
A BILL FOR AN ACT

RELATING TO MEDICAID.

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

1 SECTION 1. The legislature finds that nearly
2 \$1,000,000,000 in general fund revenues is appropriated each
3 fiscal year to the department of human services to operate the
4 State's medicaid program (program ID HMS401). These funds
5 account for nearly three-quarters of the department of human
6 services' total operating expenses. They are deposited into the
7 state treasury and expended through allotments authorized by the
8 department of budget and finance.

9 The legislature also finds that credit unions are financial
10 institutions that serve vulnerable communities. As nonprofit
11 organizations, credit unions provide essential financial
12 services for low- and middle-income citizens and their families.

13 If the funds appropriated for medicaid are deposited into
14 one or more interest-bearing accounts held by one or more credit
15 union depositories, the public good would be served by:

16 (1) Allowing the State to make earnings on existing funds
17 without risk;



1 (2) Providing an influx of capital to one or more credit
2 unions that could be used to provide loans and other
3 financial products and services for the State's most
4 vulnerable communities; and

5 (3) Establishing new sources of revenue for other
6 essential services under the medicaid program.

7 Accordingly, the purpose of this Act is to require that
8 medicaid program funds be deposited into one or more interest-
9 bearing accounts operated by one or more credit union
10 depositories with the interest earned on any of these accounts
11 to be deposited back into these accounts for use by the medicaid
12 program.

13 SECTION 2. Chapter 38, Hawaii Revised Statutes, is amended
14 by adding a new section to be appropriately designated and to
15 read as follows:

16 "§38- Deposits of medicaid funds. (a) Any law to the
17 contrary notwithstanding, funds authorized or appropriated for
18 program ID HMS401 shall be deposited into one or more interest-
19 bearing accounts operated by one or more credit union
20 depositories. Any account containing funds authorized or
21 appropriated for program ID HMS401 shall contain only funds



1 authorized or appropriated for program ID HMS401, or interest
2 accrued thereon.

3 (b) The director may transfer interest accrued from an
4 interest-bearing account containing only funds authorized or
5 appropriated for program ID HMS401 to any other interest-bearing
6 account containing only funds authorized or appropriated for
7 program ID HMS401; provided that the director shall not transfer
8 any of that interest to an account that does not contain funds
9 authorized or appropriated for program ID HMS401.

10 (c) Before January 1, 2020, the department shall adopt
11 rules pursuant to chapter 91 to effectuate the purposes of this
12 section.

13 (d) For the purposes of this section, program ID HMS401
14 shall include any successor program identification code under
15 which medicaid funds are allocated."

16 SECTION 3. Section 38-1, Hawaii Revised Statutes, is
17 amended to read as follows:

18 **"§38-1 Definitions.** As used in this chapter, unless the
19 context otherwise indicate:

20 [~~Comptroller~~] "Comptroller" means the state comptroller.



1 "Credit union depository" means a credit union as defined
2 by section 412:10-100 or a federal credit union if:

3 (1) The shares and deposits of the credit union or federal
4 credit union are insured by the National Credit Union
5 Share Insurance Fund or any successor fund
6 administered by the National Credit Union
7 Administration or any successor governmental agency;
8 and

9 (2) The credit union or federal credit union maintains a
10 principal office or branch in this State operating as
11 a credit union or federal credit union.

12 ~~[Depository]~~ "Depository" includes any federally insured
13 national or state bank, savings and loan association, or
14 financial services loan company; or federal or state credit
15 union insured by the national credit union administration
16 authorized to do business in this State.

17 ~~[Director]~~ "Director" means the state director of finance."

18 SECTION 4. After June 30, 2020, the director of finance
19 shall deposit all funds contained in the state treasury
20 authorized or appropriated for program ID HMS401 into one or



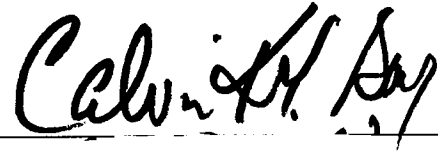
1 more interest-bearing accounts operated by one or more credit
2 union depositories.

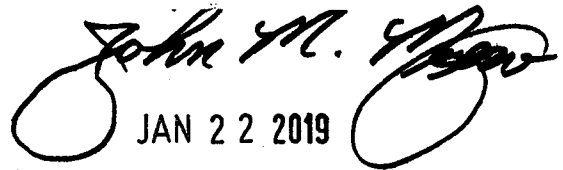
3 SECTION 5. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 6. This Act shall take effect on July 1, 2019.

6

INTRODUCED BY:




JAN 22 2019



H.B. NO. 827

Report Title:

Deposit of Medicaid Funds; Department of Budget and Finance;
Credit Unions; HMS401

Description:

Requires the director of finance, after June 30, 2020, to deposit all medicaid funds (program ID HMS401) into interest-bearing accounts operated by credit union depositories.

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

