
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 account 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; and

15 (3) The insurer shall ensure that in conjunction with the
16 high deductible health plan, a health savings account
17 is also offered to each eligible insured.

18 (b) Nothing in this section shall allow an employer
19 subject to chapter 393 to avoid providing a prepaid health care
20 plan. It shall be a violation of this section for any insurer
21 subject to this section to offer, sell, or renew a high



1 deductible health plan without a health savings account, or vice
2 versa, to an employer that is subject to chapter 393.

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

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

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

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

18 "Health savings account" means a health savings account
19 authorized under section 223 of the Internal Revenue Code of
20 1986.



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

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

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

8 "§432:1- High deductible health plan; limitations. (a)
9 On or after January 1, 2018, and subject to regulation by the
10 commissioner and the department of labor and industrial
11 relations, a mutual benefit society may offer, sell, or renew a
12 high deductible health plan to employers that are subject to
13 chapter 393; provided that:

14 (1) The mutual benefit society shall also sell the
15 employer a prepaid health care plan group hospital and
16 medical service plan that is not a high deductible
17 health plan;

18 (2) The mutual benefit society shall ensure that prepaid
19 health care plan group hospital and medical service
20 plan that is not a high deductible health plan is
21 offered to each eligible member; and



1 (3) The mutual benefit society shall ensure that in
2 conjunction with the high deductible health plan, a
3 health savings account is also offered to each
4 eligible insured.

5 (b) Nothing in this section shall allow an employer
6 subject to chapter 393 to avoid providing a prepaid health care
7 plan. It shall be a violation of this section for any mutual
8 benefit society subject to this section to offer, sell, or renew
9 a high deductible health plan without a health savings account,
10 or vice versa, to an employer that is subject to chapter 393.

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

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



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

3 (f) 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 in section 223 of the Internal Revenue Code of 1986.

10 "Prepaid health care plan" shall have the same meaning as
11 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, 431:10A-134, 431:10A-140, and
2 [~~431:10A-134~~,] 431:10A- , 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, 2018.

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, 2050, and
19 shall be repealed on June 30, 2022, and section 423D-23, Hawaii
20 Revised Statutes, shall be reenacted in the form in which it
21 read on the day prior to enactment of this Act.



Report Title:

High Deductible Health Plans; Health Savings Accounts; Insurance

Description:

Authorizes the issuance of employer-sponsored high deductible health plans. Requires maintenance of health savings accounts in conjunction with high deductible health plans. Specifies that employers and insurers that buy or sell high deductible health plans remain subject to the Prepaid Health Care Act.
(HB407 HD3)

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