

ACT 206

S.B. NO. 665

A Bill for an Act Relating to Prepaid Health Care Plan.

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

SECTION 1. Existing law in section 393-7(a), Hawaii Revised Statutes (HRS), requires the director of labor and industrial relations, after consulting with the prepaid health care advisory council, to determine whether a prepaid health care plan is qualified under Hawaii law to offer benefits under chapter 393, HRS, relating

to the Prepaid Health Care Act. The legislature finds that new health plans seeking entry into Hawaii, particularly employer-sponsored health plans, have had difficulty obtaining approval from the advisory council. This gatekeeper process, though well intended, has resulted in a lack of competition in the marketplace for prepaid health care plans, with a probable impact on health insurance rates.

The federal Employee Retirement Income Security Act (ERISA), title 29 United States Code section 1144, as amended, supersedes any amendment to the Prepaid Health Care Act enacted after September 2, 1974, that provides for “more than the effective administration of such Act ...”. This Act does not amend substantive provisions of the Prepaid Health Care Act or impose new obligations upon employers; therefore, it is not affected by the ERISA preemption.

The purpose of this Act is to provide for more effective administration of the Prepaid Health Care Act by mandating that the prepaid health care advisory council shall not include a member from the insurance industry.

SECTION 2. Section 393-7, Hawaii Revised Statutes, is amended by amending subsection (d) to read as follows:

“(d) The prepaid health care advisory council shall be appointed by the director and shall include representatives of the medical and public health professions, representatives of consumer interests, and persons experienced in prepaid health care protection[-]; provided that a person representing a health maintenance organization under chapter 432D, a mutual benefit society issuing individual and group hospital or medical service plans under chapter 432, or any other health care organization shall not be a member. The membership of the council shall not exceed seven individuals.”

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 Statutory material to be repealed is bracketed and stricken.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

SECTION 4. This Act shall take effect upon its approval.

(Approved June 26, 2003.)