

JAN 25 2006

A BILL FOR AN ACT

RELATING TO UNMARRIED COUPLES.

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

1 SECTION 1. The legislature finds that there are many
2 individuals living in Hawaii who have significant personal,
3 emotional, and economic relationships with another individual,
4 yet are prohibited from marrying. Therefore, in 1997, the
5 legislature passed legislation that recognizes that the benefits
6 and rights hither to available only to married couples should be
7 made available to couples in a reciprocal beneficiary
8 relationship.

9 The State's employees' retirement system has since
10 recognized the rights of state employees in reciprocal
11 beneficiary relationships. However, when the State's Hawaii
12 employer-union health benefits trust fund was created in 2001,
13 the law omitted reference to reciprocal beneficiaries.

14 The purpose of this Act is to ensure parity between
15 unmarried couples and married couples by extending the benefits
16 provided under the State's employer-union health benefits trust
17 fund to reciprocal beneficiaries.



1 SECTION 2. Section 87A-1, Hawaii Revised Statutes, is
2 amended by adding a new definition to be appropriately inserted
3 and to read as follows:

4 ""Reciprocal beneficiaries" or "reciprocal beneficiary"
5 shall have the meaning ascribed to them in section 572C-3."

6 SECTION 3. Section 87A-1, Hawaii Revised Statutes, is
7 amended by amending the definitions of "dependent-beneficiary",
8 "employee-beneficiary", and "qualified-beneficiary" to read as
9 follows:

10 ""Dependent-beneficiary" means an employee-beneficiary's:

- 11 (1) Spouse[+] or reciprocal beneficiary;
12 (2) Unmarried child deemed eligible by the board,
13 including a legally adopted child, stepchild, foster
14 child, or recognized natural child who lives with the
15 employee-beneficiary; and
16 (3) Unmarried child regardless of age who is incapable of
17 self-support because of a mental or physical
18 incapacity, which existed prior to the unmarried
19 child's reaching the age of nineteen years.

20 "Employee-beneficiary" means:

- 21 (1) An employee;



- 1 (2) The beneficiary of an employee who is killed in the
- 2 performance of the employee's duty;
- 3 (3) An employee who retired prior to 1961;
- 4 (4) The beneficiary of a retired member of the employees'
- 5 retirement system; a county pension system; or a
- 6 police, firefighters, or bandsmen pension system of
- 7 the State or a county, upon the death of the retired
- 8 member;
- 9 (5) The surviving child of a deceased retired employee, if
- 10 the child is unmarried and under the age of nineteen;
- 11 or
- 12 (6) The surviving spouse or reciprocal beneficiary of a
- 13 deceased retired employee, if the surviving spouse or
- 14 reciprocal beneficiary does not subsequently
- 15 remarry[+] or enter into a new reciprocal beneficiary
- 16 relationship;
- 17 provided that the employee, the employee's beneficiary, or the
- 18 beneficiary of the deceased retired employee is deemed eligible
- 19 by the board to participate in a health benefits plan or long-
- 20 term care benefits plan under this chapter.
- 21 "Qualified-beneficiary" means, for purposes of the long-
- 22 term care benefits plan, a former employee or an employee who is



1 not eligible for benefits due to a reduction in work hours,
2 including the spouse, or reciprocal beneficiary, divorced
3 spouse, parents, grandparents, in-law parents, and in-law
4 grandparents of an employee or retiree; provided that the
5 beneficiary was enrolled in the plan before the employee or
6 former employee became ineligible for benefits."

7 SECTION 4. Section 87A-18, Hawaii Revised Statutes, is
8 amended by amending subsections (a) and (b) to read as follows:

9 "(a) The board may establish a long-term care benefits
10 plan or plans for employee-beneficiaries; the spouses[~~7~~] or
11 reciprocal beneficiaries, parents, grandparents, in-law parents,
12 and in-law grandparents of employee-beneficiaries; and
13 qualified-beneficiaries. The plan or plans shall be at no cost
14 to employers and shall comply with article 10H of chapter 431.

15 (b) Notwithstanding any other law to the contrary, long-
16 term care benefits shall be available only to:

17 (1) Employee-beneficiaries and their spouses[~~7~~] or
18 reciprocal beneficiaries, parents, and grandparents;

19 (2) Employee-beneficiary in-law parents and grandparents;
20 and

21 (3) Qualified-beneficiaries who enroll between the ages of
22 twenty and eighty-five,



1 who comply with the plan's age, enrollment, medical
2 underwriting, and contribution requirements."

3 SECTION 5. Section 87A-23, Hawaii Revised Statutes, is
4 amended to read as follows:

5 **"§87A-23 Health benefits plan supplemental to medicare.**

6 The board shall establish a health benefits plan, which takes
7 into account benefits available to an employee-beneficiary and
8 spouse or reciprocal beneficiary under medicare, subject to the
9 following conditions:

10 (1) There shall be no duplication of benefits payable
11 under medicare. The plan under this section, which
12 shall be secondary to medicare, when combined with
13 medicare and any other plan to which the health
14 benefits plan is subordinate under the National
15 Association of Insurance Commissioners' coordination
16 of benefit rules, shall provide benefits that
17 approximate those provided to a similarly situated
18 beneficiary not eligible for medicare;

19 (2) The State, through the department of budget and
20 finance, and the counties, through their respective
21 departments of finance, shall pay to the fund a
22 contribution equal to an amount not less than the



