

STAND. COM. REP. NO. 758

Honolulu, Hawaii
March 6, 2009

RE: H.B. No. 1504
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1504 entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

begs leave to report as follows:

The purpose of this bill is to establish the Hawaii Health Authority (Authority) to develop a comprehensive plan to provide universal health care in Hawaii.

Healthy Mothers, Healthy Babies, Hawaii Government Employees Association, ILWU Local 142, Hawaii Primary Care Association, Hawaii Family Forum, Roman Catholic Church in the State of Hawaii, Americans for Democratic Action Hawaii, Kokua Kalihi Valley, and several concerned individuals supported this bill. The Department of Budget and Finance opposed this bill. The Hawaii Medical Service Association submitted comments.

Your Committee notes that the purpose of the Authority is to comprehensively reform Hawaii's health care system, and is not limited merely to health insurance.

Your Committee has amended this measure by:

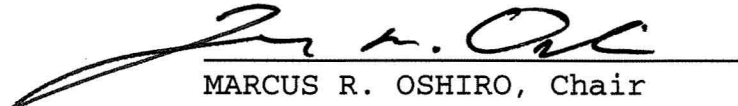
- (1) Changing its effective date to July 1, 2020, to encourage further discussion; and



- (2) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1504, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1504, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HSOR 758

Record of Votes of the Committee on Finance

Bill/Resolution No.: <i>HB 1504</i>	Committee Referral: <i>FIN</i>	Date: <i>March 4, 2009</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. AWANA, Karen Leinani	✓			
5. BROWER, Tom	✓			
6. CHOY, Isaac W.	✓			
7. COFFMAN, Denny	✓			
8. HAR, Sharon E.	✓			
9. KEITH-AGARAN, Gilbert S.C.	✓			
10. LEE, Chris	✓			
11. NISHIMOTO, Scott Y.	✓			
12. SAGUM, Roland D., III	✓			
13. TOKIOKA, James Kunane	✓			
14. WOOLEY, Jessica	✓			
15. YAMASHITA, Kyle T.	✓			
16. PINE, Kymberly Marcos				✓
17. WARD, Gene			✓	
TOTAL (17)	<i>15</i>	<i>0</i>	<i>1</i>	<i>1</i>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <i>Marilyn B. Lee</i>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				

A BILL FOR AN ACT

RELATING TO HEALTH.

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

1 SECTION 1. The cost of health care in Hawaii and the
2 nation is escalating exponentially, and medicaid reimbursements
3 are frequently less than the actual cost of care. Additionally,
4 health insurance premium costs and prescription drug costs are
5 rising rapidly.

6 In recent years, some of the largest hospitals in the state
7 reported that consumers and employers will likely pay more for
8 labor costs due to increased hospital fees and higher insurance
9 premiums, yet receive fewer services in return.

10 The increase in premium costs translates into increased
11 costs for employers. Under the state's Prepaid Health Care Act,
12 private-sector employers are required to pay the bulk of health
13 insurance premiums for their regular employees who work twenty
14 hours or more per week. Because the Act does not require
15 employers to provide health insurance coverage for employees
16 working fewer than twenty hours a week, increased health
17 insurance costs may lead to employers hiring individuals to work
18 fewer than twenty hours per week to avoid higher costs.



1 Increased health care costs can also be traced to the
2 demand for access to the newest technology for treatment of
3 illnesses. It is estimated that new technology is responsible
4 for almost fifty per cent of the total increase in health care
5 over the last thirty years. While greatly improving the quality
6 of life for patients, the costs involved in providing these
7 services place a heavy burden on the state's already struggling
8 health care system.

9 Health agencies are also concerned about the growing number
10 of uninsured individuals in the state. Hawaii was once known
11 for its low number of uninsured people, between two and five per
12 cent in 1994. The Healthcare Association of Hawaii estimates
13 that the current rate of uninsured individuals is more than ten
14 per cent of the state's population.

15 While the Prepaid Health Care Act has served its purpose
16 well for many years, it is now time to consider other options to
17 address these increased health care costs. There is a need for
18 new and innovative legislation that will provide affordable
19 health care for all of Hawaii's residents.

