THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 2425

JAN 22 2026

A BILL FOR AN ACT

RELATING TO HEALTH INSURANCE.

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

SECTION 1. The legislature finds that substance use disorder remains a significant public health challenge in the State, and that timely, uninterrupted access to treatment is essential to recovery and community well-being. The legislature further finds that current insurance payment practices, including restrictions on the assignment of benefits, create administrative and financial barriers for treatment providers and patients seeking care. Therefore, the legislature believes that establishing clear rules for the fair assignment of benefits will promote payment transparency, strengthen provider participation, and improve access to life-saving treatment services.

The purpose of this Act is to increase access to substance use disorder treatment in the State by requiring health insurance carriers to honor a patient's written assignment of benefits to treatment providers. This ensures providers are paid directly, reduces administrative burdens, and protects

patients from the dangers associated with receiving large reimbursement checks after discharge from care.

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

"**§431:10A- Fair assignment of benefits for substance use disorder services.** (a) A health insurance carrier shall honor and accept a valid written assignment of benefits executed by a covered person for the purpose of directing payment for covered substance use disorder treatment services to the treating provider. Upon receipt of a valid assignment, the health insurance carrier shall issue payment for covered services directly to the substance use disorder treatment provider. Payment made to the provider pursuant to this section shall discharge the insurer's obligation to the extent of the payment made. Payment under this subsection shall be issued within thirty days of receipt of a claim that meets the requirements of section 431:13-108.

(b) No health insurance policy, certificate, agreement, or contract delivered, issued for delivery, or renewed in this State shall contain any provision that prohibits, restricts, or

renders void the assignment of benefits to a substance use disorder treatment provider. Any clause or provision contained in a policy subject to this subsection shall be unenforceable.

(c) The insurance commissioner may adopt rules and take enforcement action necessary to implement this section.

(d) The insurance commissioner shall publish annually, by electronic or online publication on the official website of the insurance division, a summary of compliance trends, assignments of benefits honored or denied, and enforcement actions taken.

(e) A substance use disorder treatment provider who is denied payment by a health insurance carrier despite a valid assignment may bring a civil action to compel compliance and may be awarded injunctive relief, actual damages, interest, reasonable attorneys' fees, and costs.

(f) A violation of this section shall constitute an unfair or deceptive act or practice under section 431:13-103.

(g) A health insurance carrier shall provide an explanation of benefits to the assigned provider upon request, if the provider presents a valid assignment of benefits, power of attorney, or authorization executed by the covered person in compliance with the Health Insurance Portability and

Accountability Act of 1996. A health insurance carrier's failure to provide an explanation of benefits as required by this section shall be considered a violation of state insurance law and shall be subject to enforcement action.

(h) This section shall apply to all fully insured health benefit plans governed by the laws of the State, except self-funded employer health benefit plans regulated exclusively under the Employee Retirement Income Security Act of 1974, unless and to the extent permitted under federal law.

(i) For the purposes of this section:

"Assignment of benefits" means a written direction by a covered person authorizing a health insurance carrier to pay insurance benefits directly to a substance use disorder treatment provider.

"Covered person" means an individual who is insured under a health insurance plan subject to the jurisdiction of the State.

"Health insurance carrier" means any health insurer, health maintenance organization, mutual benefit society, or other entity subject to state insurance regulation that issues or administers health plans.

"Substance use disorder treatment provider" means any facility licensed by the office of health care assurance to provide residential or detoxification services for substance use disorders, or any program that provides partial hospitalization, intensive outpatient, or outpatient substance use disorder treatment services that are not subject to state licensure."

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

"§432:1- **Fair assignment of benefits for substance use disorder services.** (a) A health insurance carrier shall honor and accept a valid written assignment of benefits executed by a covered person for the purpose of directing payment for covered substance use disorder treatment services to the treating provider. Upon receipt of a valid assignment, the health insurance carrier shall issue payment for covered services directly to the substance use disorder treatment provider. Payment made to the provider pursuant to this section shall discharge the insurer's obligation to the extent of the payment made. Payment under this subsection shall be issued within

thirty days of receipt of a claim that meets the requirements of section 431:13-108.

