
A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. The purpose of this Act is to facilitate the
2 establishment of health plans that qualify as high deductible
3 health plans in Hawaii and may be purchased for use with a
4 health savings account and allow the labor force to receive
5 contributions to health savings accounts. The intent is for
6 contributions to health savings accounts to be used to pay for
7 or reimburse qualifying medical expenses and receive favorable
8 tax treatment, by allowing the contributions to be accumulated
9 over the years or distributed on a tax-free basis.

10 This Act shall be liberally construed to allow employers
11 and employees to receive maximum tax benefits provided in
12 federal or state law through the use of a high deductible health
13 plan.

14 SECTION 2. Chapter 431, Hawaii Revised Statutes, is
15 amended by adding a new section to article 10A to be
16 appropriately designated and to read as follows:

17 "§431:10A- High deductible health plan; limitations.

18 (a) An insurer, subject to regulation by the commissioner and



1 the department of labor and industrial relations, may offer,
2 sell, or renew, on or after January 1, 2018, a high deductible
3 health plan in conjunction with a health savings account to
4 employers subject to chapter 393, together with a prepaid health
5 care plan group accident and health or sickness insurance
6 policy, which is not a high deductible health plan, that has
7 been sold to an employer subject to chapter 393.

8 (b) When a high deductible health plan is offered, sold,
9 or renewed in conjunction with a health savings account pursuant
10 to subsection (a), the employer shall ensure that a prepaid
11 health care plan group accident and health or sickness insurance
12 policy, which meets the requirements of chapter 393 and is not a
13 high deductible health plan, is also offered to each eligible
14 insured.

15 (c) Nothing in this section shall allow an employer
16 subject to chapter 393 to avoid providing a prepaid health care
17 plan, and it shall be a violation of this section for any
18 insurer subject to this section to offer, sell, or renew a
19 stand-alone high deductible health plan or stand-alone health
20 savings account to an employer subject to chapter 393.



1 (d) If this section or any provision of this section
2 conflicts at any time with any federal law, then the federal law
3 shall prevail and this section or the relevant provisions of
4 this section shall become ineffective and invalid. The
5 ineffectiveness or invalidity of this section or any of its
6 provisions shall not affect any other provisions or applications
7 of this section, which shall be given effect without the invalid
8 provision or application, and to this end, the provisions of
9 this section are severable.

10 (e) Nothing in this section shall require an insurer to
11 provide the health savings account to an employer or otherwise
12 require an insurer to serve as the primary custodian or trustee
13 of the health savings account.

14 (f) Nothing in this section shall be construed to affect
15 collectively bargained agreements.

16 (g) Nothing in this section shall override the department
17 of labor and industrial relations' ability or oversight to
18 determine if a high deductible health plan or health savings
19 account complies with the prepaid health care act pursuant to
20 chapter 393.



1 (h) As used in this section, unless the context clearly
2 requires otherwise:

3 "Health savings account" means a health savings account
4 authorized under section 223 of the Internal Revenue Code of
5 1986, as amended.

6 "High deductible health plan" shall have the same meaning
7 as in section 223 of the Internal Revenue Code of 1986, as
8 amended.

9 "Prepaid health care plan" shall have the same meaning as
10 in section 393-3."

11 SECTION 3. Chapter 432, Hawaii Revised Statutes, is
12 amended by adding a new section to article 1 to be appropriately
13 designated and to read as follows:

14 "§432:1- High deductible health plan; limitations. (a)

15 A mutual benefit society, subject to regulation by the
16 commissioner and the department of labor and industrial
17 relations, may offer, sell, or renew, on or after January 1,
18 2018, a high deductible health plan in conjunction with a health
19 savings account to employers subject to chapter 393, together
20 with a prepaid health care plan group hospital and medical



1 service plan contract, which is not a high deductible health
2 plan, that has been sold to an employer subject to chapter 393.

