



EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

GOV. MSG. NO. 1289

July 1, 2014

The Honorable Donna Mercado Kim,
President
and Members of the Senate
Twenty-Seventh State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

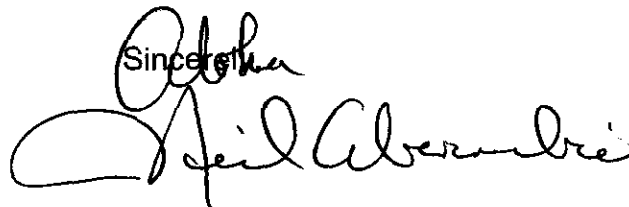
The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Seventh State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on July 1, 2014, the following bill was signed into law:

SB2820 SD2 HD2 CD1

RELATING TO INSURANCE
ACT 186 (14)

Sincerely,


NEIL ABERCROMBIE
Governor, State of Hawaii

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- Prohibition on rescissions of coverage. (a)

5 Notwithstanding sections 431:10-226.5 and 431:10A-106 to the
6 contrary, a group health plan or health insurance insurer shall
7 not rescind coverage under a health benefit plan with respect to
8 an individual, including a group to which the individual belongs
9 or family coverage in which the individual is included, after
10 the individual is covered under the plan, unless:

11 (1) The individual or a person seeking coverage on behalf
12 of the individual performs an act, practice, or
13 omission that constitutes fraud;

14 (2) The individual makes an intentional misrepresentation
15 of material fact as prohibited by the terms of the
16 plan or coverage; or

17 (3) The individual fails to timely pay required premiums
18 or contributions toward the cost of coverage; provided



1 that the rescission is in compliance with federal
2 regulations.

3 As used in this subsection, "a person seeking coverage on
4 behalf of the individual" shall not include an insurance
5 producer or employee or authorized representative of the health
6 carrier.

7 (b) A health carrier shall provide at least thirty days
8 advance written notice to each plan enrollee or, for individual
9 health insurance coverage, to each primary subscriber, who would
10 be affected by the proposed rescission of coverage before
11 coverage under the plan may be rescinded in accordance with
12 subsection (a) regardless of whether, in the case of group
13 health insurance coverage, the rescission applies to the entire
14 group or only to an individual within the group.

15 (c) This section applies regardless of any applicable
16 contestability period."

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

20 "§432- Prohibition on rescissions of coverage. (a)
21 Notwithstanding sections 431:10-226.5 and 431:10A-106 to the
22 contrary, a society shall not rescind coverage under a health



1 benefit plan with respect to an individual, including a group to
2 which the individual belongs or family coverage in which the
3 individual is included, after the individual is covered under
4 the plan, unless:

- 5 (1) The individual or a person seeking coverage on behalf
6 of the individual performs an act, practice, or
7 omission that constitutes fraud;
8 (2) The individual makes an intentional misrepresentation
9 of material fact as prohibited by the terms of the
10 plan or coverage; or
11 (3) The individual fails to timely pay required premiums
12 or contributions toward the cost of coverage; provided
13 that the rescission is in compliance with federal
14 regulations.

15 As used in this subsection, "a person seeking coverage on
16 behalf of the individual" shall not include an insurance
17 producer or employee or authorized representative of the health
18 carrier.

19 (b) A society shall provide at least thirty days advance
20 written notice to each plan enrollee or, for individual health
21 insurance coverage, to each primary subscriber, who would be
22 affected by the proposed rescission of coverage before coverage



1 under the plan may be rescinded in accordance with subsection
2 (a) regardless of whether, in the case of group health insurance
3 coverage, the rescission applies to the entire group or only to
4 an individual within the group.

5 (c) This section applies regardless of any applicable
6 contestability period."

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

10 "§432D- Prohibition on rescissions of coverage. (a)
11 Notwithstanding sections 431:10-226.5 and 431:10A-106 to the
12 contrary, a health maintenance organization shall not rescind
13 coverage under a health benefit plan with respect to an
14 individual, including a group to which the individual belongs or
15 family coverage in which the individual is included, after the
16 individual is covered under the plan, unless:

17 (1) The individual or a person seeking coverage on behalf
18 of the individual performs an act, practice, or
19 omission that constitutes fraud;

20 (2) The individual makes an intentional misrepresentation
21 of material fact as prohibited by the terms of the
22 plan or coverage; or



1 (3) The individual fails to timely pay required premiums
2 or contributions toward the cost of coverage; provided
3 that the rescission is in compliance with federal
4 regulations.

