

STAND. COM. REP. NO. 641

Honolulu, Hawaii

Feb 16, 2007

RE: H.B. No. 223  
H.D. 2

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 223, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH CARE SERVICES,"

begs leave to report as follows:

The purpose of this bill is to support Hawaii's health care safety-net by:

- (1) Earmarking general excise tax (GET) revenues generated by health care services to go toward supporting:
  - (A) Trauma services;
  - (B) Health care workforce development for medically underserved areas of the state;
  - (C) Improved statewide aeromedical transport systems;
  - (D) Rural hospitals;
  - (E) Medical malpractice subsidies for subspecialists;
  - (F) Reimbursements for health care providers' services rendered to Medicaid patients;
  - (G) The Department of Human Services' (DHS) Hawaii Childrens' Health Care Program; and

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- (H) Subsidies for part-time worker insurance plans for people who do not qualify for employer-provided health insurance under the Prepaid Health Care Act;
- (2) Establishing the Health Care Reinvestment Fund (Health Care Fund) to be administered by the Department of Health (DOH); and
- (3) Establishing the Health Insurance Support Special Fund to be administered by the Department of Human Services (DHS).

The Hawaii Medical Services Association, The Queen's Medical Center, and The Chamber of Commerce of Hawaii testified in support of this bill. The Healthcare Association of Hawaii supported this measure with amendments. DOH supported the intent of this bill. The Department of Budget and Finance did not support this measure. The Department of Taxation (DOTAX) opposed this bill in part and submitted comments on this bill.

Quality health care is critical to the societal well-being of the people of Hawaii. Moreover, Hawaii's health care industry plays a pivotal role in Hawaii's economic well-being, serving as Hawaii's second largest private industry and employing thousands of people statewide. Maintaining this health care system will allow Hawaii to continue to maintain its status as the "Health State".

However, while the health care industry in Hawaii is important, your Committee understands the effects that the earmarking of GET revenues may have on the overall fiscal outlook of the State. Your Committee also notes the concerns raised by DOTAX that earmarking of GET moneys is a difficult and costly process and that to achieve the outcome desired by this measure a general fund appropriation may be more appropriate. Accordingly, your Committee respectfully requests the Committee on Finance to study this issue further and has amended this measure by:

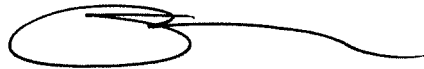
- (1) Deleting the provision earmarking GET revenues generated by health care services to be deposited into the Health Care Fund, and instead, allocating \$1 in direct appropriations to the Health Care Fund to support various health care services in Hawaii;



- (2) Clarifying that the report submitted by DOH to the Legislature on the status of the Health Care Fund include the amount of moneys expended rather than the amount of moneys taken in and expended;
- (3) Changing the appropriations out of the Health Care Fund and into and out of the Health Insurance Support Special Fund to \$1 to facilitate further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 223, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 223, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Labor & Public  
Employment,



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ALEX M. SONSON, Chair



