
A BILL FOR AN ACT

RELATING TO HEALTH INSURANCE.

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

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

13 The purpose of this Act is to increase access to substance
14 use disorder treatment in the State by requiring health
15 insurance carriers to honor a patient's written assignment of
16 benefits to treatment providers.



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

4 "§431:10A- Fair assignment of benefits for substance use
5 disorder services. (a) An insurer shall honor and accept a
6 written assignment that is validly executed in compliance with
7 this title of benefits executed by a policy holder or individual
8 covered by a policy of accident and health or sickness insurance
9 for the purpose of directing payment for covered substance use
10 disorder treatment services to the treating provider. Upon
11 receipt of a written assignment that is validly executed in
12 compliance with this title, the insurer shall issue payment for
13 covered services directly to the substance use disorder
14 treatment provider. Payment made to the provider pursuant to
15 this section shall discharge the insurer's obligation to the
16 extent of the payment made. Payment under this subsection shall
17 be issued within thirty days of receipt of a claim that meets
18 the requirements of section 431:13-108.

19 (b) No individual or group policy of accident and health
20 or sickness insurance that is issued or renewed on or after the
21 effective date of this Act in the State shall contain any



1 provision that prohibits, restricts, or renders void the
2 assignment of benefits to a substance use disorder treatment
3 provider. Any clause or provision contained in a policy subject
4 to this subsection shall be unenforceable.

5 (c) An insurer shall provide an explanation of benefits to
6 the assigned provider upon request, if the provider presents a
7 valid assignment of benefits, power of attorney, or
8 authorization executed by the policy holder or individual
9 covered by the policy in compliance with the Health Insurance
10 Portability and Accountability Act of 1996, P.L. 104-191.

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

16 (e) A violation of this section shall constitute an unfair
17 method of competition and unfair or deceptive act or practice in
18 the business of insurance under section 431:13-103.

19 (f) The insurance commissioner may adopt rules pursuant to
20 chapter 91 and take enforcement action necessary to implement
21 this section.



1 (g) For the purposes of this section:

2 "Assignment of benefits" means a written direction by a
3 policy holder or individual covered by a policy of accident and
4 health or sickness insurance authorizing an insurer to pay
5 insurance benefits directly to a substance use disorder
6 treatment provider.

7 "Substance use disorder treatment provider" or "provider"
8 means any facility licensed by the office of health care
9 assurance to provide residential or detoxification services for
10 substance use disorders."

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- Fair assignment of benefits for substance use**
15 **disorder services.** (a) A mutual benefit society shall honor
16 and accept a written assignment that is validly executed in
17 compliance with this title of benefits executed by an enrollee,
18 subscriber, or individual covered by a plan contract for the
19 purpose of directing payment for covered substance use disorder
20 treatment services to the treating provider. Upon receipt of a
21 written assignment that is validly executed in compliance with



1 this title, the mutual benefit society shall issue payment for
2 covered services directly to the substance use disorder
3 treatment provider. Payment made to the provider pursuant to
4 this section shall discharge the mutual benefit society's
5 obligation to the extent of the payment made. Payment under
6 this subsection shall be issued within thirty days of receipt of
7 a claim that meets the requirements of section 431:13-108.

8 (b) No individual or group hospital or medical service
9 plan contract issued or renewed on or after the effective date
10 of this Act in the State shall contain any provision that
11 prohibits, restricts, or renders void the assignment of benefits
12 to a substance use disorder treatment provider. Any clause or
13 provision contained in a plan contract subject to this
14 subsection shall be unenforceable.

15 (c) A mutual benefit society shall provide an explanation
16 of benefits to the assigned provider upon request, if the
17 provider presents a valid assignment of benefits, power of
18 attorney, or authorization executed by the enrollee, subscriber,
19 or individual covered by the plan contract in compliance with
20 the Health Insurance Portability and Accountability Act of 1996,
21 P.L. 104-191.



