatient hospital and physician care;
- 21 (4) Diagnostic laboratory services;



- 1 (5) Diagnostic and therapeutic radiological services;
- 2 and
- 3 (6) Services purchased from:
 - 4 (A) Dentists;
 - 5 (B) Chiropractors;
 - 6 (C) Optometrists;
 - 7 (D) Psychologists;
 - 8 (E) Physical therapists;
 - 9 (F) Home nursing care;
 - 10 (G) Nursing and care homes; and
 - 11 (H) Counseling."

12 SECTION 7. There is appropriated out of the essential
13 health care services special fund the sum of \$45,000,000 or so
14 much there of as may be necessary for fiscal year 2007-2008 and
15 the same sum or so much thereof as may be necessary for fiscal
16 year 2008-2009 to be placed into the first response health care
17 services special fund.

18 SECTION 8. There is appropriated out of the first response
19 health care services special fund the sum of \$45,000,000 or so
20 much thereof as may be necessary for fiscal year 2007-2008 and
21 the same sum or so much thereof as may be necessary for fiscal
22 year 2008-2009 to 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 9. There is appropriated out of the essential
8 health care services special fund the sum of \$55,000,000 or so
9 much thereof as may be necessary for fiscal year 2007-2008 and
10 the same sum or so much thereof as may be necessary for fiscal
11 year 2008-2009 to:

- 12 (1) Subsidize payments of high-deductible health insurance
- 13 premiums for employees who are ineligible for employer
- 14 provided health insurance pursuant to chapter 393,
- 15 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 10. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.



1 SECTION 11. This Act shall take effect on July 1, 2007.

2

INTRODUCED BY: Amil Y. Ige



Report Title:

Health care Services; General Excise Tax

Description:

Earmarks General Excise Taxes generated from health care service providers to support subsidies for hospital on-call services, emergency transport services, rural hospital health care services, affordable health care for part-time workers who are ineligible for employer provided health insurance under the Prepaid Health Care Act, and support services for people without health insurance.