3 (b) When a high deductible health plan is offered, sold,
4 or renewed in conjunction with a health savings account pursuant
5 to subsection (a), the employer shall ensure that a prepaid
6 health care plan group hospital and medical service plan
7 contract, which meets the requirements of chapter 393 and is not
8 a high deductible health plan, is also offered to each eligible
9 member.

10 (c) Nothing in this section shall allow an employer
11 subject to chapter 393 to avoid providing a prepaid health care
12 plan, and it shall be a violation of this section for any mutual
13 benefit society subject to this section to offer, sell, or renew
14 a stand-alone high deductible health plan or stand-alone health
15 savings account to an employer subject to chapter 393.

16 (d) If this section or any provision of this section
17 conflicts at any time with any federal law, then the federal law
18 shall prevail and this section or the relevant provisions of
19 this section shall become ineffective and invalid. The
20 ineffectiveness or invalidity of this section or any of its
21 provisions shall not affect any other provisions or applications



1 of this section, which shall be given effect without the invalid
2 provision or application, and to this end, the provisions of
3 this section are severable.

4 (e) Nothing in this section shall require a mutual benefit
5 society to provide the health savings account to an employer or
6 otherwise require a mutual benefit society to serve as the
7 primary custodian or trustee of the health savings account.

8 (f) Nothing in this section shall be construed to affect
9 collectively bargained agreements.

10 (g) Nothing in this section shall override the department
11 of labor and industrial relations' ability or oversight to
12 determine if a high deductible health plan or health savings
13 account complies with the prepaid health care act pursuant to
14 chapter 393.

15 (h) As used in this section, unless the context clearly
16 requires otherwise:

17 "Health savings account" means a health savings account
18 authorized under section 223 of the Internal Revenue Code of
19 1986, as amended.



1 "High deductible health plan" shall have the same meaning
2 as in section 223 of the Internal Revenue Code of 1986, as
3 amended.

4 "Prepaid health care plan" shall have the same meaning as
5 in section 393-3."

6 SECTION 4. Section 432D-23, Hawaii Revised Statutes, is
7 amended to read as follows:

8 **"§432D-23 Required provisions and benefits.**

9 Notwithstanding any provision of law to the contrary, each
10 policy, contract, plan, or agreement issued in the State after
11 January 1, 1995, by health maintenance organizations pursuant to
12 this chapter, shall include benefits provided in sections
13 431:10-212, 431:10A-115, 431:10A-115.5, 431:10A-116,
14 431:10A-116.2, 431:10A-116.5, 431:10A-116.6, 431:10A-119,
15 431:10A-120, 431:10A-121, 431:10A-122, 431:10A-125, 431:10A-126,
16 431:10A-132, 431:10A-133, 431:10A-134, 431:10A-140, and
17 [~~431:10A-134~~], 431:10A- , and chapter 431M."

18 SECTION 5. Notwithstanding section 432D-23, Hawaii Revised
19 Statutes, the high deductible health plan in conjunction with a
20 health savings account to be provided by a health maintenance
21 organization under section 4 of this Act shall apply to all



1 group policies, contracts, plans, or agreements issued or
2 renewed in this State by a health maintenance organization on or
3 after January 1, 2018.

4 SECTION 6. If any provision of this Act, or the
5 application thereof to any person or circumstance, is held
6 invalid, the invalidity does not affect other provisions or
7 applications of the Act that can be given effect without the
8 invalid provision or application, and to this end the provisions
9 of this Act are severable.

10 SECTION 7. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 8. This Act shall take effect on July 1, 2050.



Report Title:

High Deductible Health Plans; Health Savings Accounts; Insurance

Description:

Authorizes insurers, mutual benefit societies, and health maintenance organizations to offer, sell, or renew, on or after January 1, 2018, a high deductible health plan in conjunction with a health savings account to an employer subject to the Prepaid Health Care Act together with a prepaid health care plan insurance policy. Specifies limitations for high deductible health plans and health savings accounts. Effective 07/01/2050. (SD1)

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