
A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. The legislature finds that the federal Patient
2 Protection and Affordable Care Act (P.L. 111-148), as amended,
3 permits states to establish a basic health program to provide
4 health benefits to certain low-income individuals who do not
5 qualify for medicaid and who would otherwise be eligible to
6 purchase health insurance through a health insurance exchange.
7 Under the basic health program, states would receive federal
8 subsidies that they must use to finance a portion of the cost of
9 providing health insurance and care for these individuals.

10 The legislature further finds that, although the intent of
11 the program would be to expand access to health care, there
12 remain a number of unknown factors that may significantly affect
13 the program's ongoing cost to the State and its ability to
14 successfully implement the program. Although federal subsidies
15 are promised to support elements of the basic health program,
16 the amount of moneys available is not clear, nor is it firmly
17 established that the federal government is committed to
18 continuing those subsidies at sustained levels for the long



1 term. To compound the problem further, the federal agency
2 designated to administer the basic health program, to date, has
3 issued no regulations or detailed guidance to the states
4 regarding operation or financing of many aspects of the basic
5 health program.

6 The implementation of a basic health program in Hawaii may
7 present opportunities for the State to help provide health
8 insurance for low-income individuals, but it also may present
9 significant financial risks and costs to the State both in the
10 short-term and the long-term. The legislature finds that
11 several other states have already undertaken studies of the
12 feasibility of implementing a basic health program, and they
13 have reached inconclusive results due to the many unknown
14 factors involved in operating such a program. The legislature
15 recognizes that the creation of a basic health program is an
16 option, not a mandate, for the State. Accordingly, the
17 legislature finds that the decision to create a basic health
18 program in Hawaii first deserves careful analysis of the
19 financial costs and benefits to Hawaii and the impacts of the
20 program on other agencies and organizations in the State, and
21 the delivery of health care as a whole.

22 The purpose of this Act is to:



1 (1) Prohibit any state entity from establishing a basic
2 health program, pursuant to the Patient Protection and
3 Affordable Care Act, without legislative authority to
4 do so; and

5 (2) Authorize the insurance division of the department of
6 commerce and consumer affairs to undertake a study of
7 the feasibility of establishing a basic health program
8 in Hawaii.

9 SECTION 2. No department, agency, officer or other entity
10 of the State, administratively or otherwise, shall establish a
11 basic health program, as contemplated by section 1331 of the
12 federal Patient Protection and Affordable Care Act (P.L. 111-
13 148), as amended, without the enactment of state legislation
14 that explicitly authorizes or directs the establishment and
15 operation of such a program.

16 SECTION 3. (a) The insurance division of the department
17 of commerce and consumer affairs may prepare a comprehensive
18 study on the feasibility of establishing a basic health program
19 in Hawaii, that includes but is not limited to an analysis of
20 the:

21 (1) Financial costs and benefits to the State in the
22 short-term and long-term;



1 (2) Immediate and ongoing availability of federal funds to
2 support the program;

3 (3) Options for selecting providers for the program;

4 (4) Impact of the program on relevant existing
5 organizations, programs, and agencies; and

6 (5) Any other considerations that may affect the overall
7 delivery of health care in Hawaii.

8 (b) If the insurance division of the department of
9 commerce and consumer affairs chooses to prepare a feasibility
10 study pursuant to subsection (a), it shall submit a report of
11 its findings and recommendations, including any proposed
12 legislation, to the legislature no later than twenty days prior
13 to the convening of the regular session of 2013.

14 SECTION 4. This Act shall take effect upon its approval.



Report Title:

Health Care Insurance

Description:

Prohibits any state entity from establishing a basic health program pursuant to the federal Patient Protection and Affordable Care Act without the enactment of authorizing legislation. Authorizes the Insurance Division of DCCA to prepare a feasibility study on the basic health program.
(SB1276 HD2 PROPOSED)

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