Report Title:
Group Health Insurers; Small Business; Part-time Employees

Description:
Requires insurers that offer health care coverage to the regular employees of any group or association to offer the same coverage to part-time employees working a certain amount of hours per week and for a minimum length of time. Requires the insurance commissioner to submit a cost-benefit report to the legislature. (HB690 CD1)
A BILL FOR AN ACT

RELATING TO INSURANCE.

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

SECTION 1. Chapter 431, Hawaii Revised Statutes, is amended by adding a new section to article 10A to be appropriately designated and to read as follows:

"§431:10A- Group health care coverage; part-time employees. (a) An insurer that provides health care coverage in this state to the regular employees of any group or association shall offer the same coverage to part-time employees of that group or association. If the group or association offers family coverage as defined in section 431:10A-103 to its regular employees, it shall offer the same family coverage to part-time employees. The group or association shall not be required by this section to pay any part of the premium for coverage of part-time employees. The group or association shall be responsible for any administrative duties required for the enrollment of part-time employees such as monitoring eligibility, collecting premiums, and transmitting payment to the insurer."
(b) A group health insurer may limit periods of enrollment for part-time employees to a minimum of thirty calendar days; provided that:

(1) Part-time employees who experience a qualifying event shall enroll with a group health insurer within thirty days of the qualifying event; and

(2) Group health insurers shall be allowed to impose a one-year waiting period against part-time employees who terminate coverage for any reason. If a part-time employee terminates coverage and a one-year waiting period is imposed against the employee, a group health insurer need not reenroll the employee until the period of enrollment following the one-year waiting period.

For the purposes of this section:

"Group or association" shall not include any state or political subdivision of any state, or instrumentality thereof.

"Health care" includes hospitalization, surgery, medical or nursing care, drugs, or restorative appliances.

"Part-time employee" means a person employed by a single employer for at least fifteen, but less than twenty hours per week and for a continuous period of at least eighteen months.
"Qualifying event" means the date on which the part-time employee has been continuously employed by a single employer for a period of eighteen months or the date on which a dependent of the part-time employee becomes eligible for coverage through loss of other health care coverage, marriage, birth, or adoption.

"Regular employee" means a person employed by a single employer for at least twenty hours per week."

SECTION 2. Chapter 432, Hawaii Revised Statutes, is amended by adding a new section to article 1 to be appropriately designated and to read as follows:

"§432:1- Group health care coverage; part-time employees. (a) A mutual benefit society in this state whose hospital and medical service corporation contract provides health care coverage for the regular employees of any group or association shall offer the same coverage to part-time employees of that group or association. If the group or association offers family coverage as defined in section 431:10A-103 to its regular employees, it shall offer the same family coverage to part-time employees. The group or association shall not be required by this section to pay any part of the premium for coverage of part-time employees. The group or association shall
be responsible for any administrative duties required for the
enrollment of part-time employees such as monitoring
eligibility, collecting premiums, and transmitting payment to
the insurer.

(b) A group health insurer may limit periods of enrollment
for part-time employees to a minimum of thirty calendar days;
provided that:

(1) Part-time employees who experience a qualifying event
shall enroll with a group health insurer within thirty
days of the qualifying event; and

(2) Group health insurers shall be allowed to impose a
one-year waiting period against part-time employees
who terminate coverage for any reason. If a part-time
employee terminates coverage and a one-year waiting
period is imposed against the employee, a group health
insurer need not reenroll the employee until the
period of enrollment following the one-year waiting
period.

For the purposes of this section:
"Group or association" shall not include any state or
political subdivision of any state, or instrumentality thereof.
"Health care" includes hospitalization, surgery, medical or nursing care, drugs, or restorative appliances.

"Part-time employee" means a person employed by a single employer for at least fifteen, but less than twenty hours per week and for a continuous period of at least eighteen months.

"Qualifying event" means the date on which the part-time employee has been continuously employed by a single employer for a period of eighteen months or the date on which a dependent of the part-time employee becomes eligible for coverage through loss of other health care coverage, marriage, birth, or adoption.

"Regular employee" means a person employed by a single employer for at least twenty hours per week.

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

"§432D- Group health care coverage; part-time employees."

(a) A health maintenance organization that issues a policy, contract, plan, or agreement in this state that provides health care coverage for the regular employees of any group or association shall offer the same coverage to part-time employees of that group or association. If the group or association
offers family coverage as defined in section 431:10A-103 to its regular employees, it shall offer the same family coverage to part-time employees. The group or association shall not be required by this section to pay any part of the premium for coverage of part-time employees. The group or association shall be responsible for any administrative duties required for the enrollment of part-time employees such as monitoring eligibility, collecting premiums, and transmitting payment to the insurer.

(b) A group health insurer may limit periods of enrollment for part-time employees to a minimum of thirty calendar days; provided that:

(1) Part-time employees who experience a qualifying event shall enroll with a group health insurer within thirty days of the qualifying event; and

(2) Group health insurers shall be allowed to impose a one-year waiting period against part-time employees who terminate coverage for any reason. If a part-time employee terminates coverage and a one-year waiting period is imposed against the employee, a group health insurer need not reenroll the employee until the
period of enrollment following the one-year waiting period.

For the purposes of this section:

"Group or association" shall not include any state or political subdivision of any state, or instrumentality thereof.

"Health care" includes hospitalization, surgery, medical or nursing care, drugs, or restorative appliances.

"Part-time employee" means a person employed by a single employer for at least fifteen, but less than twenty hours per week and for a continuous period of at least eighteen months.

"Qualifying event" means the date on which the part-time employee has been continuously employed by a single employer for a period of eighteen months or the date on which a dependent of the part-time employee becomes eligible for coverage through loss of other health care coverage, marriage, birth, or adoption.

"Regular employee" means a person employed by a single employer for at least twenty hours per week."

SECTION 4. (a) The insurance commissioner shall prepare a report of the costs and benefits of this Act. The report shall be prepared with the cooperation and assistance of the
disability compensation division of the department of labor and industrial relations. The report shall include:

(1) An evaluation of the success of this Act in providing part-time employees with access to health care coverage;

(2) An evaluation of the costs to employees, employers, and insurers of providing that coverage;

(3) Any recommendations concerning this Act; and

(4) Any other information necessary for a reasonable assessment of the costs and benefits of this Act to be made, and to allow health care coverage to be made available to part-time employees at the lowest possible cost.

(b) Each insurer subject to this Act shall submit, at the time and in the form prescribed by the insurance commissioner, the information deemed necessary by the insurance commissioner to complete the report required by this section. In obtaining this information, the insurance commissioner shall seek to minimize an insurer's cost of compliance.

(c) The insurance commissioner shall report its findings, recommendations, and any proposed legislation to the legislature
no later than twenty days prior to the convening of the regular
session of 2011.

SECTION 5. New statutory material is underscored.

SECTION 6. This Act shall take effect on July 1, 2009, and
shall be repealed on July 1, 2014.