

**ACT 51**

H. B. 314.

A Bill for an Act Relating to Insurance Contracts and Hospital or Medical Service Plan Contracts for Mentally Retarded and Handicapped Children; Repealing Act 65, Session Laws of 1967; and Amending Chapters 181 and 185, Revised Laws of Hawaii 1955.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. This Act is hereby declared to be an urgency measure deemed necessary in the public interest within the meaning of section 11 of Article III of the Constitution of the State of Hawaii.

The following is a statement of facts constituting such urgency:

Act 65, Session Laws of Hawaii 1967, had for its purpose to maintain health coverages for mentally retarded and other physically handicapped children after they reached the age of nineteen years. After passage of the Act, it became apparent that because of the lack of operational guidelines in the Act it became difficult or impossible for the various health plans to operate under the Act. Because of the difficulties encountered under Act 65 and so as to not nullify the principal purpose of the Act, this corrective legislation is needed.

SECTION 2. Act 65, Session Laws of Hawaii 1967, is hereby repealed.

SECTION 3. Chapter 181, Revised Laws of Hawaii 1955, is amended by adding new sections 181-448 and 181-449 to read as follows:

**“§ 181-448. Individual contract limitations for mentally retarded and handicapped children.** An individual life insurance policy, hospital or medical expense insurance policy, delivered or issued for delivery in this State after the effective date of this Act, which provides that coverage of a dependent child shall terminate upon attainment of the limiting age for dependent children specified in the policy shall also provide in substance that attainment of such limiting age shall not operate to terminate the coverage of such child while the child is and continues to be both (a) incapable of self-sustaining employment by reason of mental retardation or physical handicap and (b) chiefly dependent upon the policyholder for support and maintenance, provided proof of such incapacity and dependency is furnished to the insurer by the policyholder within 31 days of the child's attainment of the limiting age and subsequently as may be required by the insurer but not more frequently than annually after the two year period following the child's attainment of the limiting age.

**§ 181-449. Group contract limitations for mentally retarded and handicapped children.** A group life insurance policy, hospital or medical expense insurance policy, delivered or issued for delivery in this State after the effective date of this Act, which provides that coverage of a dependent child of an employee or other member of the covered group shall terminate upon attainment of the limiting age for dependent children specified in the policy shall also provide in substance that attainment of such limiting age shall not operate to terminate the coverage of such child while the child is and continues to be both (a) incapable of self-sustaining employment by reason of mental retardation or physical handicap and (b) chiefly dependent upon the employee or member for support and maintenance, provided proof of such incapacity and dependency is furnished to the insurer by the employee or member within 31 days of the child's attainment of the limiting age and subsequently as may be required by the insurer but not more frequently than annually after the two year period following the child's attainment of the limiting age."

SECTION 4. Chapter 185, Revised Laws of Hawaii 1955, is amended by adding new sections 185-20 and 185-21 to read as follows:

**§ 185-20. Individual contract limitations for mentally retarded and handicapped children.** An individual hospital or medical service plan contract, delivered or issued for delivery in this State after the effective date of this Act, which provides that coverage of a dependent child shall terminate upon attainment of the limiting age for dependent children specified in the contract shall also provide in substance that attainment of such limiting age shall not operate to terminate the coverage of such child while the child is and continues to be both (a) incapable of self-sustaining employment by reason of mental retardation or physical handicap and (b) chiefly dependent upon the policyholder, member or subscriber for support and maintenance, provided proof of such incapacity and dependency is furnished to the hospital service association or medical indemnity association by the policyholder or subscriber within 31 days of the child's attainment of the limiting age and subsequently as may be required by such association.

**§ 185-21. Group contract limitations for mentally retarded and handicapped children.** A group hospital or medical service plan contract, delivered or issued for delivery in this State after the effective date of this Act, which provides that coverage of a dependent child of an employee or other member of the covered group shall terminate upon attainment of the limiting age for dependent children specified in the contract shall also provide in substance that attainment of such limiting age shall not operate to terminate the coverage of such child while the child is and continues to be both (a) incapable of self-sustaining employment by reason of mental retardation or physical handicap and (b) chiefly dependent upon the employee or member for support and maintenance, provided proof of such incapacity and dependency is furnished to the hospital service association or medical indemnity association by the employee, member or subscriber within 31 days of the child's

ACT 51

attainment of the limiting age and subsequently as may be required by such association.”

**SECTION 5.** This Act shall take effect upon its approval.  
(Approved May 8, 1968.)