SENATE CONCURRENT RESOLUTION

URGING THE DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS TO PREPARE A CHECKLIST FOR EMPLOYERS WISHING TO OFFER A HIGH DEDUCTIBLE HEALTH PLAN FOR USE WITH A HEALTH SAVINGS ACCOUNT TO FACILITATE THE SUBMISSION AND APPROVAL PROCESS FOR EMPLOYERS SEEKING SUCH PACKAGES.

WHEREAS, since January 1, 2004, employers across the nation have had the option, through section 223 of the Internal Revenue Code, to offer high deductible health plans to their employees to enable the employees to receive favorable federal tax benefits when they open a health savings account; and

WHEREAS, Hawaii income tax law conforms to section 223 of the Internal Revenue Code through section 235-2.3(a), Hawaii Revised Statutes, and also affords favorable state tax treatment to health savings accounts; and

WHEREAS, pursuant to section 393-7, Hawaii Revised Statutes, an employer subject to the Hawaii Prepaid Health Care Act must receive approval from the Director of Labor and Industrial Relations in order to offer its employees a healthcare option, such as a high deductible health plan in tandem with a health savings account, in addition to coverage under a prepaid health care plan; and

WHEREAS, the current Director of Labor and Industrial Relations has stated through testimony that it is possible for a high deductible health plan, in tandem with a health savings account, to satisfy section 393-7(b), Hawaii Revised Statutes, depending on the specific package containing the high deductible health plan and health savings account that an employer presents to the Director; and

WHEREAS, in order for a package containing a high deductible health plan and health savings account to receive
widespread support, it would need to require the employer to make a certain level of contribution to the health savings account and a certain level of contribution to the cost of the coverage of dependents under a package; and

WHEREAS, an employer is not required to offer a package containing a high deductible health plan and health savings account, nor is any employee required to enroll in such a package; and

WHEREAS, the significant federal and state tax benefits to employees who hold health savings accounts include the deductibility of contributions to health savings accounts, subject to a limit; tax-free growth of the contributions held by health savings accounts; and the exemption from income tax of any distribution from a health savings account if the distribution is used exclusively to pay qualified medical expenses; now, therefore,

BE IT RESOLVED by the Senate of the Twenty-ninth Legislature of the State of Hawaii, Regular Session of 2017, the House of Representatives concurring, that the Department of Labor and Industrial Relations is urged to prepare a checklist for employers wishing to offer a high deductible health plan for use with a health savings account to facilitate the submission and approval of high deductible health plan and health savings account packages submitted to the Director of Labor and Industrial Relations for approval; and

BE IT FURTHER RESOLVED that the requested checklist prepared by the Department of Labor and Industrial Relations be utilized to help avoid administrative submission issues with receiving approval under section 393-7(b), Hawaii Revised Statutes, as well as submission to the Prepaid Health Care Advisory Council; and

BE IT FURTHER RESOLVED that a certified copy of this Concurrent Resolution be transmitted to the Director of Labor and Industrial Relations.