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## A BILL FOR AN ACT

RELATING TO HEALTHCARE.

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

1           SECTION 1. The legislature finds that it is in the best  
2 interest of the State of Hawaii for each and every state  
3 resident to have publicly provided high quality and affordable  
4 health care insurance coverage. Health care involves more than  
5 medical insurance payouts. It includes cost-saving preventive  
6 and early intervention measures to prohibit medical conditions  
7 from becoming chronic, permanently disabling, or fatal.

8           Hawaii's current complex health care insurance system is  
9 disjointed, costly, inefficient, and unnecessarily complicated.  
10 The multi-payer private medical insurance model is mostly  
11 profit-driven, adversarial, onerously bureaucratic, economically  
12 irrational, and beset with constant cost-shifting and reluctant  
13 health care delivery. Additionally, health care rates are  
14 skyrocketing, creating an affordability and accessibility crisis  
15 for Hawaii's residents.

16           Today, one of the biggest cost-drivers of health care in  
17 the United States and Hawaii is associated with a profit-driven,



1 complex system of payment-reluctant multi-payer health insurance  
2 bureaucracies competing to insure only the healthy and the  
3 wealthy, while leaving those who need health care the most to  
4 the taxpayers. Another major cost-driver of healthcare is  
5 attributable to the high cost of prescription drugs.

6 For more than a quarter of a century, Hawaii was far ahead  
7 of most other states and often called itself "the health state"  
8 because of the 1974 Prepaid Health Care Act. Hawaii was once  
9 known for having a low uninsured population of between two and  
10 five per cent in 1994. However, the health care crisis on the  
11 United States continent began to spread to Hawaii.

12 Today, thousands of Hawaii residents lack health care  
13 coverage, many of whom are children. Many Hawaii residents are  
14 underinsured, unable to use their health insurance properly, or  
15 unable to use their health insurance at all, due to increasingly  
16 expensive deductibles and out-of-pocket co-payments for  
17 healthcare costs such as outpatient visits, diagnostic tests,  
18 and prescription drugs.

19 Even well-insured individuals experience problems with  
20 health care organizations and insurance companies denying, or  
21 very reluctantly dispensing, expensive medicines and treatments.



1 About half of all bankruptcies are due to extremely expensive  
2 catastrophic illnesses that are not covered after a certain cap  
3 is reached. Other persons are near bankruptcy and their quality  
4 of life is seriously impacted.

5 The legislature further finds that a universal, publicly  
6 administered, health care-for-all insurance model with one  
7 payout agency for caregivers and providers, adapted to meet the  
8 unique conditions in Hawaii, would be beneficial for the  
9 following reasons:

- 10 (1) For union members and their employers, it means taking  
11 health care off of the negotiating table;
- 12 (2) For patients, as taxpayers and insurance premium  
13 payers, it means significant reductions in overall  
14 costs, increases in benefits, and the slowing of  
15 annual inflation cost increases. It also means a  
16 shift away from increasingly uncaring profit-driven  
17 health care, and a return to human-need driven,  
18 mutually respectful, caring patient-doctor-nurse-and  
19 other caregiver relationships, which in earlier times  
20 were fundamental to meaningful health care;



- 1           (3) For businesses, large and small, it reduces  
2           significant overhead expenses;
- 3           (4) For the local economy, it means keeping almost all  
4           health care dollars in the State;
- 5           (5) For government, it means having one integrated  
6           electronic health information database for  
7           unprecedented planning and cost-containment  
8           capabilities. It also means relief from the emerging  
9           problem of unfunded liabilities associated with long-  
10          term funding of government retiree lifetime health  
11          care benefits;
- 12          (6) For physicians, nurses, and other caregivers, it means  
13          less paperwork, less work stress, and more time with  
14          patients;
- 15          (7) For hospitals, community health clinics, homecare  
16          providers, and long-term care facilities, it means  
17          sufficient and dependable annual financing through  
18          global budgets; and
- 19          (8) For the public, it means accessible and affordable  
20          health care for every person and relief from the



1 increasing and constant worries concerning health care  
2 coverage instability.

3 The purpose of this Act is to create a unified, single-  
4 payer, universal health care system covering all Hawaii  
5 residents.

6 SECTION 2. The Hawaii Revised Statutes is amended by  
7 adding a new chapter to be appropriately designated and to read  
8 as follows:

9 **"CHAPTER**

10 **SINGLE-PAYER UNIVERSAL HEALTH CARE SYSTEM**

11 **§ -1 Single-payer universal health care insurance**  
12 **system; established.** There is established the single-payer  
13 universal health care insurance system to provide the same high-  
14 quality level of medically necessary health care to all Hawaii  
15 residents.

16 **§ -2 State health care insurance planning and financing**  
17 **authority.** (a) There is established within the department of  
18 health, for administrative support purposes, the state health  
19 care insurance planning and financing authority to determine the  
20 costs of the system and to gather together the needed financing  
21 methods and transition mechanisms.



1           (b) Effective July 1, 2019, the functions of the Hawaii  
2 health authority shall be transferred to the state health care  
3 insurance planning and financing authority, as well as the  
4 Prepaid Health Care Act functions and the Hawaii employer union  
5 health benefits trust fund, and these functions shall be  
6 maintained until the full integration of each into the system  
7 can be completed by the state health care insurance planning and  
8 financing authority.

