

JAN 19 2012

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 TRICARE program augments the health care services
13 provided by the United States Department of Defense personnel at
14 military treatment facilities. TRICARE contracts with third
15 party administrators, known as "managed care support
16 contractors", to establish and maintain networks of TRICARE-
17 authorized civilian health care providers in various regions of
18 the United States. The managed care support contractors make



1 advances to health care providers, including doctors, hospitals,
2 and other providers, for costs of health care services provided
3 to TRICARE beneficiaries. The United States Department of
4 Defense reimburses managed care support contractors for the
5 actual cost or advancement made to third party health care
6 providers.

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

13 In 2009, the legislature recognized that some uncertainty
14 existed about whether the amounts received by a managed care
15 support contractor of the TRICARE program for the actual cost or
16 advancement to third party health care providers are subject to
17 the State's general excise tax. In order to avoid increasing
18 the costs of health care services delivered through the TRICARE
19 program and any adverse consequences to members of our uniformed
20 services and their families from the increased costs, Act 70,
21 Session Laws of Hawaii 2009, established a temporary general



S.B. NO. 2101

1 excise tax exemption for the amounts received by a managed care
2 support contractor of the TRICARE program.

3 The purpose of this Act is to make permanent the state
4 general excise tax exemption for the amounts received by a
5 managed care support contractor of the TRICARE program for the
6 actual cost or advancement to third party health care providers,
7 pursuant to a contract with the United States for the
8 administration of the TRICARE program.

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

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12 [~~and shall be repealed as of December 31, 2013; provided that~~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

15 SECTION 3. Statutory material to be repealed is bracketed
16 and stricken.

17 SECTION 4. This Act shall take effect on July 1, 2012.
18

INTRODUCED BY: *[Signature]*
[Signature] *[Signature]*
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S.B. NO. 2101

Report Title:

TRICARE Program; Health Care; General Excise Tax; Exemption

Description:

Makes permanent the general excise tax exemption on 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.

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