
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:

7 (1) One separate program and risk pool to serve the
8 individual market; and

9 (2) One separate program and risk pool to serve the small
10 group market,

11 which shall operate in a manner consistent with the provisions
12 of this chapter and the Federal Act.

13 (b) Any insurer that offers a qualified plan or qualified
14 dental plan to the small group market of the connector shall
15 also offer qualified plans or qualified dental plans,
16 respectively, to the individual market of the connector;

17 provided that the insurance commissioner may grant a waiver to
18 this requirement to an insurer that demonstrates that compliance



1 with this subsection will likely result in insolvency or other
2 extreme economic hardship for that insurer.

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

6 §435H- Navigator program. (a) The board shall
7 establish a navigator program that is consistent with section
8 1311(i) of the Federal Act.

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

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

17 provided further that an insurance producer or insurance broker
18 shall not serve as a navigator.

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



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

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

- 10 (1) Coverage for only accident or disability income
11 insurance, or any combination thereof;
- 12 (2) Coverage issued as a supplement to liability
13 insurance;
- 14 (3) Liability insurance, including general liability
15 insurance and motor vehicle liability insurance;
- 16 (4) Workers' compensation or similar insurance;
- 17 (5) Motor vehicle personal injury protection insurance;
- 18 (6) Credit-only insurance;
- 19 (7) Coverage for on-site medical clinics;
- 20 (8) Other insurance coverage under which benefits for
21 health care services are secondary or incidental to
22 other insurance benefits;



1 (9) The following benefits if the benefits are provided
2 under a separate policy, certificate, or contract of
3 insurance or are otherwise not an integral part of the
4 plan:

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

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

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

18 (A) Coverage only for a specified disease or illness;
19 and

20 (B) Hospital indemnity or other fixed indemnity
21 insurance; and



- 1 (11) The following if offered as a separate policy,
2 certificate, or contract of insurance:
- 3 (A) Medicare supplemental health insurance as defined
4 under section 1882(g)(1) of the Social Security
5 Act;
- 6 (B) Coverage supplemental to the coverage provided
7 under Chapter 55 of Title 10, United States Code,
8 as amended; and
- 9 (C) Similar coverage provided to supplement coverage
10 under a group health plan.

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

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

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



1 an average of at least one and not more than one hundred
2 employees on business days during the preceding calendar year
3 and who employs at least one employee on the first day of the
4 plan year.

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

9 SECTION 3. Section 435H-4, Hawaii Revised Statutes, is
10 amended as follows:

11 1. By amending subsection (a) to read:

12 "(a) The Hawaii health connector shall be a nonprofit
13 entity governed by a board of directors that shall comprise
14 fifteen members appointed by the governor and with the advice
15 and consent of the senate pursuant to section 26-34; provided
16 that the governor shall submit nominations to the senate for
17 advice and consent no later than February 1, 2012[+], and no
18 later than February 1 in any year thereafter in which
19 nominations are made; and provided further that the senate shall
20 timely advise and consent to nominations for terms to begin July
21 1, 2012[-], and no later than July 1 in any year thereafter in



1 which nominations are made. Members of the interim board shall
2 be eligible for appointment to the board."

3 2. By amending subsection (c) to read:

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

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

15 "[~~+~~]**\$435H-7**[~~+~~] **Eligibility determination for applicants in**
16 **medicaid adult and children's health insurance program.** The
17 department of human services shall be the agency to determine
18 qualifications and eligibility of individuals to participate in
19 medicaid [~~adult~~] or children's health insurance programs. [~~The~~
20 ~~agency's determination of eligibility shall enable qualified~~
21 ~~individuals and authorized adults on behalf of qualified~~
22 ~~children to purchase qualified plans and qualified dental plans~~



1 ~~from the connector. The department of human services shall~~
2 ~~verify for the connector individuals and children able to~~
3 ~~participate in subsidized plans purchased through the~~
4 ~~connector.] The agency shall make a determination of~~
5 ~~eligibility for each individual who applies through the~~
6 ~~connector unless the applicant declines an eligibility~~
7 ~~determination."~~

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

14 SECTION 6. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

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



Report Title:

Hawaii Health Insurance Exchange

Description:

Specifies that the Hawaii Health Connector shall establish a separate program and risk pool to serve the individual market and a separate program and risk pool to serve the small group market. Establishes staggered terms for board members. Clarifies qualifications of and restrictions on navigators. Clarifies the role of the Department of Human Services in determining medicaid eligibility. Effective July 1, 2012.
(HB1736 HD1)

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

