

H.B. NO. 690
H.D. 2
S.D. 2
C.D. 1

Report Title:

Group Health Insurers; Small Business; Part-time Employees

Description:

Requires insurers that offer health care coverage to the regular employees of any group or association to offer the same coverage to part-time employees working a certain amount of hours per week and for a minimum length of time. Requires the insurance commissioner to submit a cost-benefit report to the legislature.
(HB690 CD1)

HB690 CD1.DOC
HB690 CD1.DOC
HB690 CD1.DOC

A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. Chapter 431, Hawaii Revised Statutes, is
2 amended by adding a new section to article 10A to be
3 appropriately designated and to read as follows:
4 "§431:10A- Group health care coverage; part-time
5 employees. (a) An insurer that provides health care coverage
6 in this state to the regular employees of any group or
7 association shall offer the same coverage to part-time employees
8 of that group or association. If the group or association
9 offers family coverage as defined in section 431:10A-103 to its
10 regular employees, it shall offer the same family coverage to
11 part-time employees. The group or association shall not be
12 required by this section to pay any part of the premium for
13 coverage of part-time employees. The group or association shall
14 be responsible for any administrative duties required for the
15 enrollment of part-time employees such as monitoring
16 eligibility, collecting premiums, and transmitting payment to
17 the insurer.

1 (b) A group health insurer may limit periods of enrollment
2 for part-time employees to a minimum of thirty calendar days;
3 provided that:

4 (1) Part-time employees who experience a qualifying event
5 shall enroll with a group health insurer within thirty
6 days of the qualifying event; and

7 (2) Group health insurers shall be allowed to impose a
8 one-year waiting period against part-time employees
9 who terminate coverage for any reason. If a part-time
10 employee terminates coverage and a one-year waiting
11 period is imposed against the employee, a group health
12 insurer need not reenroll the employee until the
13 period of enrollment following the one-year waiting
14 period.

15 For the purposes of this section:

16 "Group or association" shall not include any state or
17 political subdivision of any state, or instrumentality thereof.

18 "Health care" includes hospitalization, surgery, medical or
19 nursing care, drugs, or restorative appliances.

20 "Part-time employee" means a person employed by a single
21 employer for at least fifteen, but less than twenty hours per
22 week and for a continuous period of at least eighteen months.

1 "Qualifying event" means the date on which the part-time
2 employee has been continuously employed by a single employer for
3 a period of eighteen months or the date on which a dependent of
4 the part-time employee becomes eligible for coverage through
5 loss of other health care coverage, marriage, birth, or
6 adoption.

7 "Regular employee" means a person employed by a single
8 employer for at least twenty hours per week."

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

12 "§432:1- Group health care coverage; part-time
13 employees. (a) A mutual benefit society in this state whose
14 hospital and medical service corporation contract provides
15 health care coverage for the regular employees of any group or
16 association shall offer the same coverage to part-time employees
17 of that group or association. If the group or association
18 offers family coverage as defined in section 431:10A-103 to its
19 regular employees, it shall offer the same family coverage to
20 part-time employees. The group or association shall not be
21 required by this section to pay any part of the premium for
22 coverage of part-time employees. The group or association shall

1 be responsible for any administrative duties required for the
2 enrollment of part-time employees such as monitoring
3 eligibility, collecting premiums, and transmitting payment to
4 the insurer.

5 (b) A group health insurer may limit periods of enrollment
6 for part-time employees to a minimum of thirty calendar days;
7 provided that:

8 (1) Part-time employees who experience a qualifying event
9 shall enroll with a group health insurer within thirty
10 days of the qualifying event; and

11 (2) Group health insurers shall be allowed to impose a
12 one-year waiting period against part-time employees
13 who terminate coverage for any reason. If a part-time
14 employee terminates coverage and a one-year waiting
15 period is imposed against the employee, a group health
16 insurer need not reenroll the employee until the
17 period of enrollment following the one-year waiting
18 period.

19 For the purposes of this section:

20 "Group or association" shall not include any state or
21 political subdivision of any state, or instrumentality thereof.

1 "Health care" includes hospitalization, surgery, medical or
2 nursing care, drugs, or restorative appliances.