(b) No health insurance policy, certificate, agreement, or contract delivered, issued for delivery, or renewed in this State shall contain any provision that prohibits, restricts, or renders void the assignment of benefits to a substance use disorder treatment provider. Any clause or provision contained in a policy subject to this subsection shall be unenforceable.

(c) The insurance commissioner may adopt rules and take enforcement action necessary to implement this section.

(d) The insurance commissioner shall publish annually, by electronic or online publication on the official website of the insurance division, a summary of compliance trends, assignments of benefits honored or denied, and enforcement actions taken.

(e) A substance use disorder treatment provider who is denied payment by a health insurance carrier despite a valid assignment may bring a civil action to compel compliance and may be awarded injunctive relief, actual damages, interest, reasonable attorneys' fees, and costs.

(f) A violation of this section shall constitute an unfair or deceptive act or practice under section 431:13-103.

(g) A health insurance carrier shall provide an explanation of benefits to the assigned provider upon request, if the provider presents a valid assignment of benefits, power of attorney, or authorization executed by the covered person in compliance with the Health Insurance Portability and Accountability Act of 1996. A health insurance carrier's failure to provide an explanation of benefits as required by this section shall be considered a violation of state insurance law and shall be subject to enforcement action.

(h) This section shall apply to all fully insured health benefit plans governed by the laws of the State, except self-funded employer health benefit plans regulated exclusively under the Employee Retirement Income Security Act of 1974, unless and to the extent permitted under federal law.

(i) For the purposes of this section:

"Assignment of benefits" means a written direction by a covered person authorizing a health insurance carrier to pay insurance benefits directly to a substance use disorder treatment provider.

"Covered person" means an individual who is insured under a health insurance plan subject to the jurisdiction of the State.

"Health insurance carrier" means any health insurer, health maintenance organization, mutual benefit society, or other entity subject to state insurance regulation that issues or administers health plans.

"Substance use disorder treatment provider" means any facility licensed by the office of health care assurance to provide residential or detoxification services for substance use disorders, or any program that provides partial hospitalization, intensive outpatient, or outpatient substance use disorder treatment services that are not subject to state licensure."

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

"**§432D-23 Required provisions and benefits.** Notwithstanding any provision of law to the contrary, each policy, contract, plan, or agreement issued in the State after January 1, 1995, by health maintenance organizations pursuant to this chapter, shall include benefits provided in sections 431:10-212, 431:10A-115, 431:10A-115.5, 431:10A-116, 431:10A-116.2, 431:10A-116.5, 431:10A-116.6, 431:10A-119, 431:10A-120, 431:10A-121, 431:10A-122, 431:10A-125, 431:10A-126,

431:10A-132, 431:10A-133, 431:10A-134, 431:10A-140, and [~~431:10A-134,~~] 431:10A- , and chapter 431M."

SECTION 5. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 6. This Act shall take effect upon its approval.

INTRODUCED BY: _____

S.B. NO. 2425

Report Title:
Treatment Provider; Substance Use Disorder Services; Assignment of Benefits; Anti-Assignment Clause; Enforcement

Description:
Requires health insurance carriers to honor a patient's written assignment of benefits to a substance use disorder treatment provider. Prohibits health insurance contracts from including anti-assignment clauses that restrict or invalidate a patient's right to assign benefits. Authorizes the Insurance Commissioner to adopt rules and take enforcement action to ensure compliance. Requires the Insurance Commissioner to publish an annual summary. Allows providers to bring civil actions to compel payment and obtain injunctive relief, damages, interest, and attorneys' fees for violations. Deems violations to be unfair methods of competition and unfair or deceptive acts or practices. Requires insurers to furnish an explanation of benefits to the assigned provider upon request.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.