20 The legislature recognizes the accomplishments of Ah Quon
21 McElrath (1915-2008) toward improving the welfare of the people
22 of the state. As a lifelong champion of the underdog and an



1 eloquent, irrepressible, and forceful spokesperson for labor,
2 human rights, and progressive causes, McElrath never hesitated
3 to challenge the establishment to promote standard-of-living
4 improvements for working men and women in areas such as
5 occupational safety, ethnic equality, health care, and
6 education. It was her dream for everyone in our state and
7 nation to have access to affordable health care. Accordingly,
8 the legislature dedicates this Act to Ah Quon McElrath.

9 The purpose of this Act is to initiate the comprehensive
10 reformation of Hawaii's health care system with the ultimate
11 goal of facilitating universal coverage through the provision of
12 affordable, high-quality medical services for Hawaii's residents
13 by establishing the Hawaii health authority to develop a
14 comprehensive plan to provide universal health care in Hawaii.

15 SECTION 2. The Hawaii Revised Statutes is amended by
16 adding a new chapter to be appropriately designated and to read
17 as follows:

18 **"CHAPTER**

19 **HAWAII HEALTH AUTHORITY**

20 **§ -1 Hawaii health authority; establishment.** (a) There
21 is established within the department of budget and finance for
22 administrative purposes the Hawaii health authority. The



1 authority shall be an autonomous public body corporate and
2 politic and an instrumentality of the State.

3 (b) The authority shall be composed of nine members
4 appointed by the governor as provided in section 26-34; provided
5 that three members shall be appointed from a list of nominees
6 submitted by the speaker of the house of representatives and
7 three members shall be appointed from a list of nominees
8 submitted by the president of the senate. All members shall be
9 appointed for terms of four years each.

10 (c) One member shall be selected to be the executive
11 director and confirmed by a majority vote of a quorum of the
12 members of the Hawaii health authority.

13 (d) Each member shall hold office until the member's
14 successor is appointed and qualified.

15 (e) Five members shall constitute a quorum, whose
16 affirmative vote shall be necessary for all valid actions by the
17 authority.

18 **§ -2 Hawaii health authority; duties and**

19 **responsibilities.** (a) The authority shall be responsible for
20 overall health planning for the state and shall be responsible
21 for determining future capacity needs for health providers,
22 facilities, equipment, and support services providers.



1 (b) The authority shall develop a comprehensive health
2 plan that includes:

3 (1) Establishment of eligibility for inclusion in a health
4 plan for all individuals;

5 (2) Determination of all reimbursable services to be paid
6 by the authority;

7 (3) Determination of all approved providers of services in
8 a health plan for all individuals;

9 (4) Evaluation of health care and cost effectiveness of
10 all aspects of a health plan for all individuals; and

11 (5) Establishment of a budget for a health plan for all
12 individuals in the state.

13 (c) The authority shall determine the waivers that are
14 necessary and available by federal law, rule, or regulation
15 necessary to implement and maintain this chapter.

16 (d) The authority shall adopt rules pursuant to chapter 91
17 necessary for the purposes of this chapter.

18 (e) The authority shall submit a comprehensive health plan
19 for all individuals in the state, including its findings and
20 recommendations, to the legislature no later than twenty days
21 prior to the convening of the regular session of 2011."



1 SECTION 3. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$ or so
3 much thereof as may be necessary for fiscal year 2009-2010 for
4 the purpose of operating the Hawaii health authority.

5 The sum appropriated shall be expended by the department of
6 budget and finance for the purposes of this Act.

7 SECTION 4. This Act shall take effect on July 1, 2020.



Report Title:

Universal Health Care; Hawaii Health Authority

Description:

Creates the Hawaii Health Authority to develop a comprehensive plan to provide universal health care in Hawaii. (HB1504 HD1)



WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON HEALTH AND
COMMERCE AND CONSUMER PROTECTION
ON
HOUSE BILL NO. 1504, H.D. 1

March 19, 2009

RELATING TO HEALTH

House Bill No. 1504, H.D. 1, proposes to establish a Hawaii Health Authority administratively attached to the Department of Budget and Finance. The Hawaii Health Authority would be responsible for developing a health plan to provide health care coverage for all individuals in Hawaii.