5 As used in this subsection, "a person seeking coverage on
6 behalf of the individual" shall not include an insurance
7 producer or employee or authorized representative of the health
8 carrier.

9 (b) A health maintenance organization shall provide at
10 least thirty days advance written notice to each plan enrollee
11 or, for individual health insurance coverage, to each primary
12 subscriber, who would be affected by the proposed rescission of
13 coverage before coverage under the plan may be rescinded in
14 accordance with subsection (a) regardless of whether, in the
15 case of group health insurance coverage, the rescission applies
16 to the entire group or only to an individual within the group.

17 (c) This section applies regardless of any applicable
18 contestability period."

19 SECTION 4. Section 431:1-209, Hawaii Revised Statutes, is
20 amended to read as follows:

21 "**§431:1-209 General casualty insurance defined.** General
22 casualty insurance includes vehicle insurance as defined in



1 section 431:1-208, and accident and health or sickness insurance
2 as defined in section 431:1-205 [~~and in addition is insurance:~~]
3 when issued as an incidental coverage with or supplemental to
4 liability insurance. In addition, general casualty insurance is
5 insurance:

- 6 (1) Against legal liability for the death, injury, or
7 disability of any human being, or from damage to
8 property;
- 9 (2) Of medical, hospital, surgical, and funeral benefits
10 to persons injured, irrespective of legal liability of
11 the insured, when issued with or supplemental to
12 insurance against legal liability for the death,
13 injury, or disability of human beings;
- 14 (3) Of the obligation accepted by, imposed upon, or
15 assumed by employers under law for death, disablement,
16 or injury to employees;
- 17 (4) Against loss or damage by burglary, theft, larceny,
18 robbery, forgery, fraud, vandalism, malicious
19 mischief, confiscation, or wrongful conversion,
20 disposal, or concealment, or from any attempt of any
21 of the foregoing; also insurance against loss or
22 damage to moneys, coins, bullion, securities, notes,



- 1 drafts, acceptances, or any other valuable papers or
2 documents, resulting from any cause, except while in
3 the mail;
- 4 (5) Upon personal effects of individuals, by an all-risk
5 type of policy commonly known as the personal property
6 floater;
- 7 (6) Against loss or damage to glass and its appurtenances
8 resulting from any cause;
- 9 (7) Against any liability and loss or damage to property
10 resulting from accidents to or explosions of boilers,
11 pipes, pressure containers, machinery, or apparatus;
- 12 (8) Against loss of or damage to any property of the
13 insured resulting from the ownership, maintenance, or
14 use of elevators, except loss or damage by fire;
- 15 (9) Against loss or damage to any property caused by the
16 breakage or leakage of sprinklers, water pipes, or
17 containers, or by water entering through leaks or
18 openings in buildings;
- 19 (10) Against loss or damage resulting from failure of
20 debtors to pay their obligations to the insured
21 (credit insurance);



- 1 (11) Against loss of or damage to any domesticated or wild
2 animal resulting from any cause (livestock insurance);
- 3 (12) Against loss of or damage to any property of the
4 insured resulting from collision of any other object
5 with such property, but not including collision to or
6 by vessels, craft, piers, or other instrumentalities
7 of ocean or inland navigation (collision insurance);
- 8 (13) Against legal liability of the insured, and against
9 loss, damage, or expense incident to a claim of such
10 liability, and including any obligation of the insured
11 to pay medical, hospital, surgical, and funeral
12 benefits to injured persons, irrespective of legal
13 liability of the insured, arising out of the death or
14 injury of any person, or arising out of injury to the
15 economic interest of any person as the result of
16 negligence in rendering expert, fiduciary, or
17 professional service (malpractice insurance);
- 18 (14) Against any contract of warranty or guaranty which
19 promises service maintenance, parts replacement,
20 repair, money, or any other indemnity in the event of
21 loss of or damage to a motor vehicle or any part
22 thereof from any cause, including loss of or damage to

1 or loss of use of the motor vehicle by reason of
2 depreciation, deterioration, wear and tear, use,
3 obsolescence, or breakage if made by a warrantor or
4 guarantor who or which as such is doing an insurance
5 business; provided that service contracts, as defined
6 and meeting the requirements of chapter 481X, shall
7 not be subject to chapter 431.

