
A BILL FOR AN ACT

RELATING TO THE HAWAII HEALTH CONNECTOR.

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

1 SECTION 1. The legislature finds that the federal Patient
2 Protection and Affordable Care Act of 2010 (Affordable Care Act)
3 required states to establish health insurance exchanges to
4 connect buyers and sellers of health and dental insurance and
5 facilitate the purchase and sale of federally-qualified health
6 insurance plans and qualified dental plans. The initial intent
7 of the state health insurance exchanges was to reduce the number
8 of uninsured individuals, provide a transparent marketplace,
9 conduct consumer education, and assist individuals in gaining
10 access to assistance programs, premium assistance tax credits,
11 and cost-share reductions.

12 The legislature further finds that, largely due to the
13 success of the Hawaii Prepaid Health Care Act, the State enjoys
14 an overall healthier population, lower uninsured rates, and
15 lower premium costs than mainland states. It is, therefore,
16 imperative that Hawaii's health insurance exchange, known as the
17 Hawaii health connector, work in tandem with the Hawaii Prepaid



1 Health Care Act to preserve the Prepaid Health Care Act's
2 existing benefits for Hawaii residents.

3 The legislature additionally finds that, as part of its
4 initial phase of operation, the Hawaii health connector has
5 benefited from new tax credits available under the Affordable
6 Care Act, including the advanced premium tax credit and small
7 business health insurance tax credit. The combined value of
8 these benefits through 2024 is estimated at \$505,000,000, which
9 is expected to provide direct financial stimulus to the State,
10 facilitate the expansion of health insurance, and reduce
11 uncompensated health care costs associated with the delivery of
12 medical services to the State's eligible population.

13 The legislature also finds that the Hawaii health connector
14 can provide further services to the people of Hawaii through the
15 expanded use of its business model and technologies. The Hawaii
16 health connector has the capability to provide non-biased
17 enrollment, implementation, and benefit administration services
18 for employers and their employees, which will generate
19 additional revenue. The connector also has the potential to
20 provide an integrated solution for medicaid enrollment and



1 state-provided social services, which will reduce state social
2 services costs.

3 The purpose of this Act is to:

4 (1) Ensure that group health plans offered through the
5 Connector are in compliance with federal network
6 adequacy requirements through requiring that insurers
7 contract for with federally-qualified health centers
8 in relevant service areas to provide covered services;
9 and

10 (2) Facilitate the Connector's achievement of financial
11 self-sustainability by authorizing the Connector to
12 develop independent revenue streams through providing
13 certain benefit administration services on the open
14 market.

15 SECTION 2. Section 435H-1, Hawaii Revised Statutes, is
16 amended by adding a new definition to be appropriately inserted
17 and to read as follows:

18 "Qualified health plan" means a qualified plan or a
19 qualified dental plan."

20 SECTION 3. Section 431:2-201.5, Hawaii Revised Statutes,
21 is amended to read as follows:



1 "§431:2-201.5 Conformity to federal law. (a) The
2 provisions of title 42 United States Code section 300gg, et
3 seq., as they relate to group and individual health insurance
4 shall apply to title 24, except:

5 (1) Where state law provides greater health benefits or
6 coverage than title 42 United States Code section
7 300gg, et seq., state law shall be applicable; and

8 (2) This section shall not apply to or affect life
9 insurance, endowment, or annuity contracts, or any
10 supplemental contract thereto, described in section
11 431:10A-101(4).

12 (b) The following definitions shall be used when applying
13 title 42 United States Code section 300gg, et seq.:

14 "Employee" means an employee who works on a full-time basis
15 with a normal workweek of twenty hours or more.

16 "Group health issuer" means all persons offering health
17 insurance coverage to any group or association, but shall not
18 include those persons offering benefits exempted from title I of
19 the Health Insurance Portability and Accountability Act of 1996,
20 P.L. 104-191, under sections 732(c) and 733(c) of title I of the



1 Employee Retirement Income Security Act of 1974 and sections
2 2747 and 2791(c) of the Public Health Service Act.

3 "Small employer" means, in connection with a group health
4 plan with respect to a calendar year and a plan year, an
5 employer who employed an average of at least one but no more
6 than fifty employees on business days during the preceding
7 calendar year and who employs at least one employee on the first
8 day of the plan year.

9 (c) All group health issuers shall offer all small group
10 health plans to all small employers whose employees live, work,
11 or reside in the group health issuer's service areas; provided
12 that the commissioner may exempt a group health issuer if the
13 commissioner determines that the group health issuer does not
14 have the capacity to deliver services adequately to enrollees of
15 additional groups given its obligation to existing employer
16 groups; and provided further that the commissioner shall exempt
17 from this subsection group health plans offered to small
18 employers that employ only one employee, if the group health
19 issuer offers the small employer groups at least one small group
20 health plan that meets the requirements of chapter 393, and upon
21 the determination by the commissioner that the group health



1 issuer has the capacity to adequately deliver services to
2 enrollees of the additional groups, subject to its obligations
3 to existing employer groups.

4 (d) A group health issuer shall be prohibited from
5 imposing any preexisting condition exclusion.

