

Honolulu, Hawaii
March 21, 2014

RE: S.B. No. 2827
S.D. 2
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committees on Health and Consumer Protection & Commerce,
to which was referred S.B. No. 2827, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH CARE TRANSFORMATION,"

beg leave to report as follows:

The purpose of this measure is to support the State's
commitment to health care transformation by:

- (1) Establishing the Office of Health Care Transformation and the position of Health Care Transformation Officer within the Department of Health as a permanent continuation of the health care planning and policy work begun by the Governor's temporary Health Care Transformation Project;
- (2) Establishing the Health Care Transformation Special Fund to receive public and private funds to support the Office of Health Care Transformation; and
- (3) Making administrative amendments to existing statutes, including changing the names of certain Department of Health agencies, to reflect the transferred functions.

For purposes of facilitating public input on this measure, your Committees gave notice of and held a public hearing on a proposed draft of this measure. The proposed draft circulated by



your Committees retains the provisions contained in S.B. No. 2827, S.D.2, and in addition:

- (1) Establishes and funds the State Innovation Waiver Task Force to be attached to the Office of the Governor until its repeal on June 30, 2017, to examine and plan for permissible alternatives to certain requirements for a state health insurance exchange and provision of health insurance coverage under the federal Patient Protection and Affordable Care Act to accommodate Hawaii's unique market conditions; and
- (2) Requires the Task Force to submit reports to the Legislature containing findings, recommendations, and proposed legislation and prepare a draft application for a State Innovation Waiver to allow the State to pursue alternative health coverage strategies as permitted by federal law.

Your Committees received testimony from the following organizations and individuals on S.B. No. 2827, S.D. 2:

The Office of the Governor, Community Alliance for Mental Health, United Self Help, East Hawaii Regional Chief Executive Officer for the Hawaii Health Systems Corporation, Hawaii Association of Health Plans, Hawai'i Pacific Health, Ho'ola Lahui Hawaii, Hawaii Primary Care Association, and several individuals supported this measure. One individual opposed this measure. The Hawaii Health Information Exchange submitted comments on this measure.

Your Committees received testimony in support of S.B. No. 2827, S.D. 2, H.D. 1, Proposed Draft from the Department of Health, Hawaii Medical Service Association, Kaiser Permanente Hawaii, Hawaii Pacific Health, and The Queen's Health Systems.

Upon consideration of this measure in the form in which it was received and in the form of the proposed draft, your Committees have adopted the proposed draft and amended it further by:

- (1) Adding new language that extends the operations of the Health Care Transformation Project within the Governor's Office through June 30, 2017, and appropriating funds for the Project;



- (2) Specifying that the transfer of functions to and operation of the Office of Health Care Transformation shall take effect on July 1, 2017;
- (3) Amending the membership of the State Innovation Waiver Task Force; and
- (4) Making technical, nonsubstantive amendments for clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Health and Consumer Protection & Commerce that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2827, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2827, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Health and
Consumer Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



DELLA AU BELATTI, Chair