8 The doing or proposing to do any business in
9 substance equivalent to the business described in this
10 section in a manner designed to evade the provisions
11 of this section is the doing of an insurance business;
12 and

13 (15) Against any other kind of loss, damage, or liability
14 properly the subject of insurance and not within any
15 other class or classes or type of insurance as defined
16 in sections 431:1-204 to 431:1-211, if such insurance
17 is not contrary to law or public policy."

18 SECTION 5. Section 431:2-209, Hawaii Revised Statutes, is
19 amended by amending subsection (d) to read as follows:

20 "(d) Three years after the [~~year to which they relate,~~]
21 date filed or within three years of the due date prescribed for
22 the filing of the tax report, whichever is later, the



1 commissioner may destroy [~~any foreign or alien insurer's~~] the
2 tax reports[7] of any foreign or alien insurers, surplus lines
3 brokers, or independently procured insureds, or similar records
4 or reports now or hereafter in the commissioner's possession."

5 SECTION 6. Section 431:2-402, Hawaii Revised Statutes, is
6 amended by amending subsection (c) to read as follows:

7 "(c) The branch may review and take appropriate action on
8 complaints [~~relating to insurance fraud.~~] of fraud relating to
9 insurance under title 24, including chapters 431, 432, and 432D,
10 but excluding workers' compensation insurance under chapter
11 386."

12 SECTION 7. Section 431:10A-102.5, Hawaii Revised Statutes,
13 is amended by amending subsection (b) to read as follows:

14 "(b) When used in sections 431:10A-104, 431:10A-105,
15 431:10A-106, 431:10A-107, 431:10A-108, 431:10A-109, 431:10A-110,
16 431:10A-111, 431:10A-112, 431:10A-113, 431:10A-114, 431:10A-117,
17 431:10A-118, 431:10A-601, 431:10A-602, 431:10A-603, and
18 431:10A-604, except as otherwise provided, the terms "accident
19 insurance", "accident and health or sickness insurance", "health
20 insurance", or "sickness insurance" shall include an accident-
21 only, specified disease, hospital indemnity, long-term care,
22 disability, dental, vision, medicare supplement, or other



1 limited benefit health insurance contract regardless of the
2 manner in which benefits are paid[-]; provided that if any of
3 the requirements set forth in the foregoing sections as applied
4 to long-term care insurance conflict with the provisions of
5 article 10H, the provisions of article 10H shall govern and
6 control."

7 SECTION 8. Section 431:11A-101, Hawaii Revised Statutes,
8 is amended by amending the definition of "licensed insurer" or
9 "insurer" to read as follows:

10 "Licensed insurer" or "insurer" means any person, firm,
11 association, or corporation duly licensed to transact a property
12 or casualty insurance business in this State. The following are
13 not licensed insurers for the purposes of this article:

14 ~~[(1) All risk retention groups as defined in the Superfund~~
15 ~~Amendments Reauthorization Act of 1986, P.L. No. 99-~~
16 ~~499, 100 Stat. 1613 (1986), and the Risk Retention~~
17 ~~Act, 15 U.S.C. section 3901 et seq. (1982 and Supp.~~
18 ~~1986), and chapter 431K;~~

19 ~~-(2)]~~ (1) All residual market pools and joint underwriting
20 authorities or associations; and



1 ~~(1)~~ (2) Captive ~~[insurers]~~ insurance companies as defined
2 in section 431:19-101~~[-]~~, other than risk retention
3 captive insurance companies."

4 SECTION 9. Section 431:19-101, Hawaii Revised Statutes, is
5 amended by amending the definition of "captive insurance
6 company" to read as follows:

7 "Captive insurance company or "captive insurer" means a
8 class 1 company, class 2 company, class 3 company, class 4
9 company, or class 5 company formed or authorized under this
10 article."