6 (e) All group health issuers shall:

7 (1) Offer to enter into a contract with any federally-
8 qualified health center that serves the same
9 geographic area as at least one qualified health plan
10 of the issuer to provide all covered ambulatory
11 services offered by the federally-qualified health
12 center to ensure reasonable and timely access to
13 services for medically underserved individuals in the
14 qualified health plan's service area in accordance
15 with the network adequacy standards of the Hawaii
16 health connector; and

17 (2) Reimburse each federally-qualified health center for
18 services provided under the contract at a rate that is
19 not less than:

20 (A) The amount that would have been paid to
21 federally-qualified health center for the same



1 service pursuant to section 1902(bb) of the
2 Social Security Act, 42 United States Code
3 section 1396a; or

4 (B) A rate that is mutually agreed upon by the
5 federally-qualified health center and the group
6 health issuer and that is not less than issuer's
7 generally-applicable payment rate for the same
8 service.

9 Nothing in this subsection shall be construed to require
10 the group health issuer to contract with any entity that refuses
11 to accept the issuer's generally applicable payment rate.

12 Nothing in this subsection shall be construed to affect any
13 contract entered into by a group health issuer that is in effect
14 as of the effective date of Act , Session Laws of Hawaii
15 2015.

16 For purposes of this section, "federally-qualified health
17 center" has the same meaning as in section 1905(1)(2)(B) of the
18 Social Security Act, title 42 United States Code section 1396d.

19 [~~e~~] (f) The commissioner may adopt rules to implement,
20 clarify, or conform title 24 to title 42 United States Code
21 section 300gg, et seq.



1 ~~[(f)]~~ (g) The adoption of the Health Insurance Portability
2 and Accountability Act of 1996, P.L. 104-191, for the purposes
3 of title 24 is not an adoption for any purposes for income taxes
4 under chapter 235.

5 ~~[(g)]~~ (h) The State shall have jurisdiction over any
6 matter that title 42 United States Code section 300gg, et seq.,
7 permits, including jurisdiction over enforcement.

8 ~~[(h)]~~ (i) As used in this section, "small group health
9 plans" means the medical plans currently offered, advertised, or
10 marketed by a group health issuer for small employers."

11 SECTION 4. Section 435H-2, Hawaii Revised Statutes, is
12 amended by amending subsections (b) and (c) to read as follows:

13 "(b) The purposes of the connector shall include:

14 (1) Facilitating the purchase and sale of qualified plans
15 and qualified dental plans;

16 (2) Connecting consumers to the information necessary to
17 make informed health care choices;

18 (3) Enabling consumers to purchase coverage and manage
19 health and dental plans electronically; ~~[and]~~



1 (4) Performing any and all other duties required of a
2 health insurance exchange pursuant to the Federal
3 Act [-]; and

4 (5) Providing enrollment, implementation, and benefit
5 administration services for employers and their
6 employees for non-qualified health plans.

7 (c) The connector shall serve as a clearinghouse for
8 enrollment and information on all qualified plans and qualified
9 dental plans listed or included in the connector."

10 SECTION 5. Section 435H-3, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "§435H-3 Funding. (a) The connector may receive
13 contributions, grants, endowments, fees, or gifts in cash or
14 otherwise from public and private sources including
15 corporations, businesses, foundations, governments, individuals,
16 and other sources subject to rules adopted by the board. The
17 State may appropriate moneys to the connector. As required by
18 section 1311(d) (5) (A) of the Federal Act, the connector shall be
19 self-sustaining by January 1, 2015 [~~, and~~]. To achieve continued
20 self-sustainability, the connector may charge assessments or
21 user fees to participating [~~health and dental~~] carriers, or may



1 otherwise generate non-insurer based funding to support its
2 operations. Moneys received by or under the supervision of the
3 connector shall not be placed into the state treasury and the
4 State shall not administer any moneys of the connector nor be
5 responsible for the financial operations or solvency of the
6 connector.

7 (b) In addition to any other means of generating revenue
8 pursuant to subsections (a) [~~and~~], (c), and (d), the connector
9 may sell or lease its information technology infrastructure and
10 services to other separate non-connector programs; provided that
11 the sale or lease is in compliance with federal regulations.

12 (c) In addition to any other means of generating revenue
13 pursuant to subsections (a) [~~and~~], (b), and (d), the connector
14 may also charge fees for displaying advertisements for ancillary
15 services on the connector's website.

16 (d) In addition to any other means of generating revenue
17 pursuant to subsections (a), (b), and (c), the connector may
18 conduct enrollment, implementation, and benefit administration
19 services for employers and their employees for non-qualified
20 health plans or other ancillary products and services.



1 ~~[(d)]~~ (e) All plans to generate revenue for the connector
2 shall be in compliance with federal ~~[law.]~~ and state laws,
3 rules, and regulations."

4 SECTION 6. Section 435H-11, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "~~[+]§435H-11[+]~~ Network adequacy. (a) The commissioner
7 shall provide the Hawaii health connector with a list of
8 qualified health plans that meet network adequacy standards as
9 determined by the commissioner. The network adequacy standards
10 shall include, but not be limited to adherence to the
11 requirements for contracts with federally-qualified health
12 centers under section 431:2-201.5(e).

13 (b) For purposes of this section, "federally-qualified
14 health center" has the same meaning as in section 1905(1)(2)(B)
15 of the Social Security Act, title 42 United States Code section
16 1396d."

17 SECTION 7. This Act does not affect the application of any
18 provision effective on the effective date of this Act, or any
19 rights and duties that matured, penalties that were incurred,
20 and proceedings that were begun pursuant to a contract entered
21 into by a group health issuer before its effective date.



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

3 SECTION 9. This Act shall take effect on July 1, 2112.



Report Title:

Hawaii Health Connector; Network Adequacy; Revenue

Description:

Implements federal requirements for provider network adequacy through requiring insurer contracts with federally-qualified health centers. Authorizes generation of revenue through provision of benefits administration services. (SB1028 HD1)

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

