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# A BILL FOR AN ACT

RELATING TO THE HAWAII HEALTH INSURANCE EXCHANGE.

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

1           SECTION 1. Chapter 435H, Hawaii Revised Statutes, is  
2 amended by adding two new sections to be appropriately  
3 designated and to read as follows:

4           "§435H-       Separate programs for individual market and  
5 small group market; participation by insurers. (a) The  
6 connector shall establish and administer a separate program and  
7 risk pool to serve each the individual market and the small  
8 group market, which shall operate in a manner consistent with  
9 the provisions of this chapter and the Federal Act.

10           (b) Any insurer that offers a qualified plan or qualified  
11 dental plan to the small group market of the connector shall  
12 also offer qualified plans or qualified dental plans,  
13 respectively, to the individual market of the connector;  
14 provided that the insurance commissioner may grant a waiver to  
15 this requirement to an insurer that demonstrates that compliance  
16 with this subsection will likely result in insolvency or other  
17 extreme economic hardship for that insurer.



1        (c) Any insurer that participates in the connector shall  
2 offer qualified plans that are available to all properly  
3 qualified residents of this State.

4        §435H- Navigator program. (a) The board shall  
5 establish a navigator program that is consistent with section  
6 1311(i) of the Federal Act.

7        (b) The connector may award grants to entities that are  
8 selected by the board to serve as navigators; provided that  
9 recipients of navigator grants shall:

- 10        (1) Be nonprofit entities organized under chapter 414D;  
11        (2) Meet requirements for navigators specified in section  
12        1311(i) of the Federal Act; and  
13        (3) Meet any additional requirements established by the  
14        board;

15 provided further that an insurance producer or insurance broker  
16 shall not serve as a navigator.

17        (c) Federal funds received by the State to establish the  
18 connector shall not be used to fund grants to navigators."

19        SECTION 2. Section 435H-1, Hawaii Revised Statutes, is  
20 amended by adding five new definitions to be appropriately  
21 inserted and to read:



1       "Health benefit plan" means a policy, contract,  
2 certificate, or agreement offered, delivered, issued for  
3 delivery, renewed, amended, or continued in the State by an  
4 insurer to provide, deliver, arrange, pay for, or reimburse any  
5 of the costs of health care services. "Health benefit plan"  
6 shall not include:

7       (1) Coverage for only accident or disability income  
8       insurance, or any combination thereof;

9       (2) Coverage issued as a supplement to liability  
10       insurance;

11       (3) Liability insurance, including general liability  
12       insurance and motor vehicle liability insurance;

13       (4) Workers' compensation or similar insurance;

14       (5) Motor vehicle personal injury protection insurance;

15       (6) Credit-only insurance;

16       (7) Coverage for on-site medical clinics; and

17       (8) Other insurance coverage under which benefits for  
18       health care services are secondary or incidental to  
19       other insurance benefits;

20       (9) The following benefits if the benefits are provided  
21       under a separate policy, certificate, or contract of



1 insurance or are otherwise not an integral part of the  
2 plan:

3 (A) Limited scope dental or vision benefits; and

4 (B) Benefits for long-term care, nursing home care,  
5 home health care, community-based care, or any  
6 combination thereof;

7 (10) The following benefits if the benefits are provided  
8 under a separate policy, certificate, or contract of  
9 insurance, there is no coordination between the  
10 provision of the benefits and any exclusion of  
11 benefits under any group health plan maintained by the  
12 same plan sponsor, and the benefits are paid with  
13 respect to an event without regard to whether benefits  
14 are provided with respect to the event under any group  
15 health plan maintained by the same insurer:

16 (A) Coverage only for a specified disease or illness;  
17 and

18 (B) Hospital indemnity or other fixed indemnity  
19 insurance; and

20 (11) The following if offered as a separate policy,  
21 certificate, or contract of insurance:



1           (A) Medicare supplemental health insurance as defined  
2           under section 1882(g)(1) of the Social Security  
3           Act;

4           (B) Coverage supplemental to the coverage provided  
5           under Chapter 55 of Title 10, United States Code,  
6           as amended; and

7           (C) Similar coverage provided to supplement coverage  
8           under a group health plan.

9           "Individual market" means the market for health insurance  
10          coverage offered to individuals other than in connection with a  
11          group health plan.

12          "Qualified employer" means a small employer that elects to  
13          make, at a minimum, all of its full-time employees eligible for  
14          one or more qualified plans in the small group market offered  
15          through the connector.

16          "Small employer" means an employer who employed an average  
17          of at least one and not more than fifty employees on business  
18          days during the preceding calendar year and who employs at least  
19          one employee on the first day of the plan year. Beginning  
20          January 1, 2016, "small employer" means an employer who employed  
21          an average of at least one and not more than one hundred  
22          employees on business days during the preceding calendar year



1 and who employs at least one employee on the first day of the  
2 plan year.

3 "Small group market" means the health insurance market  
4 under which individuals obtain health insurance coverage on  
5 behalf of themselves and their dependents through a group health  
6 plan maintained by a small employer."

7 SECTION 3. Section 435H-4, Hawaii Revised Statutes, is  
8 amended by amending subsection (c) to read as follows:

9 "(c) Board members shall serve staggered terms [~~and the~~  
10 ~~interim board shall recommend an appropriate schedule for~~  
11 ~~staggered terms; provided that this]~~ and shall be appointed to  
12 terms of four years; provided that of the initial appointees,  
13 five shall be appointed to a two-year term, and five shall be  
14 appointed to a three-year term. Each member shall hold office  
15 until the member's successor is appointed and qualified. This  
16 subsection shall not apply to ex-officio members, who shall  
17 serve during their entire term of office."

18 SECTION 4. Section 435H-7, Hawaii Revised Statutes, is  
19 amended to read as follows:

20 "[+]§435H-7[+] Eligibility determination for applicants in  
21 medicaid adult and children's health insurance program. The  
22 department of human services shall be the agency to determine



1 qualifications and eligibility of individuals to participate in  
2 medicaid [adult] or children's health insurance programs. [The  
3 agency's determination of eligibility shall enable qualified  
4 individuals and authorized adults on behalf of qualified  
5 children to purchase qualified plans and qualified dental plans  
6 from the connector. The department of human services shall  
7 verify for the connector individuals and children able to  
8 participate in subsidized plans purchased through the  
9 connector.] The agency shall make a determination of eligibility  
10 for each individual who applies through the connector unless the  
11 applicant declines an eligibility determination."

12 SECTION 5. If any provision of this Act, or the  
13 application thereof to any person or circumstance, is held  
14 invalid, the invalidity does not affect other provisions or  
15 applications of the Act that can be given effect without the  
16 invalid provision or application, and to this end the provisions  
17 of this Act are severable.

18 SECTION 6. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.

20 SECTION 7. This Act shall take effect on July 1, 2012.

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INTRODUCED BY: 

# H.B. NO. 1736

**Report Title:**

Hawaii Health Insurance Exchange

**Description:**

Specifies that the Hawaii health connector shall establish separate risk pools for the individual market and the small group market. Establishes staggered terms for board members. Clarifies qualifications of and restrictions on navigators. Clarifies role of DHS in determining medicaid eligibility. Effective 7/1/12.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

