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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:
- 2 (1) Protect consumers of limited-duration health insurance
- 3 in this State;
- 4 (2) Establish a system of regulation over limited-duration
- 5 health insurance coverage activities in this State;
- 6 and
- 7 (3) Provide full disclosure in the sale of limited-
- 8 duration health insurance coverage.

9 SECTION 2. Chapter 431, Hawaii Revised Statutes, is

10 amended by adding a new part to article 10A to be appropriately

11 designated and to read as follows:

- 12 "PART . LIMITED-DURATION HEALTH INSURANCE
- 13 §431:10A- Application and scope. (a) This part shall
- 14 apply to:
- 15 (1) Health insurers that offer limited-duration health
- 16 insurance coverage to individuals in this State; and



1 (2) Limited-duration health insurance coverage that is  
 2 delivered or issued for delivery in this State,  
 3 including coverage issued outside of this State that  
 4 covers individuals in this State.

5 (b) A limited-duration health insurance coverage policy  
 6 shall not cover any person residing in this State or be  
 7 delivered or issued for delivery in this State unless the policy  
 8 complies with this part.

9 §431:10A- Limited-duration health insurance coverage  
 10 defined. Limited-duration health insurance coverage means  
 11 health insurance coverage provided to an individual under a  
 12 contract offered by a licensed health insurer, regardless of the  
 13 situs of the delivery of the policy or contract, that has a  
 14 specified, limited duration and does not meet all of the  
 15 requirements otherwise applicable to individual health insurance  
 16 coverage.

17 §431:10A- Limited duration. Any limited-duration health  
 18 insurance coverage policy that is delivered or issued for  
 19 delivery in the State shall have an expiration date in the  
 20 contract that is less than ninety-one days and shall not be



1 renewable at the option of the issuer nor the covered  
2 individual.

3       **§431:10A- Disclosure requirements.** (a) A health  
4 insurer that offers limited-duration health insurance coverage  
5 shall, in addition to all other documents required by the  
6 commissioner, deliver an outline of coverage to an applicant for  
7 or an enrollee in limited-duration health insurance coverage  
8 delivered or issued for delivery in this State.

9       (b) Any limited-duration health insurance coverage policy  
10 that is delivered or issued for delivery in this State must  
11 display prominently in any application, sales, and marketing  
12 materials provided in connection with enrollment in such  
13 coverage, in at least fourteen point type the following  
14 statement:

15       "YOU MAY BE DENIED ENROLLMENT IN THIS POLICY BASED ON YOUR  
16 HEALTH STATUS."

17       (c) Any limited-duration health insurance coverage policy  
18 that is delivered or issued for delivery in this State shall  
19 display prominently in the contract, in any application, sales,  
20 and marketing materials provided in connection with enrollment  
21 in such coverage, and in the outline of coverage for such



1 coverage, in at least fourteen point type the following  
2 statements:

3 (1) "THIS IS NOT QUALIFYING HEALTH COVERAGE ("MINIMUM  
4 ESSENTIAL COVERAGE") UNDER THE AFFORDABLE HEALTH CARE  
5 ACT. IF YOU DON'T HAVE MINIMUM ESSENTIAL COVERAGE,  
6 YOU WON'T QUALIFY FOR A SPECIAL ENROLLMENT PERIOD TO  
7 ENROLL IN INDIVIDUAL HEALTH INSURANCE WHEN THIS  
8 COVERAGE ENDS. THIS COVERAGE MAY HAVE SIGNIFICANT  
9 LIMITS ON BENEFITS. PLEASE READ CAREFULLY AND COMPARE  
10 WITH OTHER HEALTH INSURANCE COVERAGE AVAILABLE IN THIS  
11 STATE."

12 (2) "THIS POLICY DOES NOT PROVIDE ALL OF THE BENEFITS  
13 PROVIDED BY INDIVIDUAL ACCIDENT AND HEALTH OR SICKNESS  
14 INSURANCE. YOUR BENEFITS UNDER THIS POLICY ARE  
15 LIMITED. PLEASE READ THE BENEFIT PROVISIONS AND  
16 EXCLUSIONS CAREFULLY TO DETERMINE WHETHER THIS POLICY  
17 IS APPROPRIATE FOR YOU."

18 (3) "YOUR DEDUCTIBLE AND COST-SHARING (INCLUDING  
19 COPAYMENTS AND COINSURANCE) ARE BASED ON YOUR CONTRACT  
20 PERIOD."



1 (4) "PRE-EXISTING CONDITIONS ARE NOT COVERED UNDER THIS  
2 POLICY."

3 (d) Any identification card for limited-duration health  
4 insurance coverage that is delivered or issued for delivery in  
5 this State must display prominently the following in bold type:  
6 "THIS IS TEMPORARY COVERAGE. THIS POLICY PROVIDES LIMITED  
7 BENEFITS."

8 §431:10A- Forms; approval. (a) The forms of limited-  
9 duration health insurance policies, applications, certificates,  
10 or other evidence of insurance coverage, commission schedules,  
11 and applicable premium rates relating thereto shall be filed  
12 with the commissioner.

13 (b) No policy, contract, certificate, or other evidence of  
14 insurance, application, or other form shall be sold, issued, or  
15 used and no endorsement shall be attached to or printed or  
16 stamped thereon unless its form has been approved by the  
17 commissioner or thirty days have expired after such filing  
18 without written notice from the commissioner of disapproval.  
19 The commissioner shall disapprove the forms for limited-duration  
20 health insurance coverage if the commissioner finds:



1           (1) That they are unjust, inequitable, misleading, or  
2           deceptive; or

3           (2) That the rates are by reasonable assumptions excessive  
4           in relation to the benefits provided.

5           In determining whether the rates by reasonable assumptions  
6           are excessive in relation to the benefits provided, the  
7           commissioner shall give due consideration to past and  
8           prospective claim experience, within and outside this State, and  
9           to fluctuations in such claim experience, to a reasonable risk  
10          charge, to contribution to surplus and contingency funds, to  
11          past and prospective expenses, both within and outside this  
12          State, and to all other relevant factors within and outside this  
13          State. In exercising the powers conferred by this part, the  
14          commissioner shall not be bound by any other requirement of this  
15          code with respect to standard provisions to be included in  
16          accident and health or sickness insurance policies or forms.

17          (c) After hearing, upon written notice, the commissioner  
18          may withdraw an approval previously given if the commissioner is  
19          of the opinion that an original submission would have been  
20          disapproved. Such withdrawal of approval shall be effective not  
21          less than ninety days after the giving of notice of withdrawal."



1           SECTION 3. 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 4. This Act shall take effect upon its approval.



**Report Title:**

Limited-Duration Health Insurance; Disclosure; Insurance  
Commissioner

**Description:**

Establishes requirements for regulation of limited-duration health insurance by the Insurance Commissioner. Establishes maximum term, disclosure requirements, rate standards, and form approval requirements. (HB1520 HD1)

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