
A BILL FOR AN ACT

RELATING TO THE HAWAII HEALTH CONNECTOR.

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

1 SECTION 1. The legislature finds that the federal Patient
2 Protection and Affordable Care Act of 2010 (Affordable Care Act)
3 required states to establish health insurance exchanges to
4 connect buyers and sellers of health and dental insurance and
5 facilitate the purchase and sale of federally qualified health
6 insurance plans and qualified dental plans. Hawaii's health
7 insurance exchange, known as the Hawaii health connector
8 (connector), stated in its January 2015 annual report that it is
9 on the path to financial self-sustainability and could reach a
10 surplus by 2022. However, increased engagement and
11 participation by insurers in the connector will be a critical
12 factor to increase enrollment and achieve self-sustainability as
13 quickly as possible.

14 The legislature further finds that the Affordable Care Act
15 allows states to elect to permit the sale of fully-insured large
16 group health plans through state health exchanges. If a state
17 chooses this option, the same insurance market reforms that



1 currently apply to fully-insured group health plans purchased by
2 small employers will apply to the fully-insured large group
3 health insurance market. Enabling the Hawaii health connector
4 to offer large group coverage to insurers is one option for
5 increased insurer participation in the connector.

6 The legislature also finds that states currently have the
7 option to permit health insurers to continue certain insurance
8 policies that would otherwise be canceled due to the
9 requirements of the Affordable Care Act. These transitional
10 renewal policies, also known as grandmothers health plans, do
11 not contain some of the features required by the Affordable Care
12 Act but are not considered out of compliance with the Act, if
13 specific conditions are met. States may elect to allow insurers
14 to offer these plans through policy years beginning on or before
15 October 1, 2016, but no later.

16 The legislature further finds that under the federal
17 Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA),
18 employers sponsoring group health plans to covered employees
19 must provide an initial notice about the ability to continue
20 insurance coverage under COBRA. The federal Department of Labor
21 also requires employers covered by the Fair Labor Standards Act



1 to provide written notice to employees about potential insurance
2 coverage available through state health insurance marketplaces.
3 Requiring health insurers to provide notice about the connector
4 will therefore ensure that more people are aware of their health
5 insurance options under COBRA and the connector.

6 The purpose of this Act is to:

- 7 (1) Enable the Hawaii health connector to offer large
8 group coverage to insurers;
- 9 (2) End the issuance or renewal of transitional renewal
10 policies after October 1, 2016; and
- 11 (3) Require health insurers to provide notice to group
12 health plans offering continuation coverage about
13 options to secure affordable coverage under the Hawaii
14 health connector.

15 SECTION 2. Chapter 435H, Hawaii Revised Statutes, is
16 amended by adding three new sections to be appropriately
17 designated and to read as follows:

18 "§435H- Large group coverage. Beginning on January 1,
19 2016, the State shall allow the connector to offer large group
20 coverage to insurers, as permitted in section 1312(f)(2)(b) of
21 the Federal Act.



1 §435H- Transitional renewal policies. Beginning October
2 1, 2016, the State shall cease permitting transitional renewal
3 policies issued by insurers; provided that any transitional
4 renewal policy issued on or before October 1, 2016, shall remain
5 in effect until the date of termination of the transitional
6 policy. All policies issued or renewed after October 1, 2016,
7 shall be in compliance with the Federal Act, including the
8 requirements of sections 2701, 2702, 2703, 2704, 2705, 2706,
9 2707, and 2709 of the Federal Public Health Service Act.

10 §435H- Consolidated Omnibus Budget Reconciliation Act;
11 notification. In addition to the requirements under the federal
12 Consolidated Omnibus Budget Reconciliation Act of 1985, all
13 insurers shall provide notice to group health plans that offer
14 continuation coverage to employees, former employees, spouses,
15 former spouses, and dependent children regarding options to
16 secure affordable coverage through the connector, including the
17 official website, telephone number, similar health insurance
18 plans, and the availability of advance premium tax credits and
19 cost-sharing reductions."

20 SECTION 3. New statutory material is underscored.

21 SECTION 4. This Act shall take effect on July 1, 2112.



Report Title:

Hawaii Health Connector; Large Group Coverage; Transitional
Renewal Policies; Notification

Description:

Authorizes large group coverage under the Connector. Beginning 10/1/2016, ends authorization to renew or issue transitional renewal policies. Requires notice to group health plans offering COBRA coverage about options for affordable coverage under the Connector. (SB1338 HD1)

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