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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. 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 the nature of the legal entity of the employer and without  
12 regard to whether the employer is required to provide health  
13 care coverage pursuant to chapter 393 or whether the employer is  
14 required to obtain worker's compensation insurance, temporary  
15 disability insurance, or unemployment insurance.

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



1 additional groups given its obligation to existing employer  
2 groups.

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

5 (e) A group health insurer shall be prohibited from  
6 imposing eligibility requirements based upon:

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

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

10 (3) The nature of the employer's legal entity;

11 (4) The length of time that the employer has been in  
12 business; or

13 (5) The type of business, nature of income, or where the  
14 income is earned.

15 (f) A group health insurer shall be prohibited from  
16 requiring that the employer verify eligibility to participate in  
17 a group health insurance program by requiring an employer to  
18 provide an employer identification number, tax identification  
19 number, or tax documents.

20 (g) A group health insurer shall be prohibited from  
21 imposing participation requirements on small employers who  
22 employ less than five employees.



1        [~~e~~] (h) 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~~] (i) 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~~] (j) 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~~] (k) 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 sickness policies  
19 shall not apply to accident and sickness policies for self-  
20 employed persons in this State; provided that this exemption  
21 shall apply only to those portions of the individual accident



1 and sickness policies that cover self-employed persons in this  
2 State."

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, 2006.

6

INTRODUCED BY:



JAN 25 2006



HB 2812

**Report Title:**

Health Insurance; Sole Proprietors; Coverage

**Description:**

Enables sole proprietors of businesses to enroll in group health insurance programs.