We are opposed to this bill.

We have concerns on the feasibility of establishing a universal health care insurance system. It is uncertain how the system will be financed and if it will be able to accommodate the additional costs of providing health care for those who are not currently insured. It is also unclear how the healthcare plans of the Employer-Union Health Benefits Trust Fund and the plans of private employers will be combined into a single entity.

Further, the bill makes the proposed Hawaii Health Authority responsible for overall health planning for the State and for determining future capacity needs of health providers, facilities, equipment, and support services providers. This responsibility duplicates the functions of the State Health Planning and Development Agency.



OFFICERS

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Thomas Kosasa, MD
Secretary

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Treasurer

April Donahue
Executive Director

Thursday, March 19, 2009, 9:30 am, CR 229

To: COMMITTEE ON HEALTH
Senator David Y. Ige, Chair
Senator Josh Green, M.D., Vice Chair

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair
Senator David Y. Ige, Vice Chair

From: Hawaii Medical Association
Gary A. Okamoto, MD, President
Philip Hellreich, MD, Legislative Co-Chair
Linda Rasmussen, MD, Legislative Co-Chair
April Donahue, Executive Director
Richard C. Botti, Government Affairs
Lauren Zirbel, Government Affairs

RE: HB 1504 RELATING TO HEALTH
Creates the Hawaii Health Authority to develop a comprehensive plan to provide universal health care in Hawaii. (HB1504 HD1)

Chairs and Committee Members:

Hawaii Medical Association strongly believes that every member of our society needs and deserves a core group of medical and surgical benefits. Over and above these benefits, HMA generally favors free market solutions where the insured can select additional benefits at higher premiums should they so choose. We further believe that all Hawaii citizens deserve the same options as federal employees when facing health care coverage choices.

In light of the growing numbers of uninsured and underinsured in the state of Hawaii, HMA is open to discussing additional options for ensuring health care coverage for Hawaii's citizens. It is crucial that representation from physicians, hospitals, and other providers of care be involved in this discussion, and as such, if this measure is passed we respectfully request adding a requirement that a representative of the Hawaii Medical Association, the University of Hawaii School of Medicine, and specialty medical societies be included in the membership of the Hawaii Health Authority.

Thank you for the opportunity to provide this testimony.

Hawaii Medical Association
1360 S. Beretania St.
Suite 200
Honolulu, HI 96814
(808) 536-7702
(808) 528-2376 fax
www.hmaonline.net



Hawai'i Primary Care Association

345 Queen Street | Suite 601 | Honolulu, HI 96813-4718 | Tel: 808.536.8442 | Fax: 808.524.0347
www.hawaiipca.net

To: **The Senate Committee on Health**
The Hon. David Y. Ige, Chair
The Hon. Josh Green, MD, Vice Chair

The Senate Committee on Commerce & Consumer Protection
The Hon. Rosalyn H. Baker, Chair
The Hon. David Y. Ige, Vice Chair

Testimony in Support of House Bill 1504
Relating to Health
Submitted by Beth Giesting, CEO
Thursday, March 19, 2009, 9:30 a.m. agenda, Room 229

The Hawaii Primary Care Association supports this bill, which would result in a plan for universal access to health care in Hawaii. We firmly believe that all residents of Hawaii should have access to the health care they need and have been witness to the tragic consequences to individuals and families when access to care is not available. We believe that, if done right, a Hawaii health authority could remake our health system to align incentives to prioritize prevention and primary care, which would result both in better population health and considerable cost savings.

Thank you for the opportunity to testify in support of this measure.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA
Executive Director
Tel: 808.543.0011
Fax: 808.528.0922

NORA A. NOMURA
Deputy Executive Director
Tel: 808.543.0003
Fax: 808.528.0922

DEREK M. MIZUNO
Deputy Executive Director
Tel: 808.543.0055
Fax: 808.523.6879

The Twenty-Fifth Legislature, State of Hawaii
Hawaii State Senate
Committee on Health
Committee on Commerce and Consumer Protection

Testimony by
Hawaii Government Employees Association
March 19, 2009

H.B. 1504, H.D. 1 – RELATING TO
HEALTH

The Hawaii Government Employees Association supports the purpose and intent of H.B. 504, H.D. 1, which is to establish the Hawaii Health Authority. The primary responsibility of the authority is to develop a comprehensive plan to provide universal health care in Hawaii.

