



EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

June 27, 2013

**GOV. MSG. NO. 1327**

The Honorable Donna Mercado Kim,  
President  
and Members of the Senate  
Twenty-Seventh State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

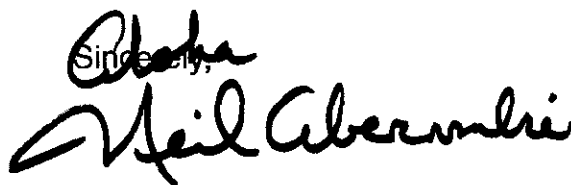
The Honorable Joseph M. Souki,  
Speaker and Members of the  
House of Representatives  
Twenty-Seventh State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 27, 2013, the following bill was signed into law:

HB656 HD2 SD2 CD1

RELATING TO HEALTH CARE ADMINISTRATIVE  
UNIFORMITY  
**ACT 224 (13)**

Sincerely,  


NEIL ABERCROMBIE  
Governor, State of Hawaii

Approved by the Governor

JUN 27 2013

on \_\_\_\_\_

HOUSE OF REPRESENTATIVES  
TWENTY-SEVENTH LEGISLATURE, 2013  
STATE OF HAWAII

ACT 224

H.B. NO. 656  
H.D. 2  
S.D. 2  
C.D. 1

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## A BILL FOR AN ACT

RELATING TO HEALTH CARE ADMINISTRATIVE UNIFORMITY.

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

1           SECTION 1. The legislature finds that the State of Hawaii  
2 provides or pays for health insurance for nearly forty per cent  
3 of the population, and, therefore, is directly impacted by the  
4 escalating cost of health care services.

5           The legislature also finds that increases in premiums for  
6 health insurance coverage affect subscribers for such coverage,  
7 existing and new businesses, and the overall economy of the  
8 State.

9           The legislature further finds that the health care industry  
10 is undergoing a dramatic transformation, and that, in order to  
11 effectively harness new or improved approaches, concepts, and  
12 initiatives that have the potential to have a positive impact on  
13 the cost and quality of health care, the State must spearhead a  
14 statewide health care transformation, and strive to continuously  
15 improve the health care system.

16           The purpose of this Act is to establish within the office  
17 of the governor a temporary program specially targeted to

HB656 CD1 HMS 2013-3416



1 initiate this transformation. It is envisioned that the program  
2 will focus on processes, measures, and other matters directed at  
3 improving the quality and cost-effectiveness of health care  
4 service; opportunities for administrative uniformity or the  
5 standardization of processes, measures, and other matters;  
6 reducing unnecessary administrative burdens faced by health care  
7 providers, health care facilities, and health plans; and  
8 supporting innovations in the delivery of care by using common  
9 definitions, criteria, and reimbursement approaches.

10 SECTION 2. (a) There is established and temporarily  
11 placed within the office of the governor the health care  
12 transformation program, which shall terminate on July 1, 2015.  
13 The principal mission of the program is to identify the issues  
14 that need to be addressed to achieve statewide health care  
15 transformation, and develop a strategy, framework, and timeline,  
16 as well as proposed legislation and rules, directed at the  
17 transformation, and to thereby improve the quality and cost-  
18 effectiveness of the health care delivery system, and ensure  
19 that Hawaii residents and visitors have access to high-quality  
20 and cost effective health care. The governor shall consider a  
21 broad range of initiatives, issues, and strategies, including:



- 1           (1) The identification of processes, measures, and goals  
2           to evaluate and improve the quality and cost-  
3           effectiveness of health care services;
- 4           (2) Opportunities for administrative uniformity or the  
5           standardization of processes, measures, and other  
6           matters directed at improving the quality and cost-  
7           effectiveness of health care service;
- 8           (3) Fair and efficient payment models for health care  
9           services;
- 10          (4) Streamlined authorization procedures for health care  
11          services;
- 12          (5) Improvement and expansion of the use of information  
13          technologies to organize, store, safeguard, exchange,  
14          and report clinical, cost, educational, technical,  
15          administrative, regulatory, and other health care-  
16          related data;
- 17          (6) Improvement and promotion of the establishment and use  
18          of cost-effective preferred drug lists; and
- 19          (7) Any other issue, solution, or initiative necessary or  
20          appropriate to further the principal mission of the  
21          program.



1 (b) To facilitate the development of the strategy,  
2 framework, and timeline, as well as legislation and rules  
3 pursuant to subsection (a), the governor may obtain information  
4 by informally consulting, individually or as a group, with any  
5 stakeholder or subject-matter expert selected by the program.  
6 The governor may informally collaborate, individually or as a  
7 group, with any stakeholder or subject-matter expert, to enable  
8 the program to plan and develop proposed strategies, including  
9 proposed legislation and rules.

10 SECTION 3. The governor shall submit a progress report  
11 containing the status of the health care transformation program,  
12 including findings and recommendations to the legislature, no  
13 later than twenty days prior to the convening of the regular  
14 session of 2014. The governor shall submit a final report on  
15 the health care transformation program, including findings,  
16 recommendations, and any proposed legislation, to the  
17 legislature no later than twenty days prior to the convening of  
18 the regular session of 2015.

19 SECTION 4. This Act shall take effect on July 1, 2013.

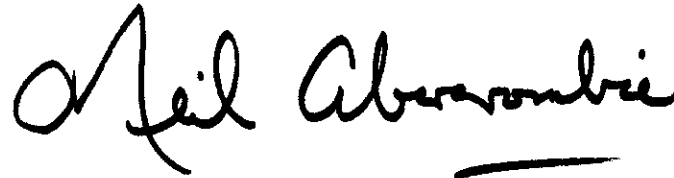


H.B. NO.

656  
H.D. 2  
S.D. 2  
C.D. 1

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APPROVED this 27 day of JUN , 2013



GOVERNOR OF THE STATE OF HAWAII