



GOV. MSG. NO. 1007

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

June 30, 2007

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fourth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on June 30, 2007, the following bill was signed into law:

HB1008 HD2 SD2 CD1

A BILL FOR AN ACT RELATING TO CHILDREN'S
HEALTH CARE.
(ACT 236)

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

Approved by the Governor

on JUN 30 2007

HOUSE OF REPRESENTATIVES
TWENTY-FOURTH LEGISLATURE, 2007
STATE OF HAWAII

ACT 236
H.B. NO. 1008
H.D. 2
S.D. 2
C.D. 1

A BILL FOR AN ACT

RELATING TO CHILDREN'S HEALTH CARE.

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

1 SECTION 1. Although estimates of the number of uninsured
2 children in the state vary, it is commonly acknowledged that
3 there is a gap group that is ineligible for any state or federal
4 health care coverage. The majority of children in this gap
5 group are those whose family income is at or just over three
6 hundred per cent of the federal poverty level. Others in this
7 group may include infants born to uninsured mothers, immigrants
8 with temporary visas, and undocumented immigrants who have been
9 in Hawaii for less than six months. In Hawaii, the total number
10 of those who fall into the gap group could be as high as three
11 thousand five hundred children.

12 Children who remain uninsured typically do not receive an
13 appropriate level of medical care. Children who lack a source
14 of care or who turn regularly to a hospital emergency department
15 are unlikely to receive preventive care or early and regular
16 management of acute or chronic health conditions.

17 A study performed by the Urban Institute, a nonpartisan
18 economic and social policy research organization, showed that

HB1008 CD1 HMS 2007-4184



1 regardless of age, race, ethnicity, income, or health status,
2 uninsured children were much less likely to have received a
3 well-child checkup within the past year and were more likely
4 than insured children to report an unmet need for medical care
5 that was associated with concerns about cost.

6 Health insurance helps children and youth receive regular
7 health care so they can participate in school and other
8 activities. Often, parents experience hardship when an
9 uninsured child is sick because of the added stress of the
10 child's medical bills.

11 The purpose of this Act is to establish the Hawaii
12 children's health care program and the Hawaii infant care
13 program as temporary three-year pilot programs and to expand and
14 monitor for three years health care coverage for children in
15 Hawaii by:

16 (1) Providing continuous, quality health care services to
17 uninsured newborn children who are one day, but not
18 more than thirty days of age through the Hawaii infant
19 care program; provided that these children may enroll
20 in the Hawaii children's health care program upon
21 reaching thirty-one days of age;



- 1 (2) Providing health care coverage to certain children who
- 2 are at least thirty-one days, but less than nineteen
- 3 years old through a public-private partnership between
- 4 the department of human services and one or more
- 5 managed care plans operating in the state under
- 6 chapter 432, Hawaii Revised Statutes, that offer
- 7 accident and health or sickness insurance plans;
- 8 (3) Providing access to medical care free-of-charge for
- 9 certain children less than nineteen years of age whose
- 10 family income is at or below three hundred per cent of
- 11 the federal poverty level;
- 12 (4) Providing medical assistance under QUEST-Net at no
- 13 charge to children less than nineteen years of age
- 14 whose family income is above two hundred fifty per
- 15 cent and does not exceed three hundred per cent of the
- 16 federal poverty level for Hawaii and who are otherwise
- 17 eligible for QUEST-Net benefits; and
- 18 (5) Appropriating funds for the purposes of this Act.

19 SECTION 2. (a) There is established the Hawaii infant
20 health care program as a temporary three-year pilot program to
21 provide continuous, quality health care services to uninsured
22 newborn children living in Hawaii who are one day, but not more



1 than thirty days of age, up to \$10,000 of health care assistance
2 per eligible child, subject to the appropriation of general
3 funds for the program.

4 (b) It is not the intent of the legislature to discourage
5 employers from offering to pay, or from paying for, dependent
6 coverage for their employees, nor that this Act supplant
7 employer-sponsored dependent coverage plans.

8 (c) Services provided pursuant to subsection (a) shall be
9 limited to those types of services for children covered by
10 QUEST.

11 (d) The department of human services or its designated
12 contractor shall directly reimburse any health care provider or
13 managed care plan providing the services to infants under the
14 Hawaii infant health care program, subject to the appropriation
15 of general funds for the program. The department may contract
16 with an appropriate entity to provide these services.