The health care system in Hawaii and nationally is not working very well. It is estimated that approximately 10% of the state's population does not have health insurance. We have a system that is characterized by high costs, uneven quality and limited access. It is government's responsibility to guarantee quality affordable health care for everyone, and it must play a central role in regulating, financing and providing health coverage

Our national union, AFSCME, is a leader in the movement for meaningful health care reform to address problems with the current system, which is posing a real threat to the economic security of most workers. Affordability of benefits, quality of health care services and coverage for all is a basic human right that must be recognized and fulfilled.

Thank you for the opportunity to testify in support of H.B. 1504, H.D. 1.

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

March 19, 2009

The Honorable David Ige, Chair
The Honorable Rosalyn Baker, Chair
Senate Committees on Health and Commerce and Consumer Protection

Re: HB 1504 HD1 – Relating to Health

Dear Chair Ige, Chair Baker and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1504 HD1.

The language contained in HB 1504 HD1 would create an entity to examine how health care could be reformed in the State of Hawaii. During the 2005 legislative session, Act 223 was passed to create the Health Care Task Force made up of individuals representing all aspects of health care in the community including legislators, hospitals, physicians and the Insurance Commissioner. The Legislature appropriated \$200,000 to the Task Force which was used to contract with The Lewin Group to conduct a study of health care in the state utilizing information contained in the Vision 2000 Healthcare Congress and the Governor's Blue Ribbon Panel on Cancer Care in Hawaii among other resources.

Based on the Task Force meetings, the Lewin Group produced a lengthy 85 page report. Since this report examined many of the issues raised in HB 1504 HD1, we believe that the efforts outlined in HB 1504 HD1 may end up being duplicative.

Additionally, with President Obama's Administration keenly interested in changing the way the health care system operates today, the Legislature may wish to postpone any changes for now since there may be an opportunity to work collaboratively with federal initiatives in the future.

Thank you for the opportunity to testify today.

Sincerely,

A handwritten signature in black ink, appearing to read 'JD', with a long horizontal stroke extending to the right.

Jennifer Diesman
Assistant Vice President
Government Relations



KOKUA KALIHI VALLEY

Comprehensive Family Services

2239 North School Street, Honolulu, Hawaii 96819

Phone (808) 791-9400 ♦ Fax (808) 848-0979

March 16, 2009

Committee on Commerce and Consumer Protection
Committee on Health
Hearing on Wednesday March 19, 2009 at 9.30 am
Conference Room 229

RE: Testimony in Support of HB 1504

Dear Chair Baker and Chair Ige:

I am writing to testify in strong support for HB 1504, the bill that would create the Hawaii Health Authority and develop a comprehensive plan to provide universal health care in Hawaii. I am a physician working at Kokua Kalihi Valley, Kalihi Palama Health Center, IHS HealthCare For the Homeless Project and the Aloha Medical Mission.

Health care is a right, not a privilege. The current health care system is broken, fragmented and inefficient, with little to show for its high costs. The health care system in the United States drastically needs reform, however politicians in Washington D.C. are offering the same tired ideas in response to the crisis. Attempting to achieve health care for all through complicated additions to an already broken system does not work, as the case of Massachusetts has demonstrated.

Hawaii needs to set an example for the nation by proving that it is possible to provide affordable and efficient health care to all its residents through a comprehensive state health plan. Hawaii led the way in being the first state to guarantee health insurance coverage for all employees working 20 hours or more a week in the 1970s through work of Ah Quon McElrath, and the passage of the Hawaii Prepaid Health Act. The creation of the Hawaii Health Authority is an essential step toward creating a rational plan for comprehensive health care services that lowers cost while expanding access to health services to everyone. By bringing the 273,000 households in Hawaii below 300% of poverty into a single administrative entity, the State will generate one billion dollars per year of Federal funds from the Center for Medicare/Medicaid Services.

Please do the right thing and pass HB 1504. Thank you for the opportunity to testify.

