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# 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  
18 health care. The Hawaii Prepaid Health Care Act has ensured the



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

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

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

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

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

20 (2) The director of health;

21 (3) The director of commerce and consumer affairs;

22 (4) The director of labor and industrial relations;



- 1 (5) The administrator of the MedQUEST division of the  
2 department of human services;
- 3 (6) The insurance commissioner;
- 4 (7) The chief information officer of the office of  
5 information management and technology;
- 6 (8) The administrator of the Hawaii employer-union health  
7 benefits trust fund;
- 8 (9) The chairperson of the board of directors of the  
9 Hawaii Health Connector;
- 10 (10) The executive director of the Hawaii Health Connector;
- 11 (11) The executive director of the Hawaii Health  
12 Information Exchange;
- 13 (12) A representative of The Chamber of Commerce Hawaii;
- 14 (13) A representative of the Healthcare Association of  
15 Hawaii;
- 16 (14) A person with expertise in health care delivery and a  
17 person with expertise in health insurance, to be  
18 designated by the president of the senate; and
- 19 (15) A person representing small businesses in Hawaii and a  
20 person with expertise in health care delivery, to be  
21 designated by the speaker of the house of  
22 representatives.



- 1 (c) The task force shall:
  - 2 (1) Examine the feasibility of alternative approaches to
  - 3 the health reform requirements described under Section
  - 4 1332(a)(2) of the federal act;
  - 5 (2) Examine alternatives to and possible exemptions or
  - 6 waivers from requirements relating to allowable
  - 7 premium rate variations based upon age, as described
  - 8 in Section 1201 of the federal act;
  - 9 (3) Examine the feasibility of options for providing
  - 10 affordable insurance coverage for uninsured and
  - 11 underinsured individuals in Hawaii through brokers and
  - 12 professional employer organizations that include
  - 13 innovations to the State's existing medicaid program;
  - 14 and
  - 15 (4) Develop a plan for applying for a state innovation
  - 16 waiver that meets the requirements of Section 1332 of
  - 17 the federal act, including:
    - 18 (A) Developing a strategy for health care reform
    - 19 that:
    - 20 (i) Provides coverage that is at least as
    - 21 comprehensive as required by the federal
    - 22 act;

- 1           (ii) Provides coverage and cost-sharing
- 2                           protections that are at least as affordable
- 3                           as under the federal act;
- 4           (iii) Makes health insurance coverage available to
- 5                           as many residents of Hawaii as under the
- 6                           federal act; and
- 7           (iv) Is budget neutral for the federal
- 8                           government;
- 9           (B) Examining the feasibility of options for
- 10                           providing affordable insurance coverage for
- 11                           uninsured and underinsured individuals in Hawaii
- 12                           that include innovations to the State's existing
- 13                           medicaid program; and
- 14           (C) Ensuring compliance with all applicable public
- 15                           notice requirements of title 31 Code of Federal
- 16                           Regulations part 33 and title 45 Code of Federal
- 17                           Regulations part 155, as amended.
- 18           (d) The task force shall prepare a draft application for a
- 19                           state innovation waiver, to take effect for plan years beginning
- 20                           after January 1, 2017.

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

4 (f) The task force shall submit an initial interim report  
5 to the legislature no later than twenty days prior to the  
6 convening of the regular session of 2015. The task force shall  
7 submit a second interim report to the legislature no later than  
8 twenty days prior to the convening of the regular session of  
9 2016. The interim reports shall include:

10 (1) Identification of opportunities for state agencies to  
11 collaborate on new information technology that will  
12 advance the goals of the federal act and state  
13 innovation; and

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

17 (g) The task force shall submit a final report of its  
18 findings and recommendations to the legislature, including any  
19 proposed legislation and the draft application, no later than  
20 twenty days prior to the convening of the regular session of  
21 2017.

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



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

4 SECTION 3. There is appropriated out of the general  
5 revenues of the State of Hawaii the sum of \$ or so  
6 much thereof as may be necessary for fiscal year 2014-2015 for  
7 the operations of the state innovation waiver task force.

8 The sum appropriated shall be expended by the office of the  
9 governor for the purposes of this Act.

10 SECTION 4. This Act shall take effect on July 1, 2050.



**Report Title:**

State Innovation Waiver; State Innovation Waiver Task Force;  
Appropriation

**Description:**

Establishes and appropriates funds for the state innovation waiver task force to develop a plan for applying for a state innovation waiver under the federal Patient Protection and Affordable Care Act. Requires the task force to submit two interim reports and a final report to the legislature. Effective 7/1/2050. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

