
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 one separate program to
7 serve the individual market and one separate program to serve
8 the small group market, both of which shall operate in a manner
9 consistent with 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 commissioner may grant a waiver of this
15 requirement to an insurer that demonstrates that compliance with
16 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 (d) Any insurer that offers a qualified plan through the
5 connector shall establish a separate risk pool for its qualified
6 plans offered in the individual market and for its qualified
7 plans offered in the small group market.

8 **§435H- Navigator program.** (a) The board shall
9 establish a navigator program that is consistent with section
10 1311(i) of the Federal Act.

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

14 (1) Be nonprofit entities organized under chapter 414D;

15 (2) Meet requirements for navigators specified in section
16 1311(i) of the Federal Act; and

17 (3) Meet any additional requirements established by the
18 board; or

19 (4) Notwithstanding paragraph (1), (2), or (3) to the
20 contrary, comply with all provisions that are
21 otherwise required by federal law;



1 provided further that an insurance producer or insurance broker
2 shall not serve as a navigator.

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

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

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

- 14 (1) Coverage for only accident or disability income
15 insurance, or any combination thereof;
16 (2) Coverage issued as a supplement to liability
17 insurance;
18 (3) Liability insurance, including general liability
19 insurance and motor vehicle liability insurance;
20 (4) Workers' compensation or similar insurance;
21 (5) Motor vehicle personal injury protection insurance;
22 (6) Credit-only insurance;



- 1 (7) Coverage for on-site medical clinics;
- 2 (8) Other insurance coverage under which benefits for
- 3 health care services are secondary or incidental to
- 4 other insurance benefits;
- 5 (9) The following benefits if the benefits are provided
- 6 under a separate policy, certificate, or contract of
- 7 insurance or are otherwise not an integral part of the
- 8 plan:
- 9 (A) Limited scope dental or vision benefits; and
- 10 (B) Benefits for long-term care, nursing home care,
- 11 home health care, community-based care, or any
- 12 combination thereof;
- 13 (10) The following benefits if the benefits are provided
- 14 under a separate policy, certificate, or contract of
- 15 insurance, there is no coordination between the
- 16 provision of the benefits and any exclusion of
- 17 benefits under any group health plan maintained by the
- 18 same plan sponsor, and the benefits are paid with
- 19 respect to an event without regard to whether benefits
- 20 are provided with respect to the event under any group
- 21 health plan maintained by the same insurer:



1 (A) Coverage only for a specified disease or illness;
2 and

3 (B) Hospital indemnity or other fixed indemnity
4 insurance; and

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

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

10 (B) Coverage supplemental to the coverage provided
11 under chapter 55 of title 10, United States Code,
12 as amended; and

13 (C) Similar coverage provided to supplement coverage
14 under a group health plan.

15 "Individual market" means the market for health insurance
16 coverage offered to individuals other than in connection with a
17 group health plan.

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



1 "Small employer" means an employer who employed an average
2 of at least one and not more than fifty employees on business
3 days during the preceding calendar year and who employs at least
4 one employee on the first day of the plan year. Beginning
5 January 1, 2016, "small employer" means an employer who employed
6 an average of at least one and not more than one hundred
7 employees on business days during the preceding calendar year
8 and who employs at least one employee on the first day of the
9 plan year.

10 "Small group market" means the health insurance market
11 under which individuals obtain health insurance coverage on
12 behalf of themselves and their dependents through a group health
13 plan maintained by a small employer."

14 SECTION 3. Section 435H-4, Hawaii Revised Statutes, is
15 amended by amending subsections (a) to (c) as follows:

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



1 nominations are made; and provided further that the senate shall
2 timely advise and consent to nominations for terms to begin
3 July 1, 2012[-], and no later than July 1 in any year thereafter
4 in which nominations are made. Members of the interim board
5 shall be eligible for appointment to the board.

6 (b) The membership of the board shall reflect geographic
7 diversity and the diverse interests of stakeholders including
8 five consumers, [employers,] one employer, three insurers, and
9 [dental benefit] two providers. The director of commerce and
10 consumer affairs or the director's designee, the director of
11 health or the director's designee, the director of human
12 services or the director's designee, and the director of labor
13 and industrial relations or the director's designee shall be ex-
14 officio, voting members of the board.

15 (c) Board members shall serve staggered terms [~~and the~~
16 ~~interim board shall recommend an appropriate schedule for~~
17 ~~staggered terms; provided that this]~~ and shall be appointed to
18 terms of four years; provided that of the initial appointees,
19 five shall be appointed to a two-year term, and five shall be
20 appointed to a three-year term. Each member shall hold office
21 until the member's successor is appointed and qualified. This



1 subsection shall not apply to ex-officio members, who shall
2 serve during their entire term of office."

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

5 " ~~[+]§435H-7[+]~~ **Eligibility determination for applicants in**
6 **medicaid adult and children's health insurance program.** The
7 department of human services shall be the agency to determine
8 qualifications and eligibility of individuals to participate in
9 medicaid ~~[adult]~~ or children's health insurance programs. ~~[The~~
10 ~~agency's determination of eligibility shall enable qualified~~
11 ~~individuals and authorized adults on behalf of qualified~~
12 ~~children to purchase qualified plans and qualified dental plans~~
13 ~~from the connector. The department of human services shall~~
14 ~~verify for the connector individuals and children able to~~
15 ~~participate in subsidized plans purchased through the~~
16 ~~connector.]~~ The agency shall make a determination of eligibility
17 for each individual who applies through the connector unless the
18 applicant declines an eligibility determination."

19 SECTION 5. The changes to the composition of the Hawaii
20 health connector board of directors made to subsection (b) of
21 section 435H-4, Hawaii Revised Statutes, in section 3 of this



1 Act are not intended to replace any member of the board prior to
2 the ending of that member's term.

3 SECTION 6. If any provision of this Act, or the
4 application thereof to any person or circumstance, is held
5 invalid, the invalidity does not affect other provisions or
6 applications of the Act that can be given effect without the
7 invalid provision or application, and to this end the provisions
8 of this Act are severable.

9 SECTION 7. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 8. This Act shall take effect on July 1, 2050.



Report Title:

Hawaii Health Insurance Exchange; Hawaii Health Connector

Description:

Specifies that the Hawaii Health Connector establish and administer separate programs to serve the individual market and the small group market. Establishes a navigator program. Establishes staggered terms for board members and clarifies board composition. Clarifies role of the Department of Human Services in determining Medicaid eligibility. Effective July 1, 2050. (SB2434 HD1)

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