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# A BILL FOR AN ACT

RELATING TO THE PATIENTS' BILL OF RIGHTS AND RESPONSIBILITIES  
ACT.

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

1 SECTION 1. Chapter 432E, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 "§432E- Unfair or deceptive acts or practices in the  
5 managed care plan business. (a) The following are defined as  
6 unfair or deceptive acts or practices in the managed care plan  
7 business and shall be prohibited:

8 (1) Canceling or nonrenewing an enrollment or subscription  
9 in the managed care plan because of the enrollee's or  
10 subscriber's health status.

11 (2) Rescinding or modifying an authorization for a  
12 specific type of treatment by a provider after the  
13 provider renders, or begins rendering, the health care  
14 service in good faith and pursuant to the managed care  
15 plan's authorization.

16 (3) Changing the premium rates, copayments, coinsurances,  
17 or deductibles of a contract after receipt of payment



1 by the managed care plan of the premium for the first  
 2 month of coverage in accordance with the contract  
 3 effective date; provided that changes shall be allowed  
 4 if authorized or required in the group contract, if  
 5 the contract was agreed to under a preliminary  
 6 agreement that states that it is subject to the  
 7 execution of a definitive agreement, or if the managed  
 8 care plan and the contract-holder mutually agree in  
 9 writing.

10 (4) Engaging in post-claims underwriting. As used herein,  
 11 "post-claims underwriting" means the rescinding,  
 12 canceling, or limiting of a managed care plan contract  
 13 due to the managed care plan's failure to complete  
 14 medical underwriting and resolve all reasonable  
 15 questions arising from written information that the  
 16 managed care plan requires enrollees or subscribers to  
 17 submit before issuing the managed care plan contract.  
 18 This paragraph shall not limit a managed care plan's  
 19 remedies upon a showing of an enrollee's or  
 20 subscriber's wilful misrepresentation.

21 (5) Establishing an eligible charge for a nonparticipating  
 22 provider service that is different from the eligible



1           charge paid for the same service rendered by a  
2           participating provider. As used herein, "eligible  
3           charge" means the amount that is payable by the  
4           managed care plan for a treatment, service, or supply,  
5           prior to making deduction for cost-sharing.

6           (b) The commissioner shall by certified mail notify the  
7           managed care plan of each complaint filed with the commissioner  
8           under this section.

9           (c) A managed care plan shall issue a written response  
10           with reasonable promptness, in no case more than fifteen working  
11           days, to any notification or written inquiry made by the  
12           commissioner regarding a complaint. The response shall be more  
13           than an acknowledgment that the commissioner's communication has  
14           been received and shall completely and substantively address the  
15           complaint or concerns stated in the communication.

16           (d) If it is found, after notice and an opportunity to be  
17           heard, that an insurer has violated with this section, the  
18           violation shall be subject to section 431:2-203.

19           (e) Evidence as to numbers and types of complaints to the  
20           commissioner against a managed care plan and the commissioner's  
21           complaint experience with other managed care plans, shall be



1 admissible in an administrative or judicial proceeding brought  
2 under this section."

3 SECTION 2. New statutory material is underscored.

4 SECTION 3. This Act shall take effect upon its approval.



**Report Title:**

Patients' Bill of Rights and Responsibilities Act

**Description:**

Amends the Patients' Bill of Rights and Responsibilities Act by prohibiting certain unfair or deceptive business practices by managed care plans, such as disenrolling a person because of a medical condition. (SD1)

