

ACT 342

H.B. NO. 3305

A Bill for an Act Relating to Dental Service Organizations.

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

SECTION 1. The Hawaii Revised Statutes is amended by adding a new chapter to be appropriately designated and to read as follows:

**“CHAPTER  
DENTAL SERVICE ORGANIZATIONS**

§ -1 **Definitions.** As used in this Chapter, unless the context otherwise requires:

“Dental service organization” means any person who undertakes to provide or to arrange for or administer one or more prepaid dental insurance plans.

“Prepaid dental insurance” means any contractual arrangement for dental services provided directly or arranged for or administered directly on a prepaid individual, group, or capitation basis.

“Subscriber” means a member of the public or group who has contracted with a dental service organization for the provision of dental services including dependents who are entitled to dental services under the plan solely because of their status as dependents of the subscriber.

§ -2 **Registration required.** All dental service organizations offering prepaid dental insurance shall file with the director of commerce and consumer affairs an application for registration on a form prescribed by the director, and provide copies to the department of commerce and consumer affairs of all materials given to subscribers.”

SECTION 2. Section 423-1, Hawaii Revised Statutes, is amended to read as follows:

“§423-1 **Dental service corporation, formation.** A nonprofit dental service corporation may be formed for the purposes of contracting with individuals and

corporations, both public and private, for defraying or assuming the costs of services of dentists and dental surgeons, and the contracting on behalf of dentists and dental surgeons to furnish such services. The director of commerce and consumer affairs shall grant to applicants who file a petition in conformity with section 416-20 a charter of incorporation for the establishment and conduct of a dental service corporation; provided that the corporation may not engage directly or indirectly in the performance of the corporate purposes or objects unless all of the following requirements are met:

- (1) At least [one-fourth of all] fifty licensed dentists and dental surgeons in this State become members of the corporation;
- (2) Membership in the corporation and an opportunity to render professional services upon a uniform basis are available to all licensed dentists and dental surgeons in this State;
- (3) Voting by proxy and cumulative voting are prohibited; and
- (4) Certificate of compliance with the requirements of paragraphs (1), (2), and (3) has been issued to the corporation by the board of dental examiners.

Any charter granted or corporation created under authority of this section shall be subject to all general laws enacted in regard to nonprofit corporations.”

SECTION 3. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 4. This Act shall take effect upon approval.

(Approved June 13, 1988.)