Sincerely,

Ritabelle Fernandes, MD, MPH, FACP
Internist and Geriatrician

JORY WATLAND
3030 HOLUA PLACE
HONOLULU, HAWAII 96819
808 847-2301

TESTIMONY
HB 1504

Senate Committee on Commerce and Consumer Protection
Senate Committee on Health

State Capitol
Room 229 at 9:30am
March 19, 2009

Chair Baker, Chair Ige, and members of the committees:

I urge your support for HB1504, HD2.

As costs for insurance, medications, long term, and other medical/dental/behavioral health services continue to rise, it is timely, and urgently necessary, that the State of Hawaii establish a central authority. The Hawaii Health Authority will develop a plan to pool the vast resources being committed to a very disparate health care delivery system and turn it into a rational efficient service delivery system. The Authority will propose a systematic way to combine the gathering of resources, the payment for services, the menu of services provided, and the planning and the evaluation under one umbrella. By pooling the multiple payments for potential medical procedure payments (e.g., Workers' Comp, auto insurance, home owners' insurance and public liability ins.) the multiple dollars paid for the same procedure will be maximized and the recipient will be afforded all necessary care. By bringing the 273,000 households in Hawaii below 300% of poverty into a single administrative entity, the State will generate one billion dollars per year of Federal funds from the Center for Medicare/Medicaid Services (CMS). By focusing on prevention – diet, exercise, immunizations, etc. – the costs for treatment will be dramatically reduced and quality of life will be enhanced.

The Authority will develop a plan to consolidate the Medicaid program, the Medicare program, the State Health Insurance Programs, the resources of the State Health Trust Fund, and other Private, State and Federal Funds for Health into a single administrative entity. This entity will be able to offer **all** residents of Hawaii affordable, reasonable, fair, and effective health care programs for the future.

Please pass HB 1504.

Thank you for the opportunity to provide testimony.

Jory Watland
Member, Health Care for All Hawaii
Community Health Center Director for 30 years.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 16, 2009 3:01 PM
To: HTHTestimony
Cc: jillf2184@yahoo.com
Subject: Testimony for HB1504 on 3/19/2009 9:30:00 AM

Categories: Green Category, Blue Category

Testimony for HTH/CPN 3/19/2009 9:30:00 AM HB1504

Conference room: 229
Testifier position: support
Testifier will be present: No
Submitted by: Jill Friedman
Organization: Individual
Address:
Phone:
E-mail: jillf2184@yahoo.com
Submitted on: 3/16/2009

Comments:

I support HB1504 to create the Hawaii Health Authority to develop a plan to provide universal health care in Hawaii. We need universal health care for everyone in Hawaii.

From: Joel Fischer [jfischer@hawaii.edu]
Sent: Tuesday, March 17, 2009 3:34 PM
To: CPN Testimony
Subject: HB1504;CPN;3/19/09;9:30AM;Rm229

Importance: High

HB1504, HD1, Relating to Health

CPN; Chair, Sen Baker

PLEASE,PLEASE PASS THIS BILL!

In a session where legislators are under intense pressure to identify priorities, there is virtually no higher priority than health care. It seems increasingly clear that our state must adopt some form of universal health care, because too many people are falling through the cracks and losing their health care. In addition, the federal government under President Obama is moving in that direction as well.

This is the time for Hawai`i to lead the way in exploring options for ensuring that all of our people have access to health care. That must be a right, not a privilege!

For those who are reluctant to vote for this bill, I must remind you that this bill only establishes an Authority to explore the issue. It does not create any form whatsoever of universal care. Open minds discuss all options. Closed minds actually fear open discussion.

I trust all legislators in Hawai`i are open-minded enough on this issue to believe that **now** is the time to discuss it.

Thank you for passing this bill.

Aloha, joel

Dr. Joel Fischer, ACSW
Professor
University of Hawai'i, School of Social Work
Henke Hall
Honolulu, HI 96822

"It is reasonable that everyone who asks justice should DO justice."

Thomas Jefferson

"There comes a time when one must take a position that is neither safe, nor politic, nor popular, but one must take it because one's conscience tells one that it is right."

Dr. Martin Luther King, Jr.

"Never, never, never quit."

Winston Churchill