17 (e) The department shall report to the legislature no
18 later than twenty days prior to the convening of the 2008 and
19 2009 regular sessions and annually thereafter. The report shall
20 include:

21 (1) The number of children who were provided services
22 through the Hawaii infant health care program;



- 1 (2) A list of health care providers or managed care plans
- 2 participating in the program;
- 3 (3) The annual cost of the program; and
- 4 (4) Any proposed legislation necessary to improve the
- 5 program.

6 SECTION 3. (a) There is established the Hawaii children's
7 health care program as a temporary three-year pilot program to
8 provide health care coverage to uninsured children who live in
9 Hawaii. The department of human services shall provide health
10 care coverage through a public-private partnership, established
11 as a contract to provide health and human services pursuant to
12 chapter 103F, Hawaii Revised Statutes, between the department
13 and one or more managed care plans operating in the state under
14 chapter 432, Hawaii Revised Statutes, that offers accident and
15 health or sickness insurance plans.

16 (b) It is not the intent of the legislature to discourage
17 employers from offering to pay, or from paying for, dependent
18 coverage for their employees, nor that this Act supplant
19 employer-sponsored dependent coverage plans.

20 (c) To qualify, a child shall:

- 21 (1) Be at least thirty-one days to less than nineteen
- 22 years old;



- 1 (2) Be living in Hawaii;
- 2 (3) Have been uninsured continually for at least six
- 3 months; provided that infants thirty-one days to six
- 4 months of age shall have been uninsured continually
- 5 since birth; and
- 6 (4) Have been ineligible during the six months the child
- 7 was uninsured for any other state or federal health
- 8 care coverage and be currently ineligible for any
- 9 other state or federal health care coverage; provided
- 10 that:
- 11 (A) All children enrolled in a managed care plan's
- 12 children's plan as of the effective date of this
- 13 Act shall be eligible for enrollment into the
- 14 Hawaii children's health care program without
- 15 being subject to the requirement of being
- 16 uninsured for the precedent six months in
- 17 subsection (c)(3);
- 18 (B) Children who are at least thirty-one days but
- 19 less than nineteen years old who become
- 20 ineligible for a med-QUEST division health care
- 21 coverage program due to an increase in family
- 22 income may enroll in the program upon



1 disenrollment from a med-QUEST division health
2 care coverage program; and
3 (C) Uninsured newborn children who are one day, but
4 not more than thirty days of age who were
5 enrolled in the Hawaii infant health care program
6 shall be eligible for enrollment in the Hawaii
7 children's health care program without being
8 subject to the requirement of being uninsured for
9 the precedent six months in subsection (c)(3).

10 (d) The department of human services and the managed care
11 plans shall share equally in the cost of the premium for each
12 child enrolled in the program subject to the appropriation of
13 general funds for the program.

14 (e) The department of human services shall pay the State's
15 share of the premiums under the program on a quarterly basis.

16 (f) The managed care plans participating in the pilot
17 program shall be responsible for determining the eligibility of
18 program applicants and of enrolling applicants in the pilot
19 program.

20 (g) The managed care plans participating in the program
21 shall provide a quarterly report to the department of human



1 services and the legislature on the number of children enrolled
2 in the program.

3 (h) The department shall ensure that other private
4 organizations have the opportunity to partner with the State to
5 offer coverage to uninsured children under the program; provided
6 that plan benefits to be provided shall be equal to or better
7 than those offered through the program established by the State
8 and managed care plans under subsection (a).

9 (i) The department of human services and any participating
10 managed care plan shall report to the legislature no later than
11 twenty days prior to the start of the 2008 and 2009 regular
12 sessions on:

- 13 (1) Any problems experienced with the program involving
14 crowding out eligible participants;
- 15 (2) Instances of people canceling their previous coverage
16 to receive this free coverage;
- 17 (3) The amount of funding used and for what purposes;
- 18 (4) Any other problems encountered in the administration
19 of the program; and
- 20 (5) Any proposed legislation.

21 SECTION 4. Section 346-59.4, Hawaii Revised Statutes, is
22 amended to read as follows:



1 "[+]§346-59.4[+] **Medical assistance to other children.**

2 The department shall provide state-funded medical assistance[
3 ~~of up to two hundred per cent of the federal poverty level for~~
4 ~~Hawaii,~~] free of charge to persons less than nineteen years of
5 age whose family income is at or below three hundred per cent of
6 the federal poverty level for Hawaii and who are:

7 (1) Legal permanent residents who arrived after August 22,
8 1996;

9 (2) Persons who are permanently residing under color of
10 law; and

11 (3) Nonimmigrants from the Trust Territories of the
12 Pacific Islands who are citizens of:

13 (A) The Marshall Islands;