11 SECTION 10. Section 431M-2, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "§431M-2 Policy coverage. (a) All individual and group
14 accident and health or sickness insurance policies issued in
15 this State, individual or group hospital or medical service plan
16 contracts, and nonprofit mutual benefit society, fraternal
17 benefit society, and health maintenance organization health plan
18 contracts shall include within their hospital and medical
19 coverage the benefits of alcohol ~~[dependence, drug dependence,]~~
20 use disorder, substance use disorder, and mental ~~[illness]~~
21 health treatment services ~~[provided in section 431M-4]~~,
22 including services for alcohol dependence and drug dependence,



1 except that this section shall not apply to insurance policies
2 that are issued solely for single diseases, or otherwise
3 limited, specialized coverage.

4 (b) The policies and contracts set forth in subsection (a)
5 shall not impose any financial requirements or treatment
6 limitations on mental health or substance use disorder benefits
7 that are more restrictive than the predominant financial
8 requirements and treatment limitations, either quantitative or
9 nonquantitative, imposed on medical and surgical benefits in
10 accordance with the Mental Health Parity and Addiction Equity
11 Act of 2008."

12 SECTION 11. Section 431M-4, Hawaii Revised Statutes, is
13 amended to read as follows:

14 **"§431M-4 Mental illness, alcohol and drug dependence**
15 **benefits. [~~(a) The covered benefit under this chapter shall~~**
16 **~~not be less than thirty days of in hospital services per year.~~**
17 **~~Each day of in hospital services may be exchanged for two days~~**
18 **~~of nonhospital residential services, two days of partial~~**
19 **~~hospitalization services, or two days of day treatment services.~~**
20 **~~Visits to a physician, psychologist, licensed clinical social~~**
21 **~~worker, marriage and family therapist, licensed mental health~~**
22 **~~counselor, or advanced practice registered nurse shall not be~~**



1 ~~less than thirty visits per year to hospital or nonhospital~~
2 ~~facilities or to mental health outpatient facilities for day~~
3 ~~treatment or partial hospitalization services. Each day of in-~~
4 ~~hospital services may also be exchanged for two outpatient~~
5 ~~visits under this chapter, provided that the patient's condition~~
6 ~~is such that the outpatient services would reasonably preclude~~
7 ~~hospitalization. The total covered benefit for outpatient~~
8 ~~services in subsections (b) and (c) shall not be less than~~
9 ~~twenty four visits per year, provided that coverage of twelve of~~
10 ~~the twenty four outpatient visits shall apply only to the~~
11 ~~services under subsection (c). The other covered benefits under~~
12 ~~this chapter shall apply to any of the services in subsection~~
13 ~~(b) or (c). In the case of alcohol and drug dependence~~
14 ~~benefits, the insurance policy may limit the number of treatment~~
15 ~~episodes but may not limit the number to less than two treatment~~
16 ~~episodes per lifetime. Nothing in this section shall be~~
17 ~~construed to limit serious mental illness benefits.~~

18 ~~(b)]~~ (a) Alcohol and drug dependence benefits shall be as
19 follows:

20 (1) Detoxification services as a covered benefit under
21 this chapter shall be provided either in a hospital or
22 in a nonhospital facility that has a written



1 affiliation agreement with a hospital for emergency,
2 medical, and mental health support services. The
3 following services shall be covered under
4 detoxification services:

- 5 (A) Room and board;
- 6 (B) Diagnostic x-rays;
- 7 (C) Laboratory testing; and
- 8 (D) Drugs, equipment use, special therapies, and
9 supplies.

