
A BILL FOR AN ACT

RELATING TO THE HAWAII HEALTH AUTHORITY.

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

1 SECTION 1. (a) The Hawaii health authority was
2 established in 2009 as an autonomous body responsible for the
3 overall health planning for the State and for advising the State
4 on the future capacity needs of the people of Hawaii for health
5 providers, facilities, equipment, and support service providers.
6 However, the legislature finds that the authority has been
7 deprived of resources since late 2014 and needs to be
8 reinvigorated and provided with necessary funding to carry out
9 its duties and responsibilities. This includes developing a
10 comprehensive plan for all individuals in Hawaii.

11 In developing a comprehensive health plan, the legislature
12 asks the Hawaii health authority to consider including in the
13 comprehensive health plan the use of the all-payer healthcare
14 model as adopted in the State of Maryland for Hospitals. An
15 all-payer health care model:

16 (1) Requires the same price for the same service
17 regardless of the source of funding for a given



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1 patient, thereby achieving substantial administrative
2 savings and eliminating a major cause of
3 discrimination against sicker, poorer patients,
4 including those covered by Medicaid;

5 (2) Establishes a standardized, simplified fee schedule
6 for independent professionals that is negotiated
7 between the State and associations representing health
8 professionals, and applies to all payers doing
9 business in the State of Hawaii;

10 (3) Pools hospital funding from all payers so as to pay
11 hospitals with global operating budgets, instead of
12 fee-for-service, eliminating most billing and
13 collection costs, cost-shifting due to losses from
14 uncompensated and under-compensated care, and
15 substantially reducing other hospital administrative
16 costs. Incentives for hospitals shall also be
17 eliminated, allowing for resources to be focused on
18 services that are profitable under fee-for-service, at
19 the expense of needed services that are generally not
20 profitable under fee-for-service, including emergency



1 services, psychiatric services, and geriatric care;
2 and

3 (4) Outlines actions needed for acquiring medicare and
4 medicaid waivers from the federal government to
5 implement an all-payer health payment system.

6 (b) The legislature further finds that the unfunded
7 liabilities of the Hawaii employer-union health benefits trust
8 fund must be addressed to avoid potentially millions of dollars
9 in unfunded liabilities in later years and can be done so in the
10 comprehensive health plan. A plan and structure that best
11 address the liabilities that are currently unfunded have the
12 following features:

13 (1) Provide health benefits to state and county employees
14 and retirees using a self-funding model in which the
15 state retains insurance risk, eliminating the need to
16 pre-fund health benefits as required when contracting
17 health benefits through fully insured health plans;

18 (2) Cap public employer prefunding through the Hawaii
19 employer-union health benefits trust fund and other
20 post-employment benefits trust fund once the separate



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1 accounts for each public-employer have a combined
2 balance of at least \$2,000,000,000;

3 (3) Thereafter, transfer any investment income and
4 interest from the Hawaii employer-union health
5 benefits trust fund and other post-employment benefits
6 trust fund to a newly established rate stabilization
7 reserve fund, which will provide reserve funding to
8 stabilize the Hawaii employer-union health benefits
9 trust fund when the trust fund has insufficient moneys
10 to cover the costs of providing health and other
11 benefits plans for active employees and retirees and
12 their beneficiaries; and

13 (4) Continue to provide for the use of a portion of
14 transient accommodations tax revenues to supplement
15 deficient county public employer contribution amounts
16 if necessary.

17 (c) Accordingly, the purpose of this Act is to enable the
18 Hawaii health authority to fulfill its duties and
19 responsibilities, which include developing a comprehensive
20 health plan for all individuals in Hawaii, by:



1 (1) Directing the Hawaii health authority to submit a
 2 comprehensive health plan that includes an all-payer
 3 model and a funding source for the unfunded
 4 liabilities of the Hawaii employer-union health
 5 benefits trust fund; and

6 (2) Appropriating funds to the Hawaii health authority for
 7 the hiring of an executive director and other staff
 8 and expenses necessary for the authority.