14 (B) The Federated States of Micronesia; or

15 (C) Palau, as defined by the Compact of Free
16 Association Act of 1985, P.L. 99-239, or the
17 Compact of Free Association between the United
18 States and the Government of Palau, P.L. 99-658,

19 who are otherwise eligible for benefits under the State's
20 medicaid programs, including QUEST and the State's children
21 health insurance program, but are ineligible due to restricted
22 eligibility rules imposed by Title XXI of the Social Security



1 Act, the Personal Responsibility and Work Reconciliation Act of
2 1996, the Compact of Free Association Act of 1985, P.L. 99-239,
3 the Compact of Free Association between the United States and
4 the Government of Palau, P.L. 99-658, or any other provision of
5 federal law denying medical assistance to nonimmigrants who are
6 citizens of the Marshall Islands, the Federated States of
7 Micronesia, or Palau."

8 SECTION 5. The department of human services shall provide
9 medical assistance under QUEST-Net at no charge to children less
10 than nineteen years of age whose family income is above two
11 hundred fifty per cent and does not exceed three hundred per
12 cent of the federal poverty level for Hawaii and who are
13 otherwise eligible for QUEST-Net benefits.

14 SECTION 6. It is the legislature's intent to make health
15 care coverage for uninsured children more accessible for
16 qualified individuals and thereby increase the overall health of
17 Hawaii's residents, promote healthy communities, and protect the
18 public health and welfare. It is not the intent of the
19 legislature to discourage employers from offering to pay, or
20 from paying for, dependent coverage for their employees, nor
21 that this Act supplant employer-sponsored dependent coverage
22 plans.



1 SECTION 7. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$150,000 or so much
3 thereof as may be necessary for fiscal year 2007-2008 and the
4 sum of \$250,000 or so much thereof as may be necessary for
5 fiscal year 2008-2009 to provide continuous, quality health care
6 services to uninsured newborn children who are one day, but not
7 more than thirty days of age through the Hawaii infant health
8 care program.

9 The sums appropriated shall be expended by the department
10 of human services for the purposes of section 2 of this Act.

11 SECTION 8. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$700,000 or so much
13 thereof as may be necessary for fiscal year 2007-2008 and the
14 sum of \$900,000 or so much thereof as may be necessary for
15 fiscal year 2008-2009 to fund the Hawaii children's health care
16 program pursuant to section 3 of this Act.

17 The sums appropriated shall be expended by the department
18 of human services for the purposes of section 3 of this Act.

19 SECTION 9. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$109,000 or so much
21 thereof as may be necessary for fiscal year 2007-2008 and the
22 sum of \$218,000 or so much thereof as may be necessary for



1 fiscal year 2008-2009 to provide health coverage pursuant to
2 chapter 346-59.4, Hawaii Revised Statutes.

3 The sums appropriated shall be expended by the department
4 of human services for the purposes of section 4 of this Act.

5 SECTION 10. There is appropriated out of the general
6 revenues of the State of Hawaii the sum of \$350,000 or so much
7 thereof as may be necessary for fiscal year 2007-2008 and the
8 sum of \$700,000 or so much thereof as may be necessary for
9 fiscal year 2008-2009 to provide medical assistance under
10 QUEST-Net pursuant to section 5 of this Act.

11 The sums appropriated shall be expended by the department
12 of human services for the purposes of section 5 of this Act.

13 SECTION 11. There is appropriated out of the general
14 revenues of the State of Hawaii the sum of \$52,000 or so much
15 thereof as may be necessary for fiscal year 2007-2008 and the
16 same sum or so much thereof as may be necessary for fiscal year
17 2008-2009 for two full-time equivalent permanent (2.00 FTE)
18 eligibility worker I positions, to provide services pursuant to
19 sections 2, 4, and 5 of this Act.

20 The sums appropriated shall be expended by the department
21 of human services for the purposes of sections 2, 4, and 5 of
22 this Act.



1 SECTION 12. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$50,000 or so much
3 thereof as may be necessary for fiscal year 2007-2008 to, among
4 other things, purchase computer equipment, office furniture, and
5 other office supplies and equipment necessary to implement
6 sections 2, 4, and 5 of this Act.

7 The sums appropriated shall be expended by the department
8 of human services for the purposes of sections 2, 4, and 5 of
9 this Act.

10 SECTION 13. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 14. This Act shall take effect upon July 1, 2007;
13 provided that on June 30, 2010, this Act shall be repealed and
14 section 346-59.4, Hawaii Revised Statutes, shall be reenacted in
15 the form in which it read on the day before the effective date
16 of this Act.

APPROVED this 30 day of JUN, 2007



GOVERNOR OF THE STATE OF HAWAII