9           (c) The state health care insurance planning and financing  
10 authority shall be composed of nine members appointed by the  
11 governor as provided in section 26-34; provided that three  
12 members shall be appointed from a list of nominees submitted by  
13 the speaker of the house of representatives and three members  
14 shall be appointed from a list of nominees submitted by the  
15 president of the senate. Each member shall be appointed for a  
16 term of four years. One member shall be selected to be the  
17 executive director and confirmed by a majority vote of a quorum  
18 of the members of the state health care insurance planning and  
19 financing authority.



1 (d) Five members shall constitute a quorum, whose  
2 affirmative vote shall be necessary for all valid actions by the  
3 state health care insurance planning and financing authority.

4 (e) The state health care insurance planning and financing  
5 authority shall:

6 (1) Begin and maintain a trust fund comprised of a pay-as-  
7 we-go transfer payments system and a reserve fund;

8 (2) Negotiate and receive all federal, state, and other  
9 appropriate health care revenue;

10 (3) Assess temporary surcharges on income and general  
11 excise taxes for start-up and emergency costs as  
12 necessary, for instance, during epidemic or other  
13 medical catastrophe;

14 (4) Be the single payer of universal health care financing  
15 for Hawaii;

16 (5) Hire a chief executive officer who shall be  
17 accountable for the development and success of the  
18 single-payer universal health care system and other  
19 staff as necessary; and

20 (6) Conduct a continuous and ongoing program of  
21 enrollment.



1 (f) The concurrence of a majority of all directors shall  
2 be necessary to make any action of the authority valid.

3 (g) The salary of the executive director shall be  
4 \$ per year and the salaries of the other members shall  
5 be \$ per year."

6 SECTION 3. All rights, powers, functions, and duties of  
7 the Hawaii health authority agency and the Prepaid Health Care  
8 Act functions of the Hawaii employer-union health benefits trust  
9 fund are transferred to the state health care insurance planning  
10 and financing authority.

11 All officers and employees whose functions are transferred  
12 by this Act shall be transferred with their functions and shall  
13 continue to perform their regular duties upon their transfer,  
14 subject to the state personnel laws and this Act.

15 No officer or employee of the State having tenure shall  
16 suffer any loss of salary, seniority, prior service credit,  
17 vacation, sick leave, or other employee benefit or privilege as  
18 a consequence of this Act, and such officer or employee may be  
19 transferred or appointed to a civil service position without the  
20 necessity of examination; provided that the officer or employee  
21 possesses the minimum qualifications for the position to which





1 the person is transferred or appointed; and provided that  
2 subsequent changes in status may be made pursuant to applicable  
3 civil service and compensation laws.

4 An officer or employee of the State who does not have  
5 tenure and who may be transferred or appointed to a civil  
6 service position as a consequence of this Act shall become a  
7 civil service employee without the loss of salary, seniority,  
8 prior service credit, vacation, sick leave, or other employee  
9 benefits or privileges and without the necessity of examination;  
10 provided that such officer or employee possesses the minimum  
11 qualifications for the position to which the person is  
12 transferred or appointed.

13 If an office or position held by an officer or employee  
14 having tenure is abolished, the officer or employee shall not  
15 thereby be separated from public employment, but shall remain in  
16 the employment of the State with the same pay and classification  
17 and shall be transferred to some other office or position for  
18 which the officer or employee is eligible under the personnel  
19 laws of the State as determined by the head of the department or  
20 the governor.



1 SECTION 4. All appropriations, records, equipment,  
2 machines, files, supplies, contracts, books, papers, documents,  
3 maps, and other personal property heretofore made, used,  
4 acquired, or held by the department of labor and industrial  
5 relations regarding the Prepaid Health Care Act, the Hawaii  
6 health authority, and the Hawaii employer-union health benefits  
7 trust fund relating to the functions transferred to the  
8 department of health shall be transferred with the functions to  
9 which they relate.

10 SECTION 5. There is appropriated out of the general  
11 revenues of the State of Hawaii the sum of \$ or so much  
12 thereof as may be necessary for fiscal year 2019-2020 and the  
13 same sum or so much thereof as may be necessary for fiscal year  
14 2020-2021 for establishment of the state health care insurance  
15 planning and financing authority to operate a single-payer  
16 universal health care insurance system.

17 The sums appropriated shall be expended by the department  
18 of health for the purposes of this Act.

19 SECTION 6. If any provision of this Act, or the  
20 application thereof to any person or circumstance, is held  
21 invalid, the invalidity does not affect other provisions or



1 applications of the Act that can be given effect without the  
2 invalid provision or application, and to this end the provisions  
3 of this Act are severable.

4 SECTION 7. This Act shall take effect on July 1, 2019.

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INTRODUCED BY: Amy Permas

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JAN 24 2019



# H.B. NO. 1286

**Report Title:**

Healthcare; Single-Payer Healthcare System; Health Insurance; Hawaii Health Authority; EUTF; Prepaid Healthcare Act; State Healthcare Insurance Planning and Financing Authority

**Description:**

Establishes a single-payer healthcare system in Hawaii by transferring Prepaid Health Care Act functions to the EUTF and the functions and duties of the Hawaii Health Authority (Department of Budget and Finance) to a newly established State Health Care Insurance Planning and Financing Authority, governed by a nine-member commission, under the Department of Health. Makes an appropriation.

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

