
A BILL FOR AN ACT

RELATING TO INSURANCE.

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

1 SECTION 1. The purpose of this Act is to facilitate the
2 establishment of health plans that qualify as high deductible
3 health plans in Hawaii and may be purchased for use with a
4 health savings account and allow the labor force to receive
5 contributions to health savings accounts. The intent is for
6 contributions to health savings accounts to be used to pay for
7 or reimburse qualifying medical expenses and receive favorable
8 tax treatment, by allowing the contributions to be accumulated
9 over the years or distributed on a tax-free basis.

10 This Act shall be liberally construed to allow employers
11 and employees to receive maximum tax benefits provided in
12 federal or state law through use of a high deductible health
13 plan.

14 SECTION 2. Chapter 431, Hawaii Revised Statutes, is
15 amended by adding a new section to article 10A to be
16 appropriately designated and to read as follows:

17 "§431:10A- High deductible health plan; limitations.

18 (a) An insurer, subject to regulation by the commissioner and



1 the department of labor and industrial relations, may offer,
2 sell, or renew, on or after January 1, 2017, a high deductible
3 health plan in conjunction with a health savings account to
4 employers subject to chapter 393 together with a prepaid health
5 care plan group accident and health or sickness insurance
6 policy, which is not a high deductible health plan, that has
7 been sold to an employer subject to chapter 393.

8 (b) When a high deductible health plan is offered, sold,
9 or renewed in conjunction with a health savings account pursuant
10 to subsection (a), the insurer shall ensure that a prepaid
11 health care plan group accident and health or sickness insurance
12 policy, which is not a high deductible health plan, is also
13 offered to each eligible insured.

14 (c) Nothing in this section shall allow an employer
15 subject to chapter 393 to avoid providing a prepaid health care
16 plan, and it shall be a violation of this section for any
17 insurer subject to this section to offer, sell, or renew a
18 stand-alone high deductible health plan or stand-alone health
19 savings account to an employer subject to chapter 393.

20 (d) If this section or any provision of this section
21 conflicts at any time with any federal law, then the federal law



1 shall prevail and this section or the relevant provisions of
2 this section shall become ineffective and invalid. The
3 ineffectiveness or invalidity of this section or any of its
4 provisions shall not affect any other provisions or applications
5 of this section, which shall be given effect without the invalid
6 provision or application, and to this end, the provisions of
7 this section are severable.

8 (e) Nothing in this section shall require an insurer to
9 provide the health savings account to an employer.

10 (f) The number of subscribers of high deductible health
11 plans sold in conjunction with a health savings account pursuant
12 to this section shall be disregarded when determining the
13 largest number of subscribers in the State for purposes of
14 chapter 393.

15 (g) As used in this section, unless the context clearly
16 requires otherwise:

17 "Health savings account" means a health savings account
18 authorized under section 223 of the Internal Revenue Code of
19 1986.

20 "High deductible health plan" shall have the same meaning
21 as defined in section 223 of the Internal Revenue Code of 1986.



1 "Prepaid health care plan" shall have the same meaning as
2 defined in section 393-3."

3 SECTION 3. Chapter 432, Hawaii Revised Statutes, is
4 amended by adding a new section to article 1 to be appropriately
5 designated and to read as follows:

6 "§432:1- High deductible health plan; limitations. (a)

7 A mutual benefit society, subject to regulation by the
8 commissioner and the department of labor and industrial
9 relations, may offer, sell, or renew, on or after January 1,
10 2017, a high deductible health plan in conjunction with a health
11 savings account to employers subject to chapter 393 together
12 with a prepaid health care plan group hospital and medical
13 service plan, which is not a high deductible health plan, that
14 has been sold to an employer subject to chapter 393.

15 (b) When a high deductible health plan is offered, sold,
16 or renewed in conjunction with a health savings account pursuant
17 to subsection (a), the mutual benefit society shall ensure that
18 a prepaid health care plan group hospital and medical service
19 plan, which is not a high deductible health plan, is also
20 offered to each eligible member.



1 (c) Nothing in this section shall allow an employer
2 subject to chapter 393 to avoid providing a prepaid health care
3 plan, and it shall be a violation of this section for any mutual
4 benefit society subject to this section to offer, sell, or renew
5 a stand-alone high deductible health plan or stand-alone health
6 savings account to an employer subject to chapter 393.

7 (d) If this section or any provision of this section
8 conflicts at any time with any federal law, then the federal law
9 shall prevail and this section or the relevant provisions of
10 this section shall become ineffective and invalid. The
11 ineffectiveness or invalidity of this section or any of its
12 provisions shall not affect any other provisions or applications
13 of this section, which shall be given effect without the invalid
14 provision or application, and to this end, the provisions of
15 this section are severable.

16 (e) Nothing in this section shall require a mutual benefit
17 society to provide the health savings account to an employer.

18 (f) The number of subscribers of high deductible health
19 plans sold in conjunction with a health savings account pursuant
20 to this section shall be disregarded when determining the



1 largest number of subscribers in the State for purposes of
2 chapter 393.

3 (g) As used in this section, unless the context clearly
4 requires otherwise:

5 "Health savings account" means a health savings account
6 authorized under section 223 of the Internal Revenue Code of
7 1986.

8 "High deductible health plan" shall have the same meaning
9 as defined in section 223 of the Internal Revenue Code of 1986.

10 "Prepaid health care plan" shall have the same meaning as
11 defined in section 393-3."

12 SECTION 4. Section 432D-23, Hawaii Revised Statutes, is
13 amended to read as follows:

14 **"§432D-23 Required provisions and benefits.**

15 Notwithstanding any provision of law to the contrary, each
16 policy, contract, plan, or agreement issued in the State after
17 January 1, 1995, by health maintenance organizations pursuant to
18 this chapter, shall include benefits provided in sections
19 431:10-212, 431:10A-115, 431:10A-115.5, 431:10A-116,
20 431:10A-116.2, 431:10A-116.5, 431:10A-116.6, 431:10A-119,
21 431:10A-120, 431:10A-121, 431:10A-122, 431:10A-125, 431:10A-126,



1 431:10A-132, 431:10A-133, [and] 431:10A-140, and 431:10A- ,
2 and chapter 431M."

3 SECTION 5. Notwithstanding section 432D-23, Hawaii Revised
4 Statutes, the high deductible health plan in conjunction with a
5 health savings account to be provided by a health maintenance
6 organization under section 4 of this Act shall apply to all
7 group policies, contracts, plans, or agreements issued or
8 renewed in this State by a health maintenance organization on or
9 after January 1, 2017.

10 SECTION 6. If any provision of this Act, or the
11 application thereof to any person or circumstance, is held
12 invalid, the invalidity does not affect other provisions or
13 applications of the Act that can be given effect without the
14 invalid provision or application, and to this end the provisions
15 of this Act are severable.

16 SECTION 7. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 8. This Act shall take effect on July 1, 2016.

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Report Title:

High Deductible Health Plans; Health Savings Accounts; Insurance

Description:

Authorizes insurers, mutual benefit societies, and health maintenance organizations to offer, sell, or renew, on or after January 1, 2017, a high deductible health plan in conjunction with a health savings account to an employer subject to the prepaid health care act together with a prepaid health care plan insurance policy, which is not a high deductible health plan, that has been sold to the employer. Specifies limitations for high deductible health plans and health savings accounts. (SD1)

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