

JAN 19 2007

S.B. NO. 978

A BILL FOR AN ACT

RELATING TO HEALTH INSURANCE SUPPORT FOR SMALL BUSINESSES.

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

1 SECTION 1. Section 431:2-201.5, Hawaii Revised Statutes,
2 is amended to read as follows:

3 "§431:2-201.5 Conformity to federal law. (a) The
4 provisions of Title 42 United States Code section 300gg, et
5 seq., as they relate to group and individual health insurance
6 shall apply to title 24, except:

7 (1) Where state law provides greater health benefits or
8 coverage than Title 42 United States Code section
9 300gg, et seq., state law shall be applicable; and

10 (2) This section shall not apply to or affect life
11 insurance, endowment, or annuity contracts, or any
12 supplemental contract thereto, described in section
13 431:10A-101(4).

14 (b) The following definitions shall be used when applying
15 Title 42 United States Code section 300gg, et seq.:

16 "Employee" means an employee who works on a full-time basis
17 or a part-time employee with a normal workweek of twenty hours
18 or more.



1 "Group health issuer" means all persons offering health
2 insurance coverage to any group or association, but shall not
3 include those persons offering benefits exempted from Title I of
4 the Health Insurance Portability and Accountability Act of 1996,
5 P.L. 104-191 under sections 732(c) and 733(c) of Title I of the
6 Employee Retirement Income Security Act of 1974 and sections
7 2747 and 2791(c) of the Public Health Service Act.

8 "Small employer" means an employer who employs [~~between one~~
9 ~~and~~] no more than fifty employees[-], including sole proprietors
10 or self employed individuals with no employees, without regard
11 to whether the employer is:

- 12 (1) A specific type of legal entity;
13 (2) Required to provide health care coverage pursuant to
14 chapter 393; or
15 (3) Required to obtain worker's compensation insurance,
16 temporary disability insurance, or unemployment
17 insurance.

18 (c) All group health issuers shall offer all small group
19 health plans to all small employers whose employees live, work,
20 or reside in the group health issuer's service areas; provided
21 that the commissioner may exempt a group health issuer if the
22 commissioner determines that the group health issuer does not



1 have the capacity to deliver services adequately to enrollees of
2 additional groups given its obligation to existing employer
3 groups.

4 (d) A group health issuer shall be prohibited from
5 imposing any preexisting condition exclusion.

6 (e) A group health issuer shall not impose limits on
7 eligibility for a group health insurance program based upon:

8 (1) The number of hours an employee or self employed
9 person works or the amount of pay received;

10 (2) The age of the employer or employee;

11 (3) Whether the employer is a specific type of legal
12 entity;

13 (4) Whether the employer employs less than five employees;

14 (5) The length of time that the employer has been in
15 business; or

16 (6) The type of business, nature of income, or where the
17 income is earned.

18 (f) A group health issuer shall not require an employer to
19 verify eligibility for a group health insurance program by
20 providing an employer identification number, tax identification
21 number, or tax documents.



1 ~~[(e)]~~ (g) The commissioner may adopt rules to implement,
2 clarify, or conform title 24 to Title 42 United States Code
3 section 300gg, et seq.

4 ~~[(f)]~~ (h) The adoption of the Health Insurance Portability
5 and Accountability Act of 1996, P.L. 104-191, for the purposes
6 of title 24 is not an adoption for any purposes for income taxes
7 under chapter 235.

8 ~~[(g)]~~ (i) The State shall have jurisdiction over any
9 matter that Title 42 United States Code section 300gg, et seq.,
10 permits, including jurisdiction over enforcement.

11 ~~[(h)]~~ (j) As used in this section, "small group health
12 plans" means the medical plans currently offered, advertised, or
13 marketed by a group health issuer for small employers."

14 SECTION 2. Section 431:10A-603, Hawaii Revised Statutes,
15 is amended to read as follows:

16 "**§431:10A-603 Self-employed persons, exemption.** The
17 requirements of this article related to mandated coverages for
18 persons insured under individual accident and health or sickness
19 policies shall not apply to accident and health or sickness
20 policies for self-employed persons in this State; provided that
21 this exemption shall apply only to those portions of the
22 individual accident and health or sickness policies that cover



1 self-employed persons in this State and individuals included in
2 the self-employed person's family coverage."

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

5 SECTION 4. This Act shall take effect on October 1, 2007.

6

INTRODUCED BY: Amid Y. Lee



Report Title:

Group Health Insurance; Small Business

Description:

Prohibits group health insurers from imposing certain requirements on employers. Clarifies the definition of "small employer", when applying the Health Insurance Portability and Accountability Act of 1996 or state law that provides greater health benefits or coverage.

