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# 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 availability in Hawaii of high deductible health plans that may  
3 be purchased by members of the labor force for use with a health  
4 savings account. Maintenance of a health savings accounts is  
5 intended to be a required condition of maintenance of a high  
6 deductible health plan. It is the intent of the legislature  
7 that health savings accounts shall be used to pay for or  
8 reimburse qualifying medical expenses and to maximize favorable  
9 tax treatment through year-to-year accumulation of  
10 contributions, which may be distributed on a tax-free basis.

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

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



1           "§431:10A-       High deductible health plan; limitations.

2    (a) On or after January 1, 2018, and subject to regulation by  
3    the commissioner and the department of labor and industrial  
4    relations, an insurer may offer, sell, or renew a high  
5    deductible health plan to employers that are subject to chapter  
6    393; provided that:

7           (1) The insurer shall also sell the employer a prepaid  
8           health care plan group accident and health or sickness  
9           insurance policy that is not a high deductible health  
10          plan;

11          (2) The insurer shall ensure that a prepaid health care  
12          plan group accident and health or sickness insurance  
13          policy that is not a high deductible health plan is  
14          offered to each eligible insured;

15          (3) The employer shall contract with a third party to  
16          offer and manage health savings accounts, which shall  
17          be maintained by each employee who elects a high  
18          deductible health plan; and

19          (4) The employer shall deposit funds in an amount equal to  
20          the applicable deductible amount in each health



1 savings account maintained in conjunction with a high  
2 deductible health plan pursuant to this section.

3 (b) Nothing in this section shall allow an employer  
4 subject to chapter 393 to avoid providing a prepaid health care  
5 plan. It shall be a violation of this section for any insurer  
6 subject to this section to offer, sell, or renew a stand-alone  
7 high deductible health plan or stand-alone health savings  
8 account to an employer that is subject to chapter 393.

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

18 (d) Nothing in this section shall require an insurer to  
19 provide a health savings account to an employer.

20 (e) Nothing in this section shall be construed to affect  
21 collectively bargained agreements.



1        (f) As used in this section, unless the context clearly  
2 requires otherwise:

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

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

8        "Prepaid health care plan" shall have the same meaning as  
9 in section 393-3."

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

13        **"§432:1- High deductible health plan; limitations. (a)**  
14 On or after January 1, 2018, and subject to regulation by the  
15 commissioner and the department of labor and industrial  
16 relations, a mutual benefit society may offer, sell, or renew a  
17 high deductible health plan to employers that are subject to  
18 chapter 393; provided that:

19        (1) The mutual benefit society shall also sell the  
20 employer a prepaid health care plan group hospital and



1           medical service plan that is not a high deductible  
2           health plan;

3           (2) The mutual benefit society shall ensure that prepaid  
4           health care plan group hospital and medical service  
5           plan that is not a high deductible health plan is  
6           offered to each eligible member;

7           (3) The employer shall contract with a third party to  
8           offer and manage health savings accounts, which shall  
9           be maintained by each employee who elects a high  
10          deductible health plan; and

11          (4) The employer shall deposit funds in an amount equal to  
12          the applicable deductible amount in each health  
13          savings account maintained in conjunction with a high  
14          deductible health plan pursuant to this section.

15          (b) Nothing in this section shall allow an employer  
16          subject to chapter 393 to avoid providing a prepaid health care  
17          plan. It shall be a violation of this section for any mutual  
18          benefit society subject to this section to offer, sell, or renew  
19          a stand-alone high deductible health plan or stand-alone health  
20          savings account to an employer that is subject to chapter 393.



1       (c) If this section or any provision of this section  
2 conflicts at any time with any federal law, then the federal law  
3 shall prevail and this section or the relevant provisions of  
4 this section shall become ineffective and invalid. The  
5 ineffectiveness or invalidity of this section or any of its  
6 provisions shall not affect any other provisions or applications  
7 of this section, which shall be given effect without the invalid  
8 provision or application, and to this end, the provisions of  
9 this section are severable.

10       (d) Nothing in this section shall require a mutual benefit  
11 society to provide the health savings account to an employer.

12       (e) Nothing in this section shall be construed to affect  
13 collectively bargained agreements.

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

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

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



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

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

5        **"§432D-23 Required provisions and benefits.**

6        Notwithstanding any provision of law to the contrary, each  
7        policy, contract, plan, or agreement issued in the State after  
8        January 1, 1995, by health maintenance organizations pursuant to  
9        this chapter, shall include benefits provided in sections  
10       431:10-212, 431:10A-115, 431:10A-115.5, 431:10A-116,  
11       431:10A-116.2, 431:10A-116.5, 431:10A-116.6, 431:10A-119,  
12       431:10A-120, 431:10A-121, 431:10A-122, 431:10A-125, 431:10A-126,  
13       431:10A-132, 431:10A-133, 431:10A-134, 431:10A-140, and  
14       [~~431:10A-134~~], 431:10A- , and chapter 431M."

15       SECTION 5. Notwithstanding section 432D-23, Hawaii Revised  
16       Statutes, the high deductible health plan in conjunction with a  
17       health savings account to be provided by a health maintenance  
18       organization under section 4 of this Act shall apply to all  
19       group policies, contracts, plans, or agreements issued or  
20       renewed in this State by a health maintenance organization on or  
21       after January 1, 2018.



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

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

9           SECTION 8. This Act shall take effect on July 1, 2090, and  
10 shall be repealed on June 30, 2022.





**Report Title:**

High Deductible Health Plans; Health Savings Accounts; Insurance

**Description:**

Authorizes the issuance of employer-sponsored high deductible health. Requires maintenance of health savings accounts in conjunction with high deductible health plans. Requires the employer to fund deductible costs. Specifies that employers and insurers that buy or sell high deductible health plans remain subject to the Prepaid Health Care Act. (HB407 HD1)

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

