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OFFICE OF THE
COUNTY COUNCIL

MEMO TO: GET-3(2) File

F R O M: Tamara Paltin, Councilmember

Tamara M Paltin

SUBJECT: **TRANSMITTAL OF LEGISLATIVE PROPOSAL RELATING TO
2021 HAWAII STATE ASSOCIATION OF COUNTIES
LEGISLATIVE PACKAGE** (PAF 20-233)

The attached legislative proposal pertains to Item 3(2) on the Committee's agenda

Paf:nas:20-233c

Attachment

Resolution

No. _____

APPROVING FOR INCLUSION IN THE 2021
HAWAII STATE ASSOCIATION OF COUNTIES
LEGISLATIVE PACKAGE A STATE BILL TO
CREATE A SINGLE-PAYER, HEALTHCARE
SYSTEM COVERING ALL HAWAII RESIDENTS

WHEREAS, the economic and fiscal health and survival of the County of Maui is tightly connected to the economic and fiscal health and survival of the State of Hawai'i itself; and

WHEREAS, a *Reuters-Ipsos* survey published on August 23, 2018, showed 70 percent of Americans support a single-payer healthcare system, guaranteeing healthcare for all people living in the United States; and

WHEREAS, every person in the State of Hawai'i, including every person in the County of Maui, deserves high-quality healthcare; and

WHEREAS, managed care and other market-based reforms have failed to contain healthcare costs; and

WHEREAS, the current COVID-19 pandemic has led to record levels of unemployment, loss of employer-sponsored health insurance, a severely strained health care system, widespread illness, and taken a profound toll on our community's mental health; and

WHEREAS, the United States spends roughly one-third of its \$3.5 trillion healthcare budget on non-medical expenses; and

WHEREAS, under a single-payer system, that figure could be reduced to approximately 6-8 percent;

WHEREAS, according to a University of Michigan study published in the November 2010 issue of the *American Journal of Public Health*, online September 16, 2010, "Native Hawaiians are far more likely than whites to suffer early death"; now, therefore,

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BE IT RESOLVED by the Council of the County of Maui:

1. That proposed State bill, attached as Exhibit "A," to create a single-payer healthcare system covering all Hawai'i residents, is approved for inclusion in the 2021 Hawai'i State Association of Counties Legislative Package; and
2. That certified copies of this Resolution be transmitted to the Hawai'i State Association of Counties Executive Committee.

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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 resident
3 to have publicly provided high quality and affordable health care
4 insurance coverage. Health care involves more than medical
5 insurance payouts. It includes cost-saving preventive and early
6 intervention measures to prohibit medical conditions from becoming
7 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,
18 complex system of payment-reluctant multi-payer health insurance

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

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

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

18 Even well-insured individuals experience problems with
19 health care organizations and insurance companies denying, or
20 very reluctantly dispensing, expensive medicines and
21 treatments. About half of all bankruptcies are due to extremely

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1 expensive catastrophic illnesses that are not covered after a
2 certain cap is reached. Other persons are near bankruptcy and
3 their quality of life is seriously impacted.

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

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

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

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

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

7 "CHAPTER

8 SINGLE-PAYER UNIVERSAL HEALTH CARE SYSTEM

9 § -1 Single-payer universal health care insurance
10 system; established. There is established the single-payer
11 universal health care insurance system to provide the same high-
12 quality level of medically necessary health care to all Hawaii
13 residents.

14 § -2 State health care insurance planning and financing
15 authority. (a) There is established within the department of
16 health, for administrative support purposes, the state health
17 care insurance planning and financing authority to determine the
18 costs of the system and to gather together the needed financing
19 methods and transition mechanisms.

20 (b) Effective July 1, 2021, the functions of the Hawaii
21 health authority shall be transferred to the state health care

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

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

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

1 (e) The state health care insurance planning and financing
2 authority shall:

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

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

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

10 (4) Be the single payer of universal health care financing
11 for Hawaii;

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

15 (6) Conduct a continuous and ongoing program of
16 enrollment.

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

19 (g) The salary of the executive director shall be
20 \$ per year and the salaries of the other members shall
21 be \$ per year."

1 SECTION 3. All rights, powers, functions, and duties of
2 the Hawaii health authority agency and the Prepaid Health Care
3 Act functions of the Hawaii employer-union health benefits trust
4 fund are transferred to the state health care insurance planning
5 and financing authority.

6 All officers and employees whose functions are transferred
7 by this Act shall be transferred with their functions and shall
8 continue to perform their regular duties upon their transfer,
9 subject to the state personnel laws and this Act.

10 No officer or employee of the State having tenure shall
11 suffer any loss of salary, seniority, prior service credit,
12 vacation, sick leave, or other employee benefit or privilege as
13 a consequence of this Act, and such officer or employee may be
14 transferred or appointed to a civil service position without the
15 necessity of examination; provided that the officer or employee
16 possesses the minimum qualifications for the position to which
17 the person is transferred or appointed; and provided that
18 subsequent changes in status may be made pursuant to applicable
19 civil service and compensation laws.

20 An officer or employee of the State who does not have
21 tenure and who may be transferred or appointed to a civil

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1 service position as a consequence of this Act shall become a
2 civil service employee without the loss of salary, seniority,
3 prior service credit, vacation, sick leave, or other employee
4 benefits or privileges and without the necessity of examination;
5 provided that such officer or employee possesses the minimum
6 qualifications for the position to which the person is
7 transferred or appointed.

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

16 SECTION 4. All appropriations, records, equipment,
17 machines, files, supplies, contracts, books, papers, documents,
18 maps, and other personal property heretofore made, used,
19 acquired, or held by the department of labor and industrial
20 relations regarding the Prepaid Health Care Act, the Hawaii
21 health authority, and the Hawaii employer-union health benefits

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1 trust fund relating to the functions transferred to the
2 department of health shall be transferred with the functions to
3 which they relate.

4 SECTION 5. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$ or so much
6 thereof as may be necessary for fiscal year 2020-2021 and the
7 same sum or so much thereof as may be necessary for fiscal year
8 2021-2022 for establishment of the state health care insurance
9 planning and financing authority to operate a single-payer
10 universal health care insurance system.

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

13 SECTION 6. If any provision of this Act, or the
14 application thereof to any person or circumstance, is held
15 invalid, the invalidity does not affect other provisions or
16 applications of the Act that can be given effect without the
17 invalid provision or application, and to this end the provisions
18 of this Act are severable.

19 SECTION 7. This Act shall take effect on July 1, 2021.

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21 INTRODUCED BY: _____