

MAR 12 2021

SENATE RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT SOCIAL AND FINANCIAL
ASSESSMENTS OF THE ADOPTION OF A UNIVERSAL, PUBLICLY-
ADMINISTERED HEALTH CARE SYSTEM WITH A REQUIREMENT THAT THE
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND BECOMES
SELF-FUNDING AND OF THE IMPLEMENTATION OF A MANDATORY
HEALTH INSURANCE COVERAGE SYSTEM IN THE FORM OF SELF-
INSURED HEALTH BENEFITS PROGRAMS FOR EMPLOYER-UNION HEALTH
BENEFITS TRUST FUND AND MEDICAID BENEFICIARIES USING
ADMINISTRATIVE SERVICES ONLY CONTRACTS FOR NECESSARY
ADMINISTRATIVE FUNCTIONS.

1 WHEREAS, Hawaii has long been a leader in advancing medical
2 services and health care, advocating the importance of access to
3 health care without discrimination, and implementing forward-
4 thinking health care policy like the Prepaid Health Care Act of
5 1974; and
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7 WHEREAS, Hawaii's benefits and protections have been
8 threatened for four years by a hostile federal administration
9 that has attempted to restrict and repeal the federal Patient
10 Protection and Affordable Care Act and limit access to health
11 care benefits and protections for pre-existing conditions and
12 other conditions that can be difficult to treat; and
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14 WHEREAS, it is in the best interest of the State for each
15 and every Employer-Union Health Benefits Trust Fund and Medicaid
16 beneficiary to have publicly provided, high quality, and
17 affordable health care; and
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19 WHEREAS, health care involves more than just medical
20 insurance payouts, but also includes cost-saving preventative
21 and early intervention measures, dental coverage, and mental
22 illness treatment to prevent medical health conditions from
23 becoming chronic, permanently disabling, or fatal; and
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25 WHEREAS, under Hawaii's current health care insurance
26 system, health insurance companies have used their unilateral
27 control over how health care is organized and paid for to erect
28 obstacles to care for patients through excessive prior



1 authorizations, formulary restrictions, and networks with
2 limited physician participation; and
3

4 WHEREAS, this system also burdens physicians and hospitals
5 with administrative demands such as pay for performance, pay for
6 documentation, and capitation, all of which require much more
7 detailed documentation and data reporting while controlling and
8 restricting payment for primary care in particular, resulting in
9 physicians being driven out of practice or leaving the State;
10 and
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12 WHEREAS, health care rates are skyrocketing, creating an
13 affordability and accessibility crisis for Hawaii's residents;
14 and
15

16 WHEREAS, the two largest cost drivers of health care in the
17 United States and Hawaii are:
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19 (1) High administrative costs due to reliance on a
20 competitive insurance business model that incentivizes
21 denial and obstruction of care, micromanagement of
22 doctors and hospitals, and attempts to avoid covering
23 or paying for sicker and socially disadvantaged
24 patients and populations, resulting in disparities in
25 access to care; and
26

27 (2) The high cost of prescription drugs; and
28

29 WHEREAS, for more than a quarter of a century, Hawaii was
30 far ahead of most other states and often called itself the
31 "health state" because of the Hawaii Prepaid Health Care Act of
32 1974 and was once known for having a low percentage of residents
33 without health insurance, which in 1994 was between two and five
34 percent; and
35

36 WHEREAS, as a result of the coronavirus disease 2019
37 pandemic, thousands of Hawaii residents have lost their jobs and
38 health insurance, making it critical for the State to support
39 struggling families by ensuring preventative care and limiting
40 out-of-pocket costs; and
41



1 WHEREAS, a publicly administered, self-insured Employer-
2 Union Health Benefits Trust Fund and Medicaid health insurance
3 model, with one payout agency for caregivers and providers,
4 adapted to meet the unique conditions of Hawaii, would be the
5 most cost-effective form of health insurance for Employer-Union
6 Health Benefits Trust Fund and Medicaid beneficiaries; and
7

8 WHEREAS, more than a majority of states, twenty-nine
9 altogether, have converted to self-insured plans where they
10 contract with outside vendors, such as Third-Party
11 Administrators or Administration Services Only contractors to
12 provide administrative services, including claims payment,
13 utilization review, disease management, and pharmacy benefit
14 management; and
15

16 WHEREAS, almost all states, forty-eight altogether,
17 including the State of Hawaii, have self-funded portions of
18 their health care, like Hawaii's pharmaceutical drug program;
19 and
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21 WHEREAS, in Mississippi, its plan has been able to expand
22 benefits and access to quality providers year after year, and
23 has not increased premiums for active employees in the past six
24 years; and
25

26 WHEREAS, in Utah, self-funding is the choice of most large
27 employers, where eighty-five percent of employer health plans
28 are self-funded to control administrative costs, earn interest,
29 customize benefits, eliminate health insurance profit margin or
30 risk charge, and provide tax and pharmacy savings; and
31

