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# A BILL FOR AN ACT

RELATING TO THE TRICARE PROGRAM.

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

1           SECTION 1. The legislature finds that pursuant to the  
2 authority granted by Congress under Title 10 United States Code  
3 Section 1071 et seq., the United States Department of Defense  
4 established the TRICARE program as the managed care component of  
5 the Military Health System, a federal government program that  
6 provides health care services to over nine million Americans,  
7 composed of active duty, reserve, and retired members of the  
8 United States uniformed services, their family members, and  
9 survivors, including approximately one hundred fifty thousand  
10 current and former service members and their family members who  
11 reside in Hawaii.

12           The legislature further finds that the purpose and mission  
13 of the TRICARE program is to ensure the availability of high-  
14 quality, low-cost health care services to members of the  
15 uniformed services and their families, which is crucial to  
16 ensuring military readiness, national defense, and the health  
17 and welfare of the residents of the State.



1           The TRICARE program augments the health care services  
2 provided by the United States Department of Defense personnel at  
3 military treatment facilities. TRICARE is a program of the  
4 Department of Defense, TRICARE Management Activity, which  
5 contracts with third-party administrators, known as "managed  
6 care support contractors", to establish and maintain networks of  
7 TRICARE-authorized civilian health care providers in various  
8 regions of the United States. On behalf of the United States  
9 Department of Defense, managed care support contractors make  
10 advances to health care providers, including doctors, hospitals,  
11 and other providers, for costs of health care services provided  
12 to TRICARE beneficiaries. The United States Department of  
13 Defense reimburses managed care support contractors for the  
14 actual cost or advancement made to third party health care  
15 providers.

16           In 2009, the legislature recognized that some uncertainty  
17 existed about whether the amounts received by a managed care  
18 support contractor of the TRICARE program for the actual cost or  
19 advancement to third party health care providers, on behalf of  
20 the federal government, are subject to the state general excise  
21 tax. In order to avoid increasing the costs of health care  
22 services delivered through the TRICARE program and any adverse



1 consequences to members of our uniformed services and their  
2 families from the increased costs, Act 70, Session Laws of  
3 Hawaii 2009, clarified that the amounts received by a managed  
4 care support contractor of the TRICARE program are not subject  
5 to the state general excise tax.

6 The purpose of this Act is to extend to December 31, 2015,  
7 the exclusion from the state general excise tax the amounts  
8 received by a managed care support contractor of the TRICARE  
9 program for the actual cost or advancement to third party health  
10 care providers, pursuant to a contract with the United States  
11 for the administration of the TRICARE program.

12 SECTION 2. Act 70, Session Laws of Hawaii 2009, is amended  
13 by amending section 4 to read as follows:

14 "SECTION 4. This Act shall take effect on July 1, 2009,  
15 and shall be repealed as of December 31, [~~2013~~] 2015; provided  
16 that section 237-24, Hawaii Revised Statutes, shall be reenacted  
17 in the form in which it read on June 30, 2009."

18 SECTION 3. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.

20 SECTION 4. This Act shall take effect on July 1, 2012.



**Report Title:**

TRICARE Program; Health Care; General Excise Tax; Exemption  
Extension

**Description:**

Extends the general excise tax exclusion for amounts received by a managed care support contractor of the TRICARE program for the actual cost or advancement to third party health care providers pursuant to a contract with the United States. Effective July 1, 2012. (HB1723 HD1)

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