10 Detoxification services shall be included as part of
11 the covered in-hospital services [~~but shall not be~~
12 ~~included in the treatment episode limitation, as~~
13 ~~specified in subsection (a)~~];

- 14 (2) Alcohol or drug dependence treatment through in-
15 hospital, nonhospital residential, or day treatment
16 substance abuse services as a covered benefit under
17 this chapter shall be provided in a hospital or
18 nonhospital facility. Before a person qualifies to
19 receive benefits under this subsection, a qualified
20 physician, psychologist, licensed clinical social
21 worker, marriage and family therapist, licensed mental
22 health counselor, or advanced practice registered



1 nurse shall determine that the person suffers from
2 alcohol or drug dependence, or both; provided that the
3 substance abuse services covered under this paragraph
4 shall include those services that are required for
5 licensure and accreditation [~~and shall be included as~~
6 ~~part of the covered in hospital services as specified~~
7 ~~in subsection (a)~~]. Excluded from alcohol or drug
8 dependence treatment under this subsection are
9 detoxification services and educational programs to
10 which drinking or drugged drivers are referred by the
11 judicial system and services performed by mutual self-
12 help groups;

13 (3) Alcohol or drug dependence outpatient services as a
14 covered benefit under this chapter shall be provided
15 under an individualized treatment plan approved by a
16 qualified physician, psychologist, licensed clinical
17 social worker, marriage and family therapist, licensed
18 mental health counselor, or advanced practice
19 registered nurse and shall be services reasonably
20 expected to produce remission of the patient's
21 condition. An individualized treatment plan approved
22 by a marriage and family therapist, licensed mental



1 health counselor, licensed clinical social worker, or
2 an advanced practice registered nurse for a patient
3 already under the care or treatment of a physician or
4 psychologist shall be done in consultation with the
5 physician or psychologist [~~Services covered under~~
6 ~~this paragraph shall be included as part of the~~
7 ~~covered outpatient services as specified in subsection~~
8 ~~(a)~~]; and

- 9 (4) Substance abuse assessments for alcohol or drug
10 dependence as a covered benefit under this section for
11 a child facing disciplinary action under section 302A-
12 1134.6 shall be provided by a qualified physician,
13 psychologist, licensed clinical social worker,
14 advanced practice registered nurse, or certified
15 substance abuse counselor. The certified substance
16 abuse counselor shall be employed by a hospital or
17 nonhospital facility providing substance abuse
18 services. The substance abuse assessment shall
19 evaluate the suitability for substance abuse treatment
20 and placement in an appropriate treatment setting.

21 [~~(e)~~] (b) Mental illness benefits.



- 1 (1) Covered benefits for mental health services set forth
2 in this subsection shall be limited to coverage for
3 diagnosis and treatment of mental disorders. All
4 mental health services shall be provided under an
5 individualized treatment plan approved by a physician,
6 psychologist, licensed clinical social worker,
7 marriage and family therapist, licensed mental health
8 counselor, or advanced practice registered nurse and
9 must be reasonably expected to improve the patient's
condition. An individualized treatment plan approved
11 by a licensed clinical social worker, marriage and
12 family therapist, licensed mental health counselor, or
13 an advanced practice registered nurse for a patient
14 already under the care or treatment of a physician or
15 psychologist shall be done in consultation with the
16 physician or psychologist;
- 17 (2) In-hospital and nonhospital residential mental health
18 services as a covered benefit under this chapter shall
19 be provided in a hospital or a nonhospital residential
20 facility. The services to be covered shall include
21 those services required for licensure and
22 accreditation[, and shall be included as part of the



1 ~~covered in hospital services as specified in~~
2 ~~subsection (a)];~~

3 (3) Mental health partial hospitalization as a covered
4 benefit under this chapter shall be provided by a
5 hospital or a mental health outpatient facility. The
6 services to be covered under this paragraph shall
7 include those services required for licensure and
8 accreditation [~~and shall be included as part of the~~
9 ~~covered in hospital services as specified in~~
10 ~~subsection (a)];~~ and

11 (4) Mental health outpatient services shall be a covered
12 benefit under this chapter [~~and shall be included as~~
13 ~~part of the covered outpatient services as specified~~
14 ~~in subsection (a)]."~~

15 SECTION 12. Section 431M-6, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "**§431M-6 Rules.** The insurance commissioner, after
18 consultation with all interested parties including the director
19 of health, the Hawaii medical board, the board of psychology,
20 and representatives of insurance carriers, nonprofit mutual
21 benefit societies, health maintenance organizations, public and
22 private providers, consumers, employers, and labor organizations



1 shall adopt rules pursuant to chapter 91 as are deemed necessary
 2 for the effective implementation and operation of this chapter.
 3 The rules shall include criteria and guidelines to be used in
 4 determining the appropriateness and medical or psychological
 5 necessity of services covered under this chapter, including the
 6 appropriate level of care or place of treatment and the number
 7 or quantity of services, [~~and the objective and quantifiable~~
 8 ~~criteria for determining when a health maintenance organization~~
 9 ~~meets the conditions and requirements of section 431M-5,~~] and
 10 shall include an appeals process.

