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# 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. This requirement ensures  
17 providers are paid directly, reduces administrative burdens, and



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

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

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

20 (b) No health insurance policy, certificate, agreement, or  
21 contract delivered, issued for delivery, or renewed 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 subject to this subsection shall be unenforceable.

5 (c) The insurance commissioner may adopt rules pursuant to  
6 chapter 91 and take enforcement action necessary to implement  
7 this section.

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

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

19 (f) This section shall apply to all fully insured health  
20 benefit plans governed by the laws of the State, except  
21 self-funded employer health benefit plans regulated exclusively



1 under the Employee Retirement Income Security Act of 1974,  
2 unless and to the extent permitted under federal law.

3 (g) For the purposes of this section:

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

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

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

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

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



1           "§432:1- Fair assignment of benefits for substance use  
2 disorder services. (a) A health insurance carrier shall honor  
3 and accept a written assignment that is validly executed in  
4 compliance with this title of benefits executed by a covered  
5 person for the purpose of directing payment for covered  
6 substance use disorder treatment services to the treating  
7 provider. Upon receipt of a written assignment that is validly  
8 executed in compliance with this title, the health insurance  
9 carrier shall issue payment for covered services directly to the  
10 substance use disorder treatment provider. Payment made to the  
11 provider pursuant to this section shall discharge the insurer's  
12 obligation to the extent of the payment made. Payment under  
13 this subsection shall be issued within thirty days of receipt of  
14 a claim that meets the requirements of section 431:13-108.

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



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

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

6       (e) A health insurance carrier 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 covered person in  
10 compliance with the Health Insurance Portability and  
11 Accountability Act of 1996. A health insurance carrier's  
12 failure to provide an explanation of benefits as required by  
13 this section shall be considered a violation of state insurance  
14 law and shall be subject to enforcement action.

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

20       (g) For the purposes of this section:



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

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

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

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

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

17       **"§432D-23 Required provisions and benefits.**

18 Notwithstanding any provision of law to the contrary, each  
19 policy, contract, plan, or agreement issued in the State after  
20 January 1, 1995, by health maintenance organizations pursuant to  
21 this chapter, shall include benefits provided in sections



1 431:10-212, 431:10A-115, 431:10A-115.5, 431:10A-116,  
2 431:10A-116.2, 431:10A-116.5, 431:10A-116.6, 431:10A-119,  
3 431:10A-120, 431:10A-121, 431:10A-122, 431:10A-125, 431:10A-126,  
4 431:10A-132, 431:10A-133, 431:10A-134, 431:10A-140, and  
5 [~~431:10A-134~~,] 431:10A- , and chapter 431M."

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

8 SECTION 6. This Act shall take effect on January 30, 2050.



**Report Title:**

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

**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. 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. Effective 1/30/2050. (SD2)

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

