
A BILL FOR AN ACT

RELATING TO HEALTH INSURANCE RATES.

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

1 PART I

2 SECTION 1. Section 431:14G-103, Hawaii Revised Statutes,
3 is amended to read as follows:

4 "[+]§431:14G-103[+] Making of rates[-]; community rating.

5 (a) Rates shall not be excessive, inadequate, or unfairly
6 discriminatory and shall be reasonable in relation to the costs
7 of the benefits provided.

8 (b) Except to the extent necessary to meet subsection (a),
9 uniformity among managed care plans covering more than fifty
10 members in any matters within the scope of this section shall be
11 neither required nor prohibited.

12 (c) Rates for individual plans and plans covering more
13 than one member and less than fifty-one members shall be
14 established pursuant to community rating.

15 For the purposes of this subsection, "community rating"
16 means a rating methodology in which the premium for all persons
17 covered by a policy or contract form is the same, based upon the
18 experience of the entire pool of risks covered by that policy or



1 contract form without regard to age, sex, health status, tobacco
2 use, or occupation."

3 PART II

4 SECTION 2. (a) The Hawaii health connector shall
5 establish a temporary premium subsidy program to offset all or
6 some of the increases in health insurance premiums that result
7 from the application of age-based premium ratings in compliance
8 with section 1201 of the federal act. The subsidy shall be
9 available to persons that purchase qualified plans through the
10 Hawaii health connector. The temporary premium subsidy program
11 shall apply to qualified plans in the individual market and the
12 small group market purchased through the connector.

13 (b) For plan years beginning on or after January 1, 2014,
14 through December 31, 2016, the Hawaii health connector shall pay
15 to a person that purchases a qualified plan through the Hawaii
16 health connector a premium subsidy amount that is determined by
17 the commissioner as provided in subsection (c).

18 (c) In accordance with rules adopted pursuant to
19 subsection (d), the insurance commissioner shall determine the
20 amount of the premium subsidy to be paid pursuant to subsection
21 (b) and shall transfer this amount to the Hawaii health



1 connector for the purposes of funding the temporary premium
2 subsidy program.

3 (d) The Hawaii health connector, in consultation with the
4 insurance commissioner, shall develop rules and procedures to
5 establish subsidy amounts and administer the temporary premium
6 subsidy program.

7 (e) As used in this section:

8 "Federal act" means the Patient Protection and Affordable
9 Care Act (Public Law 111-148), as amended, and any regulations
10 adopted thereunder.

11 "Qualified plan" shall have the same meaning as defined in
12 section 435H-1, Hawaii Revised Statutes.

13 SECTION 3. There is appropriated out of the general
14 revenues of the State of Hawaii the sum of \$ or so much
15 thereof as may be necessary for fiscal year 2014-2015 for the
16 purposes of the temporary premium subsidy program established
17 pursuant to this part.

18 The sum appropriated shall be expended by the department of
19 commerce and consumer affairs for the purposes of this part.

20 PART III

21 SECTION 4. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.



1 SECTION 5. This Act shall take effect on July 1, 2112.



Report Title:

Health Insurance; Rates; Community Rating; Premiums

Description:

Requires individual health insurance plans and small group plans to establish rates based upon community rating. Creates a temporary premium subsidy program to offset certain rate increases for qualified plans purchased through the Hawaii Health Connector. Effective 07/01/2112. (HD2)

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

