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**L A T F**

To: The Honorable Ryan I. Yamane, Chair  
and Members of the House Committee on Health

Date: Tuesday, March 13, 2012  
Time: 9:00 a.m.  
Place: Conference Room 329, State Capitol

From: Frederick D. Pablo, Director  
Department of Taxation

Re: S.B. 2101 SD1 Relating to the Tricare Program

The Department of Taxation (Department) supports S.B.2101 SD1.

S.B. 2101 SD1 repeals the sunset date for Act 70, Session Laws of Hawaii 2009, which is scheduled to take effect on December 31, 2013. The purpose of this measure is to make the exemption permanent.

Tricare is a program established by the United States Department of Defense (DOD) to provide managed medical care to military members and their dependents. Act 70 provided an exemption to Tricare from the general excise tax on amounts received from the DOD which Tricare pays out to third party service providers. Because the DOD funds Tricare in advance of the actual medical services being provided by estimating the amount required to meet the medical services that will be required by military personnel and their dependents, the funds received by Tricare are not reimbursements subject to the general excise tax.

Thank you for the opportunity to provide comments.

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

L A T F

March 13, 2012

The Honorable Ryan I. Yamane, Chair  
The Honorable Dee Morikawa, Vice Chair

House Committee on Health

**Re: SB 2101, SD1 – Relating to the Tricare Program**

Dear Chair Yamane, Vice Chair Morikawa and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of SB 2101, SD1.

Act 70, SLH 2009, clarified that any amounts received by a managed care support contractor for reimbursements of costs made by the contractor to administer the federal government's TriCare program, are exempt from the Hawaii General Excise Tax. That Act includes a provision requiring its repeal on December 31, 2013. SB 2101, SD1 would eliminate that sunset provision and make the statute permanent.

This exemption truly will support the continued availability and strength of the TriCare program and ensure that HMSA is able to continue to provide coverage to many of the approximately 163,000 current and former military personnel and their family members who reside in Hawaii.

Thank you for the opportunity to testify in support of SB 2101, SD1.

Sincerely,

A handwritten signature in black ink, appearing to read 'JD' followed by a flourish.

Jennifer Diesman  
Vice President  
Government Relations