32 WHEREAS, all twenty-nine self-insured states have received
33 top Triple-A or Double-A bond ratings from 2004 through 2017;
34 and
35

36 WHEREAS, a self-insured Employer-Union Health Benefits
37 Trust Fund and Medicaid health insurance system would be
38 beneficial for the following reasons:
39

- 40 (1) For state and county union members and their
41 dependents, as well as their employers, it means
42 assuring health care while removing or greatly



1 simplifying negotiation of health benefits and
2 reducing their cost;
3

4 (2) For Medicaid beneficiaries and for taxpayers, it means
5 improved access to care, significant reductions in
6 overall costs, increases in benefits, and the slowing
7 of annual inflation cost increases, and a return from
8 increasingly-uncaring, profit-driven health care to
9 the restoration of human-need-driven, mutually-
10 respectful, and caring patient-doctor-nurse- and other
11 caregiver relationships, which in earlier times were
12 fundamental to meaningful health care;
13

14 (3) For the local economy, it means keeping almost all
15 health care dollars in the State;
16

17 (4) For government, it means having one integrated,
18 electronic, health information database for
19 unprecedented planning and cost-containment
20 capabilities, and a relief from the perceived emerging
21 problem of unfunded liabilities associated with long-
22 term funding of government retiree health care
23 benefits;
24

25 (5) For physicians, nurses, and other caregivers, it means
26 less paperwork, less work-related stress, and more
27 time to take care of patients covered by the Employer-
28 Union Health Benefits Trust Fund and Medicaid;
29

30 (6) For hospitals, community health clinics, homecare
31 providers, and long-term care facilities, it means
32 sufficient and dependable annual financing through
33 global budgets; and
34

35 (7) For Medicaid beneficiaries, it means accessible and
36 affordable health care and relief from the increasing
37 and constant worries concerning health care coverage
38 inability; and
39

40 WHEREAS, the safeguarding of access to health care, the
41 solidification of the essential health benefits that have
42 changed thousands of lives, and the improvement of overall



1 access to care requires the preservation of certain important
2 aspects of the Patient Protection and Affordable Care Act and
3 the expansion of access to care for residents of Hawaii; and
4

5 WHEREAS, S.B. No. 437, Regular Session of 2021, would
6 authorize the Hawaii Health Authority to continue planning for
7 the adoption of a universal, publicly-administered health care
8 system covering all residents in Hawaii with a single payout
9 agency, and would require the Employer-Union Health Benefits
10 Trust Fund (EUTF) to become a self-funded program, end pre-
11 funding of future benefits, and use existing money in the
12 unfunded liabilities account for insurance reserves and a rate
13 stabilization fund; and
14

15 WHEREAS, S.B. No. 983, Regular Session of 2021, would
16 require EUTF and Medicaid to work with the Hawaii Health
17 Authority to design self-insured health benefits programs that
18 are consistent and as closely aligned as possible, using non-
19 risk administrative services only contracts for necessary
20 administrative functions; and
21

22 WHEREAS, section 23-51, Hawaii Revised Statutes, requires
23 that, before any legislative measure that mandates health
24 insurance coverage for specific health services, specific
25 diseases, or certain providers of health care services as part
26 of individual or group health insurance policies can be
27 considered, there shall be concurrent resolutions passed
28 requesting the Auditor to prepare and submit to the Legislature
29 a report that assesses both the social and financial impacts of
30 the proposed mandatory health coverage; now, therefore,
31

32 BE IT RESOLVED by the Senate of the Thirty-first
33 Legislature of the State of Hawaii, Regular Session of 2021,
34 that the Auditor is requested to conduct a social and financial
35 assessment of the adoption of a universal, publicly-administered
36 health care system covering all residents in Hawaii with a
37 single payout agency and the mandate for the EUTF to become
38 self-funding as proposed under S.B. No. 437, Regular Session of
39 2021; and
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41 BE IT FURTHER RESOLVED that the Auditor is requested to
42 conduct a social and financial assessment of a mandatory health



1 insurance coverage system in the form of self-insured health
2 benefits programs for EUTF and Medicaid beneficiaries using
3 administrative services only contracts for necessary
4 administrative functions proposed under S.B. No. 983, Regular
5 Session of 2021; and
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7 BE IT FURTHER RESOLVED that the Auditor is requested to
8 submit a report of the Auditor's findings and recommendations,
9 including any proposed legislation, to the Legislature not later
10 than twenty days prior to the convening of the Regular Session
11 of 2022; and
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13 BE IT FURTHER RESOLVED that certified copies of this
14 Resolution be transmitted to the Auditor, Director of Commerce
15 and Consumer Affairs, Director of Human Services, Insurance
16 Commissioner, and Administrator of the Hawaii Employer-Union
17 Health Benefits Trust Fund.
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OFFERED BY:



