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# A BILL FOR AN ACT

RELATING TO PREPAID HEALTH CARE.

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

1           SECTION 1. The legislature finds that the health and  
2 well-being of Hawaii's residents and families are paramount.  
3 Consequently, for over thirty years, the Hawaii Prepaid Health  
4 Care Act has protected the welfare of the people of Hawaii,  
5 offering residents unparalleled access to health care benefits  
6 and services. The Hawaii Prepaid Health Care Act has  
7 accomplished this through various mandates, such as requiring  
8 employers who employ one or more full-time employees to provide  
9 health insurance, setting the standards for health care coverage  
10 in Hawaii, limiting the amount that employees must contribute to  
11 premiums, and requiring employees to accept coverage unless  
12 covered under another health insurance plan (e.g., a spouse's  
13 plan). This has resulted in Hawaii having robust health care  
14 plans, low uninsured rates, and some of the lowest premiums in  
15 the country. While Hawaii experiences some of the same issues  
16 relative to access, quality, and cost as other states across the  
17 country, the Hawaii Prepaid Health Care Act has ensured system  
18 stability throughout the State.



1           The legislature further finds that at the time the Hawaii  
2 Prepaid Health Care Act was enacted, the legislature anticipated  
3 future federal health care reform legislation. Thus, the Hawaii  
4 Prepaid Health Care Act included a termination clause in the  
5 event such federal legislation was passed. Section 393-51,  
6 Hawaii Revised Statutes, states:

7           This chapter shall terminate upon the effective date  
8 of federal legislation that provides for voluntary  
9 prepaid health care for the people of Hawaii in a  
10 manner at least as favorable as the health care  
11 provided by this chapter, or upon the effective date  
12 of federal legislation that provides for mandatory  
13 prepaid health care for the people of Hawaii.

14           The legislature further finds that in 1993, the  
15 newly-installed Clinton administration launched health care  
16 reform onto the national agenda. Concerned that the federal law  
17 would jeopardize the quality of health care that people enjoyed  
18 in Hawaii because of the Hawaii Prepaid Health Care Act, the  
19 legislature enacted Act 99, Session Laws of Hawaii 1994, which  
20 repeals the Hawaii Prepaid Health Care Act's termination clause  
21 upon the effective date of any federal act permitting an  
22 amendment of the Hawaii Prepaid Health Care Act.



1 While the Clinton health care reform did not materialize,  
2 national health care reform finally became a reality with the  
3 enactment of the federal Patient Protection and Affordable Care  
4 Act in 2010. Although the Patient Protection and Affordable  
5 Care Act generally provides for individual and employer health  
6 care coverage, it acknowledges the success of Hawaii's prepaid  
7 health care model by providing for the continuance of the Hawaii  
8 Prepaid Health Care Act in Section 1560(b) of the Patient  
9 Protection and Affordable Care Act, as follows:

10 Nothing in this title (or an amendment made by this  
11 title) shall be construed to modify or limit the  
12 application of the exemption for Hawaii's Prepaid  
13 Health Care Act (Haw. Rev. Stat. §§ 393-1 et seq.) as  
14 provided for under section 514(b)(5) of the Employee  
15 Retirement Income Security Act of 1974 (29 U.S.C.  
16 1144(b)(5)).

17 The legislature is supportive of the Patient Protection and  
18 Affordable Care Act and the efforts of the President and United  
19 States Congress to bring the nation closer to achieving  
20 universal health care. However, the legislature continues to  
21 believe that the Hawaii Prepaid Health Care Act provides  
22 superior benefits for the people of Hawaii, and the legislature



1 is wary that current efforts to repeal or amend the federal  
2 Patient Protection and Affordable Care Act may jeopardize the  
3 Hawaii Prepaid Health Care Act. Therefore, the legislature  
4 believes it is imperative to eliminate all provisions for and  
5 references to the termination of the Hawaii Prepaid Health Care  
6 Act.

7 SECTION 2. Act 99, Session Laws of Hawaii 1994, is  
8 repealed.

9 SECTION 3. Chapter 393, part V, Hawaii Revised Statutes,  
10 is repealed.

11 SECTION 4. This Act shall take effect upon its approval.



**Report Title:**

Health Insurance; Prepaid Health Care

**Description:**

Repeals part V of the Hawaii Prepaid Health Care Act and Act 99, Session Laws of Hawaii 1994, relating to the future termination of the prepaid health care law. (SD2)

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