11 The director of health shall also adopt rules pursuant to
 12 chapter 91 as are deemed necessary for the implementation and
 13 operation of this chapter. The rules shall provide
 14 certification standards that:

- 15 (1) Reflect quality of care; and
- 16 (2) Do not compromise the quality of care."

17 SECTION 13. Section 432:1-406, Hawaii Revised Statutes, is
 18 amended by amending the definition of "uncovered expenditures"
 19 to read as follows:

20 ""Uncovered expenditures" means the costs to the mutual
 21 benefit society for health care services that are the obligation
 22 of the mutual benefit society, for which a member may be liable



1 in the event of the mutual benefit society's insolvency, and for
 2 which no alternative arrangements have been made that are
 3 acceptable to the commissioner. Uncovered expenditures include
 4 but are not limited to out-of-area services, referral services,
 5 and hospital services. Uncovered expenditures do not include
 6 expenditures for services when a provider has agreed not to bill
 7 the member even though the provider is not paid by the mutual
 8 benefit society, or for services that are guaranteed, insured,
 9 or assumed by a person or organization other than a mutual
 10 benefit society."

11 SECTION 14. Section 432:2-102, Hawaii Revised Statutes, is
 12 amended by amending subsection (b) to read as follows:

13 "(b) Nothing in this article shall exempt fraternal
 14 benefit societies from the provisions and requirements of part
 15 IV of article 2, part IV of article 3, and article 15 of chapter
 16 431, and [~~of section 431:2-215.~~] sections 431:2-215, 431:3-303,
 17 431:3-304, and 431:3-305."

18 SECTION 15. Section 432D-1, Hawaii Revised Statutes, is
 19 amended by amending the definition of "uncovered expenditures"
 20 to read as follows:

21 "'Uncovered expenditures" means the costs to the health
 22 maintenance organization for health care services that are the

1 obligation of the health maintenance organization, for which an
 2 enrollee may also be liable in the event of the health
 3 maintenance organization's insolvency, and for which no
 4 alternative arrangements have been made that are acceptable to
 5 the commissioner. Uncovered expenditures include but are not
 6 limited to out-of-area services, referral services, and hospital
 7 services. Uncovered expenditures do not include expenditures
 8 for services when a provider has agreed not to bill the enrollee
 9 even though the provider is not paid by the health maintenance
 10 organization, or for services that are guaranteed, insured, or
 11 assumed by a person or organization other than the health
 12 maintenance organization."

13 SECTION 16. Section 432D-19, Hawaii Revised Statutes, is
 14 amended by amending subsection (d) to read as follows:

15 "(d) Article 2, article 2D, part IV of article 3, article
 16 6, part III of article 7, article 9A, article 13, article 14G,
 17 and article 15 of chapter 431, and sections 431:3-301 [~~and~~],
 18 431:3-302, 431:3-303, 431:3-304, and 431:3-305, and the powers
 19 granted by those provisions to the commissioner shall apply to
 20 health maintenance organizations, so long as the application in
 21 any particular case is in compliance with and is not preempted
 22 by applicable federal statutes and regulations."



1 SECTION 17. Section 432G-1, Hawaii Revised Statutes, is
2 amended by amending the definition of "uncovered expenditures"
3 to read as follows:

4 "Uncovered expenditures" means the costs to the dental
5 insurer for dental care services that are the obligation of the
6 dental insurer, for which an enrollee may also be liable in the
7 event of the dental insurer's insolvency, and for which no
8 alternative arrangements have been made that are acceptable to
9 the commissioner. Uncovered expenditures include but are not
10 limited to out-of-area services, referral services, and hospital
11 services. Uncovered expenditures shall not include expenditures
12 for services when a provider has agreed not to bill the enrollee
13 even though the provider is not paid by the dental insurer, or
14 for services that are guaranteed, insured, or assumed by a
15 person or organization other than the dental insurer."