3 "Part-time employee" means a person employed by a single
4 employer for at least fifteen, but less than twenty hours per
5 week and for a continuous period of at least eighteen months.

6 "Qualifying event" means the date on which the part-time
7 employee has been continuously employed by a single employer for
8 a period of eighteen months or the date on which a dependent of
9 the part-time employee becomes eligible for coverage through
10 loss of other health care coverage, marriage, birth, or
11 adoption.

12 "Regular employee" means a person employed by a single
13 employer for at least twenty hours per week."

14 SECTION 3. Chapter 432D, Hawaii Revised Statutes, is
15 amended by adding a new section to be appropriately designated
16 and to read as follows:

17 **"§432D- Group health care coverage; part-time employees.**

18 (a) A health maintenance organization that issues a policy,
19 contract, plan, or agreement in this state that provides health
20 care coverage for the regular employees of any group or
21 association shall offer the same coverage to part-time employees
22 of that group or association. If the group or association

1 offers family coverage as defined in section 431:10A-103 to its
2 regular employees, it shall offer the same family coverage to
3 part-time employees. The group or association shall not be
4 required by this section to pay any part of the premium for
5 coverage of part-time employees. The group or association shall
6 be responsible for any administrative duties required for the
7 enrollment of part-time employees such as monitoring
8 eligibility, collecting premiums, and transmitting payment to
9 the insurer.

10 (b) A group health insurer may limit periods of enrollment
11 for part-time employees to a minimum of thirty calendar days;
12 provided that:

13 (1) Part-time employees who experience a qualifying event
14 shall enroll with a group health insurer within thirty
15 days of the qualifying event; and

16 (2) Group health insurers shall be allowed to impose a
17 one-year waiting period against part-time employees
18 who terminate coverage for any reason. If a part-time
19 employee terminates coverage and a one-year waiting
20 period is imposed against the employee, a group health
21 insurer need not reenroll the employee until the

1 period of enrollment following the one-year waiting
2 period.

3 For the purposes of this section:

4 "Group or association" shall not include any state or
5 political subdivision of any state, or instrumentality thereof.

6 "Health care" includes hospitalization, surgery, medical or
7 nursing care, drugs, or restorative appliances.

8 "Part-time employee" means a person employed by a single
9 employer for at least fifteen, but less than twenty hours per
10 week and for a continuous period of at least eighteen months.

11 "Qualifying event" means the date on which the part-time
12 employee has been continuously employed by a single employer for
13 a period of eighteen months or the date on which a dependent of
14 the part-time employee becomes eligible for coverage through
15 loss of other health care coverage, marriage, birth, or
16 adoption.

17 "Regular employee" means a person employed by a single
18 employer for at least twenty hours per week."

19 SECTION 4. (a) The insurance commissioner shall prepare a
20 report of the costs and benefits of this Act. The report shall
21 be prepared with the cooperation and assistance of the

1 disability compensation division of the department of labor and
2 industrial relations. The report shall include:

- 3 (1) An evaluation of the success of this Act in providing
4 part-time employees with access to health care
5 coverage;
- 6 (2) An evaluation of the costs to employees, employers,
7 and insurers of providing that coverage;
- 8 (3) Any recommendations concerning this Act; and
- 9 (4) Any other information necessary for a reasonable
10 assessment of the costs and benefits of this Act to be
11 made, and to allow health care coverage to be made
12 available to part-time employees at the lowest
13 possible cost.

14 (b) Each insurer subject to this Act shall submit, at the
15 time and in the form prescribed by the insurance commissioner,
16 the information deemed necessary by the insurance commissioner
17 to complete the report required by this section. In obtaining
18 this information, the insurance commissioner shall seek to
19 minimize an insurer's cost of compliance.

20 (c) The insurance commissioner shall report its findings,
21 recommendations, and any proposed legislation to the legislature

1 no later than twenty days prior to the convening of the regular
2 session of 2011.

3 SECTION 5. New statutory material is underscored.

4 SECTION 6. This Act shall take effect on July 1, 2009, and
5 shall be repealed on July 1, 2014.