

JAN 25 2006

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# A BILL FOR AN ACT

RELATING TO 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 by amending subsection (b) to read as follows:

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

5 "Employee" means ~~[an employee who works on a full-time basis~~  
6 ~~with a normal workweek of twenty hours or more.]~~ any individual  
7 employed by an employer, whether the individual works full-time  
8 or part-time, including a self-employed individual.

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

16 "Self-employed individual" means a person operating the  
17 person's own business, whether as a sole proprietorship or in any

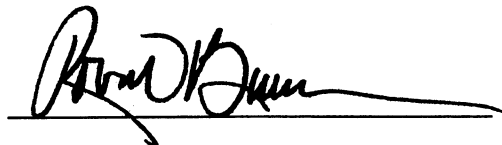
1 other legally recognized manner that a person may operate the  
2 person's own business, and who has a general excise tax license  
3 for that business.

4 "Small employer" means an employer who employs between one  
5 and no more than fifty employees[-], and includes a self-employed  
6 individual."

7 SECTION 2. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9 SECTION 3. This Act shall take effect on July 1, 2006.

10  
11 INTRODUCED BY:



12 BY REQUEST

## JUSTIFICATION SHEET

SB. NO. 2300

DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO INSURANCE.

PURPOSE: To extend group health insurance coverage for small employers to include self-employed individuals with no employees or small businesses with part-time employees.

MEANS: Amend section 431:2-201.5(b), Hawaii Revised Statutes.

JUSTIFICATION: Under existing law, all health insurers are required to offer all small group health plans to all small employers, whose employees live and work in the group health issuer's service areas. Existing law has been interpreted not to apply to self-employed individuals with no employees or small businesses with part-time employees.

This bill ensures that more of Hawaii's citizens have access to health insurance by expanding coverage to include self-employed individuals or part-time employees by amending the definitions of "employee" and "small employer" and by adding a definition for "self-employed individual." Eleven states currently have extended health insurance group coverage to the self-employed. In Hawaii, there are approximately 12,000 self-employed sole proprietors.

Impact on the public: Improves the quality of health care coverage in the State by increasing the number of individuals who have access to group health insurance in Hawaii.

Impact on the department and other agencies: None anticipated.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: CCA-106.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: July 1, 2006.