16 SECTION 18. Section 431M-3, Hawaii Revised Statutes, is
17 repealed.

18 [~~"§431M-3 Peer review. (a) Covered benefits for alcohol~~
19 ~~dependence, drug dependence, or mental illness insurance~~
20 ~~policies, hospital or medical service plan contracts, and health~~
21 ~~maintenance organization health plan contracts shall be limited~~
22 ~~to those services certified by the insurance or health care plan~~



1 ~~carrier's physician, psychologist, licensed clinical social~~
2 ~~worker, marriage and family therapist, licensed mental health~~
3 ~~counselor, or advanced practice registered nurse as medically or~~
4 ~~psychologically necessary at the least restrictive appropriate~~
5 ~~level of care.~~

6 ~~(b) All alcohol dependence, drug dependence, or mental~~
7 ~~illness treatment or services as set forth in this chapter shall~~
8 ~~be subject to peer review procedures as a condition of payment~~
9 ~~or reimbursement, to assure that reimbursement is limited to~~
10 ~~appropriate utilization under criteria incorporated into~~
11 ~~insurance policies or health or service plan contracts either~~
12 ~~directly or by reference. Review may involve prior approval,~~
13 ~~concurrent review of the continuation of treatment, post-~~
14 ~~treatment review or any combination of these. However, if prior~~
15 ~~approval is required, provision shall be made to allow for~~
16 ~~payment of urgent or emergency admissions, subject to subsequent~~
17 ~~review."]~~

18 SECTION 19. Section 431M-5, Hawaii Revised Statutes, is
19 repealed.

20 ~~["§431M-5 Nondiscrimination in deductibles, copayment~~
21 ~~plans, and other limitations on payment. (a) Deductible or~~
22 ~~copayment plans may be applied to benefits paid to or on behalf~~



1 ~~of patients during the course of treatment as described in~~
2 ~~section 431M 4, but in any case the proportion of deductibles or~~
3 ~~copayments shall be not greater than those applied to comparable~~
4 ~~physical illnesses generally requiring a comparable level of~~
5 ~~care in each policy.~~

6 ~~(b) Notwithstanding subsection (a), health maintenance~~
7 ~~organizations may establish reasonable provisions for enrollee~~
8 ~~cost sharing so long as the amount the enrollee is required to~~
9 ~~pay does not exceed the amount of copayment and deductible~~
10 ~~customarily required by insurance policies which are subject to~~
11 ~~the provisions of this chapter for this type and level of~~
12 ~~service. Nothing in this chapter prevents health maintenance~~
13 ~~organizations from establishing durational limits which are~~
14 ~~actuarially equivalent to the benefits required by this chapter.~~
15 ~~Health maintenance organizations may limit the receipt of~~
16 ~~covered services by enrollees to services provided by or upon~~
17 ~~referral by providers associated with the health maintenance~~
18 ~~organization.~~

19 ~~(c) A health insurance plan shall not impose rates, terms,~~
20 ~~or conditions including service limits and financial~~
21 ~~requirements, on serious mental illness benefits, if similar~~
22 ~~rates, terms, or conditions are not applied to services for~~

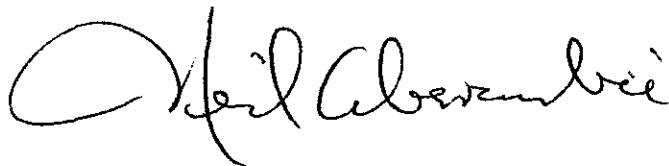


1 ~~other medical or surgical conditions. This chapter shall not~~
2 ~~apply to individual contracts; provided further that this~~
3 ~~chapter shall not apply to QUEST medical plans under the~~
4 ~~department of human services until July 1, 2002."}]~~

5 SECTION 20. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 21. This Act shall take effect on July 1, 2014.

APPROVED this 1 day of JUL, 2014



GOVERNOR OF THE STATE OF HAWAII