

STAND. COM. REP. NO.

50

Honolulu, Hawaii

February 5, 2013

RE: H.B. No. 1219

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Sir:

Your Committee on Health, to which was referred H.B. No. 1219  
entitled:

"A BILL FOR AN ACT RELATING TO THE TRICARE PROGRAM,"

begs leave to report as follows:

The purpose of this measure is to extend the general excise  
tax exclusion for 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, for an additional two years.

The Department of Taxation; the Military Officers Association  
of America, Hawaii Chapter; and UnitedHealthcare, Military and  
Veterans Services submitted testimony in support of this measure.  
The Tax Foundation of Hawaii submitted comments on the measure.

Your Committee finds that the TRICARE program was established  
by the United States Department of Defense as the managed care  
component of the military health system. TRICARE augments the  
health care services provided by Department of Defense personnel  
by contracting with third-party administrators, known as managed  
care support contractors, to establish and maintain networks of  
TRICARE-authorized civilian health care providers in various  
regions of the United States. Your Committee also finds that the  
managed care support contractors make advances to health care  
providers, on behalf of the United States Department of Defense,  
for the costs of health care services provided to TRICARE  
beneficiaries. The Department of Defense reimburses managed care



support contractors for the actual cost or advancement made to third-party health care providers. Your Committee further finds that Act 70, Session Laws of Hawaii 2009, provided that amounts received by managed care support contractors of the TRICARE program for the actual cost or advancement to third-party health care providers, on behalf of the federal government, were exempt from the state general excise tax. This exemption is currently scheduled to be repealed on December 31, 2013. Your Committee believes that extending this exemption for two additional years will help to avoid cost increases for health care services delivered through the TRICARE program.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1219 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Health,

*Della A. Belatti*

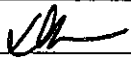
DELLA AU BELATTI, Chair



State of Hawaii  
House of Representatives  
The Twenty-seventh Legislature

**HEUR 50**

**Record of Votes of the Committee on Health**

Bill/Resolution No.: <b>HB 1219</b>	Committee Referral: <b>HLT, CPC, PIN</b>	Date: <b>2/1/13</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
<b>HLT Members</b>	<b>Ayes</b>	<b>Ayes (WR)</b>	<b>Nays</b>	<b>Excused</b>
1. BELATTI, Della Au (C)	✓			
2. MORIKAWA, Dee (VC)	✓			
3. CABANILLA, Rida T.R.				✓
4. CARROLL, Mele	✓			
5. JORDAN, Jo				✓
6. KOBAYASHI, Bertrand	✓			
7. WOODSON, Justin H.				✓
8. CHEAPE, Lauren Kealohilani	✓			
<b>TOTAL (8)</b>	<b>5</b>			<b>3</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: _____ 				
Distribution: Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				