

S.B. NO. 1406

JAN 22 2007

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~~
6 ~~basis with a normal workweek of twenty hours or more.~~] any
7 individual employed by an employer, whether the individual works
8 full-time 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
15 2747 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

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

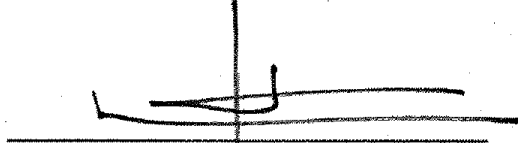
4 "Small employer" means an employer, including but not
5 limited to a self-employed individual, who employs between one
6 and no more than fifty employees."

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 Statutory material to be repealed is bracketed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, 2007.

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INTRODUCED BY:

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BY REQUEST

JUSTIFICATION SHEET

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 only 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 only part-time employees.

This bill ensures that more of Hawaii's citizens have access to group health insurance by expanding coverage to include self-employed individuals or employers with only 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.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: CCA-106.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: July 1, 2007.