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

6 (e) A violation of this section shall constitute an unfair
7 method of competition and unfair or deceptive act or practice in
8 the business of insurance under section 431:13-103.

9 (f) The insurance commissioner may adopt rules pursuant to
10 chapter 91 and take enforcement action necessary to implement
11 this section.

12 (g) For the purposes of this section:

13 "Assignment of benefits" means a written direction by an
14 enrollee, subscriber, or individual covered by the plan contract
15 authorizing a mutual benefit society to pay insurance benefits
16 directly to a substance use disorder treatment provider.

17 "Substance use disorder treatment provider" or "provider"
18 means any facility licensed by the office of health care
19 assurance to provide residential or detoxification services for
20 substance use disorders."



1 SECTION 4. Chapter 432D, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§432D- Fair assignment of benefits for substance use
5 disorder services. (a) A health maintenance organization shall
6 honor and accept a written assignment that is validly executed
7 in compliance with this title of benefits executed by an
8 enrollee, subscriber, or individual covered by a policy,
9 contract, plan, or agreement for the purpose of directing
10 payment for covered substance use disorder treatment services to
11 the treating provider. Upon receipt of a written assignment
12 that is validly executed in compliance with this title, the
13 health maintenance organization shall issue payment for covered
14 services directly to the substance use disorder treatment
15 provider. Payment made to the provider pursuant to this section
16 shall discharge the health maintenance organization's obligation
17 to the extent of the payment made. Payment under this
18 subsection shall be issued within thirty days of receipt of a
19 claim that meets the requirements of section 431:13-108.
20 (b) No policy, contract, plan, or agreement issued or
21 renewed on or after the effective date of this Act in the State



1 shall contain any provision that prohibits, restricts, or
2 renders void the assignment of benefits to a substance use
3 disorder treatment provider. Any clause or provision contained
4 in a policy, contract, plan, or agreement subject to this
5 subsection shall be unenforceable.

6 (c) A health maintenance organization shall provide an
7 explanation of benefits to the assigned provider upon request,
8 if the provider presents a valid assignment of benefits, power
9 of attorney, or authorization executed by the enrollee,
10 subscriber, or individual covered by the policy, contract, plan,
11 or agreement in compliance with the Health Insurance Portability
12 and Accountability Act of 1996, P.L. 104-191.

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

18 (e) A violation of this section shall constitute an unfair
19 method of competition and unfair or deceptive act or practice in
20 the business of insurance under section 431:13-103.



1 (f) The insurance commissioner may adopt rules pursuant to
2 chapter 91 and take enforcement action necessary to implement
3 this section.

4 (g) For the purposes of this section:

5 "Assignment of benefits" means a written direction by an
6 enrollee, subscriber, or individual covered by a policy,
7 contract, plan, or agreement authorizing a health maintenance
8 organization to pay insurance benefits directly to a substance
9 use disorder treatment provider.

10 "Substance use disorder treatment provider" or "provider"
11 means any facility licensed by the office of health care
12 assurance to provide residential or detoxification services for
13 substance use disorders."

14 SECTION 5. This Act shall not be applied so as to impair
15 any contract existing as of the effective date of this Act in a
16 manner violative of either the Hawaii State Constitution or
17 article 1, section 10 of the United States Constitution.

18 SECTION 6. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 7. This Act shall take effect on January 30, 2050.



Report Title:

Substance Use Disorder Treatment Providers; Substance Use Disorder Services; Assignment of Benefits; Anti-Assignment Clause; Enforcement; Rules; Civil Action

Description:

Requires health insurers, mutual benefit societies, and health maintenance organizations to honor a patient's written assignment of benefits to a substance use disorder treatment provider. Prohibits health insurance policies, plans, contracts, and agreements 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. Deems violations to be unfair methods of competition and unfair or deceptive acts or practices in the business of insurance. Requires insurers, mutual benefit societies, and health maintenance organizations to furnish an explanation of benefits to the assigned provider upon request. Effective 1/30/2050.
(HD1)

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