
A BILL FOR AN ACT

RELATING TO HEALTH INSURANCE SUPPORT FOR SMALL BUSINESSES.

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

1 SECTION 1. Section 431:2-201.5, Hawaii Revised Statutes,
2 is amended to read as follows:

3 **"§431:2-201.5 Conformity to federal law.** (a) The
4 provisions of Title 42 United States Code section 300gg, et
5 seq., as they relate to group and individual health insurance
6 shall apply to title 24, except:

7 (1) Where state law provides greater health benefits or
8 coverage than Title 42 United States Code section
9 300gg, et seq., state law shall be applicable; and

10 (2) This section shall not apply to or affect life
11 insurance, endowment, or annuity contracts, or any
12 supplemental contract thereto, described in section
13 431:10A-101(4).

14 (b) The following definitions shall be used when applying
15 Title 42 United States Code section 300gg, et seq.:

16 "Employee" means an employee who works on a full-time basis
17 with a normal workweek of twenty hours or more.



1 "Group health issuer" means all persons offering health
2 insurance coverage to any group or association, but shall not
3 include those persons offering benefits exempted from Title I of
4 the Health Insurance Portability and Accountability Act of 1996,
5 P.L. 104-191 under sections 732(c) and 733(c) of Title I of the
6 Employee Retirement Income Security Act of 1974 and sections
7 2747 and 2791(c) of the Public Health Service Act.

8 "Qualifying event" means the date of issuance of a general
9 excise tax license, the loss of a job, a reduction in hours of
10 work, or the exhaustion of the federal Consolidated Omnibus
11 Budget Reconstruction Act continuation coverage that results in
12 a loss of health care coverage.

13 "Self-employed individual" means a person operating the
14 person's own business, whether as a sole proprietorship or in
15 any other legally recognized manner in which a person may
16 operate the person's own business, and who has a general excise
17 tax license for that business.

18 "Small employer" means an employer who employs between one
19 and no more than fifty employees.

20 (c) All group health issuers shall offer all small group
21 health plans to all small employers whose employees live, work,
22 or reside in the group health issuer's service areas; provided



1 that the commissioner may exempt a group health issuer if the
2 commissioner determines that the group health issuer does not
3 have the capacity to deliver services adequately to enrollees of
4 additional groups given its obligation to existing employer
5 groups.

6 (d) Subject to subsection (e)(1), beginning September 1,
7 2007, and annually thereafter, all group health insurers shall
8 offer small group health plans to self-employed individuals who
9 live, work, or reside in the group health issuer's service
10 areas; provided that the commissioner may exempt a group health
11 issuer if the commissioner determines that the group health
12 issuer does not have the capacity to deliver services adequately
13 to enrollees of additional groups given its obligation to
14 existing employer groups.

15 (e) Group health issuers may limit periods of enrollment
16 for self-employed individuals to a minimum of thirty calendar
17 days; provided that:

18 (1) Self-employed individuals who experience a qualifying
19 event must enroll with a group health issuer within
20 thirty days of the qualifying event; and

21 (2) Group health issuers shall be allowed to impose a one-
22 year waiting period against self-employed individuals



1 who terminate coverage for any reason. In the event a
2 self-employed individual terminates coverage and a
3 one-year waiting period is imposed against the
4 individual, a group health issuer need not reenroll
5 the individual until the period of enrollment
6 following the one-year waiting period.

7 ~~(d)~~ (f) A group health issuer shall be prohibited from
8 imposing any preexisting condition exclusion.

9 ~~(e)~~ (g) The commissioner may adopt rules to implement,
10 clarify, or conform title 24 to Title 42 United States Code
11 section 300gg, et seq.

12 ~~(f)~~ (h) The adoption of the Health Insurance Portability
13 and Accountability Act of 1996, P.L. 104-191, for the purposes
14 of title 24 is not an adoption for any purposes for income taxes
15 under chapter 235.

16 ~~(g)~~ (i) The State shall have jurisdiction over any
17 matter that Title 42 United States Code section 300gg, et seq.,
18 permits, including jurisdiction over enforcement.

19 ~~(h)~~ (j) As used in this section, "small group health
20 plans" means the medical plans currently offered, advertised, or
21 marketed by a group health issuer for small employers."



1 SECTION 2. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 3. This Act shall take effect on September 1,
4 2007, and shall be repealed on September 30, 2010.



Report Title:

Group Health Insurance; Small Business

Description:

Requires group health insurers to offer all group health plans to self-employed individuals in their service areas. Allows insurer to impose limitations on the timing of enrollment and reenrollment to control adverse selection and plan member costs.
(HB1479 HD2)

