



EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

GOV. MSG. NO. 1261

June 30, 2014

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

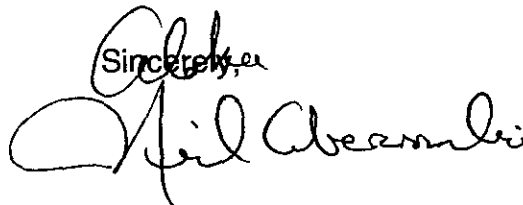
The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Seventh State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

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

This is to inform you that on June 30, 2014, the following bill was signed into law:

HB2581 HD3 SD2 CD1

RELATING TO INSURANCE
ACT 158 (14)

Sincerely,


NEIL ABERCROMBIE
Governor, State of Hawaii

Approved by the Governor
on JUN 30 2014
HOUSE OF REPRESENTATIVES
TWENTY-SEVENTH LEGISLATURE, 2014
STATE OF HAWAII

ACT 158
H.B. NO. 2581
H.D. 3
S.D. 2
C.D. 1

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 of 2010 (Affordable Care Act)
3 encourages states to develop innovative approaches to insuring
4 their populations by authorizing states to apply for waivers
5 from certain requirements of the Affordable Care Act. To be
6 eligible, a state must demonstrate that its proposed health
7 insurance reforms are as comprehensive and affordable as the
8 federal requirements for insurance sold in its state health
9 insurance exchange. In addition, proposed reforms must be
10 budget neutral for the federal government. States that are
11 granted innovation waivers may receive federal assistance to
12 operate their reform programs in an amount that is equivalent to
13 the aggregate amount of tax credits and cost-sharing subsidies
14 that the federal government would have paid for individuals
15 enrolled in state health insurance exchanges.

16 The legislature also finds that Hawaii has a bold history
17 as an innovator in ensuring that its residents have access to

HB2581 CD1 HMS 2014-3463



1 health care. The Hawaii Prepaid Health Care Act has ensured the
2 availability of employer-sponsored health insurance for workers
3 and their families, and the State's medicaid program has
4 provided access to comprehensive managed care for low-income
5 families. The legislature believes that, while Hawaii has taken
6 great steps in implementing the health insurance exchange and
7 other insurance reforms required by the Affordable Care Act, the
8 State may be able to create a more effective alternative
9 solution for providing affordable health coverage to
10 individuals.

11 The purpose of this Act is to establish a state innovation
12 waiver task force to develop a health care reform plan that
13 meets requirements for obtaining a state innovation waiver.

14 SECTION 2. (a) There is created the state innovation
15 waiver task force, to be temporarily attached to the office of
16 the governor for administrative purposes.

17 (b) The task force shall consist of the following members,
18 or their respective designees:

19 (1) The healthcare transformation coordinator, who shall
20 serve as chair;

21 (2) The director of health;



- 1 (3) The director of labor and industrial relations;
- 2 (4) The administrator of the MedQUEST division of the
- 3 department of human services;
- 4 (5) The insurance commissioner;
- 5 (6) The attorney general;
- 6 (7) The chief information officer of the office of
- 7 information management and technology;
- 8 (8) The administrator of the Hawaii employer-union health
- 9 benefits trust fund;
- 10 (9) The executive director of the Hawaii Health Connector;
- 11 (10) The executive director of the Hawaii Health
- 12 Information Exchange;
- 13 (11) A representative of The Chamber of Commerce of Hawaii;
- 14 (12) A representative of the Healthcare Association of
- 15 Hawaii;
- 16 (13) A representative of the Hawaii Primary Care
- 17 Association;
- 18 (14) Two persons with expertise in health care delivery,
- 19 one of whom shall be designated by the president of
- 20 the senate and one of whom shall be designated by the
- 21 speaker of the house of representatives;



- 1 (15) A person with expertise in health insurance, to be
2 designated by the president of the senate; and
- 3 (16) A person representing small businesses in Hawaii, to
4 be designated by the speaker of the house of
5 representatives.
- 6 (c) The task force shall:
- 7 (1) Examine the feasibility of alternative approaches to
8 the health reform requirements described under Section
9 1332(a)(2) of the federal act;
- 10 (2) Examine alternatives to and possible exemptions or
11 waivers from requirements relating to allowable
12 premium rate variations based upon age, as described
13 in Section 1201 of the federal act;
- 14 (3) Examine the feasibility of options for providing
15 affordable insurance coverage for uninsured and
16 underinsured individuals in Hawaii through brokers and
17 professional employer organizations that include
18 innovations to the State's existing medicaid program;
19 and

- 1 (4) Develop a plan for applying for a state innovation
- 2 waiver that meets the requirements of Section 1332 of
- 3 the federal act, including:
- 4 (A) Developing a strategy for health care reform
- 5 that:
- 6 (i) Provides coverage that is at least as
- 7 comprehensive as required by the federal
- 8 act;
- 9 (ii) Provides coverage and cost-sharing
- 10 protections that are at least as affordable
- 11 as under the federal act;
- 12 (iii) Makes health insurance coverage available to
- 13 as many residents of Hawaii as under the
- 14 federal act; and
- 15 (iv) Is budget neutral for the federal
- 16 government;
- 17 (B) Examining the feasibility of options for
- 18 providing affordable insurance coverage for
- 19 uninsured and underinsured individuals in Hawaii
- 20 that include innovations to the State's existing
- 21 medicaid program; and

1 (C) Ensuring compliance with all applicable public
2 notice requirements of title 31 Code of Federal
3 Regulations part 33 and title 45 Code of Federal
4 Regulations part 155, as amended.

5 (d) The task force shall prepare a draft application for a
6 state innovation waiver, to take effect for plan years beginning
7 on or after January 1, 2017.

8 (e) The members of the task force shall serve without
9 compensation but shall be reimbursed for expenses, including
10 travel expenses, necessary for the performance of their duties.

11 (f) The task force shall submit an initial interim report
12 to the legislature no later than twenty days prior to the
13 convening of the regular session of 2015. The task force shall
14 submit a second interim report to the legislature no later than
15 twenty days prior to the convening of the regular session of
16 2016. The interim reports shall include:

17 (1) Identification of opportunities for state agencies to
18 collaborate on new information technology that will
19 advance the goals of the federal act and state
20 innovation; and

1 (2) Recommendations on the allocation of existing moneys
2 available for health reform and innovation, including
3 any proposed legislation.

4 (g) The task force shall submit a final report of its
5 findings and recommendations to the legislature, including any
6 proposed legislation and the draft application, no later than
7 twenty days prior to the convening of the regular session of
8 2017.

9 (h) The task force shall be dissolved on June 30, 2017.

10 (i) For the purposes of this section, "federal act" means
11 the Patient Protection and Affordable Care Act (Public Law 111-
12 148), as amended, and any regulations adopted thereunder.

13 SECTION 3. This Act shall take effect upon its approval.

APPROVED this 30 day of JUN , 2014



GOVERNOR OF THE STATE OF HAWAII