9 SECTION 2. Section 322H-1, Hawaii Revised Statutes, is
 10 amended to read as follows:

11 " ~~[+]~~ §322H-1 ~~[+]~~ **Hawaii health authority; establishment.**

12 (a) There is established within the department of budget and
 13 finance for administrative purposes the Hawaii health authority.
 14 The authority shall be an autonomous public body corporate and
 15 politic and an instrumentality of the State.

16 (b) The authority shall be composed of nine members
 17 appointed by the governor as provided in section 26-34; provided
 18 that three members shall be appointed from a list of nominees
 19 submitted by the speaker of the house of representatives and
 20 three members shall be appointed from a list of nominees
 21 submitted by the president of the senate ~~[. All]~~; provided



1 further that beginning July 1, 2020, the governor shall provide
2 for staggered terms. Thereafter, all members shall be appointed
3 for terms of four years each. The majority of the members shall
4 be health care professionals with direct patient care
5 experience. All members must share a commitment to the goal of
6 an integrated universal health care system covering all
7 residents of Hawaii, and the members shall be representative of
8 the diversity of the citizens of the State.

9 (c) [~~One member shall be selected to be the executive~~
10 ~~director and confirmed by a majority vote of a quorum of the~~
11 ~~members of the Hawaii health authority.] The authority shall
12 hire an executive director who shall be exempt from chapter 76
13 and such other staff as necessary to assist in the performance
14 of the authority's duties and responsibilities. The staff of
15 the authority shall be hired without regard to chapter 76;
16 provided that the executive director and staff shall be eligible
17 to participate in state employee benefit plans.~~

18 (d) Each member shall hold office until the member's
19 successor is appointed and qualified.



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1 (e) Five members shall constitute a quorum, whose
 2 affirmative vote shall be necessary for all valid actions by the
 3 authority.

4 (f) The authority may incur expenses as it finds necessary
 5 to perform its duties and responsibilities. The authority shall
 6 submit an annual report accounting for its spending to the
 7 director of finance and to the legislature no later than twenty
 8 days prior to the convening of each regular session."

9 SECTION 3. Section 322H-2, Hawaii Revised Statutes, is
 10 amended by amending subsection (e) to read as follows:

11 "(e) The authority shall submit [~~a comprehensive health~~
 12 ~~plan for all individuals in the State, including its findings~~
 13 ~~and recommendations, to the legislature no later than twenty~~
 14 ~~days prior to the convening of the regular session of 2012.] an
 15 updated comprehensive plan using an all-payer healthcare model
 16 and resolving unfunded liabilities of the Hawaii employer-union
 17 health benefits trust fund to the legislature no later than
 18 twenty days prior to the convening of the regular session of
 19 2021. The authority shall additionally survey matters relating
 20 to healthcare in the State of Hawaii, including findings and
 21 recommendations regarding such matters, and shall submit annual~~



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1 reports to the legislature no later than twenty days prior to
2 the convening of each regular session."

3 SECTION 4. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$250,000 or so much
5 thereof as may be necessary for fiscal year 2020-2021 to the
6 Hawaii health authority for the hiring of an executive director
7 and other staff expenses necessary to carry out its duties and
8 responsibilities.

9 The sum appropriated shall be expended by the Hawaii health
10 authority for the purposes of this Act.

11 SECTION 5. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 6. This Act shall take effect on July 1, 2020.
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INTRODUCED BY:

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Report Title:

Hawaii Health Authority; Comprehensive Health Plan; Unfunded Liabilities; Appropriation

Description:

Directs HHA to submit to the legislature a comprehensive health plan that includes an all-payer model and a funding source for the unfunded liabilities of the employer-union health benefits trust fund. Amends the requirements for appointment to HHA. Appropriates funds to HHA for the hiring of an executive director and other staff and expenses necessary for the authority.

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