1 medicare part B premium, for voluntary medical
2 insurance coverage under medicare for retired members
3 of the employees' retirement system; county pension
4 system; or a police, firefighters, or bandsmen pension
5 system of the State or a county as set forth in
6 chapter 88; provided that if the amount reimbursed by
7 the fund to the retiree is less than the actual cost
8 of the medicare part B medical insurance plan due to
9 an increase in the medicare part B medical insurance
10 plan rate, the fund shall reimburse the retiree for
11 the cost increase within thirty days of the rate
12 change. The contribution shall be made for each:
13 (A) Employee-beneficiary who is a retired employee;
14 (B) Employee-beneficiary's spouse or reciprocal
15 beneficiary while the employee-beneficiary is
16 living; and
17 (C) The employee-beneficiary's spouse~~[7]~~ or
18 reciprocal beneficiary, after the death of the
19 employee-beneficiary, if the spouse or reciprocal
20 beneficiary qualifies as an employee-beneficiary;
21 (3) The benefits available under this plan, when combined
22 with benefits available under medicare or any other



1 coverage or plan to which this plan is subordinate
2 under the National Association of Insurance
3 Commissioners' coordination of benefit rules, shall
4 approximate the benefits that would be provided to a
5 similarly situated employee-beneficiary not eligible
6 for medicare;

7 (4) All employee-beneficiaries or dependent-beneficiaries
8 who are eligible to enroll in the medicare part B
9 medical insurance plan shall enroll in that plan as a
10 condition of receiving contributions and participating
11 in benefits plans under this chapter. This paragraph
12 shall apply to retired employees, their spouses~~[7]~~ or
13 reciprocal beneficiaries, and the surviving spouses or
14 reciprocal beneficiaries of deceased retirees and
15 employees killed in the performance of duty; and

16 (5) The board shall determine which of the employee-
17 beneficiaries and dependent-beneficiaries, who are not
18 enrolled in the medicare part B medical insurance
19 plan, may participate in the plans offered by the
20 fund."

21 SECTION 6. Section 87A-32, Hawaii Revised Statutes, is
22 amended by amending subsection (a) to read as follows:



1 "(a) The State, through the department of budget and
2 finance, and the counties, through their respective departments
3 of finance, shall pay to the fund a monthly contribution equal
4 to the amount established under chapter 89C or specified in the
5 applicable public sector collective bargaining agreements,
6 whichever is appropriate, for each of their respective employee-
7 beneficiaries and employee-beneficiaries with dependent-
8 beneficiaries, which shall be used toward the payment of costs
9 of a health benefits plan; provided that:

10 (1) The monthly contribution shall be a specified dollar
11 amount;

12 (2) The monthly contribution shall not exceed the actual
13 cost of a health benefits plan;

14 (3) If both husband and wife or reciprocal beneficiaries
15 are employee-beneficiaries, the total contribution by
16 the State or the county shall not exceed the monthly
17 contribution for a family plan; and

18 (4) If the State or any of the counties establish
19 cafeteria plans in accordance with Title 26, United
20 States Code section 125, the Internal Revenue Code of
21 1986, as amended, and part II of chapter 78, the
22 monthly contribution for those employee-beneficiaries



1 who participate in a cafeteria plan shall be made
2 through the cafeteria plan, and the payments made by
3 the State or counties shall include their respective
4 contributions to the fund and their employee-
5 beneficiary's share of the cost of the employee-
6 beneficiary's health benefits plan."

7 SECTION 7. Section 87A-33, Hawaii Revised Statutes, is
8 amended by amending subsections (b) and (c) to read as follows:

9 "(b) Effective July 1, 2003, there is established a base
10 monthly contribution for health benefit plans that the State,
11 through the department of budget and finance, and the counties,
12 through their respective departments of finance, shall pay to
13 the fund, up to the following:

- 14 (1) \$218 for each employee-beneficiary enrolled in
15 supplemental medicare self plans;
- 16 (2) \$671 for each employee-beneficiary enrolled in
17 supplemental medicare family plans;
- 18 (3) \$342 for each employee-beneficiary enrolled in non-
19 medicare self plans; and
- 20 (4) \$928 for each employee-beneficiary enrolled in non-
21 medicare family plans.



1 The monthly contribution by the State or county shall not exceed
2 the actual cost of the health benefits plan or plans. If both
3 husband and wife or reciprocal beneficiaries are employee-
4 beneficiaries, the total contribution by the State or county
5 shall not exceed the monthly contribution for a supplemental
6 medicare family or non-medicare family plan, as appropriate.

7 (c) Effective July 1, 2004, there is established a base
8 monthly contribution for health benefit plans that the State,
9 through the department of budget and finance, and the counties,
10 through their respective departments of finance, shall pay to
11 the fund, up to the following:

- 12 (1) \$254 for each employee-beneficiary enrolled in
13 supplemental medicare self plans;
- 14 (2) \$787 for each employee-beneficiary enrolled in
15 supplemental medicare family plans;
- 16 (3) \$412 for each employee-beneficiary enrolled in non-
17 medicare self plans; and
- 18 (4) \$1,089 for each employee-beneficiary enrolled in non-
19 medicare family plans.

20 The monthly contribution by the State or county shall not
21 exceed the actual cost of the health benefit plan or plans and
22 shall not be required to cover increased benefits above those



1 initially contracted for by the fund for plan year 2004-2005.
2 If both husband and wife or reciprocal beneficiaries are
3 employee-beneficiaries, the total contribution by the State or
4 county shall not exceed the monthly contribution for a
5 supplemental medicare family or non-medicare family plan, as
6 appropriate."

7 SECTION 8. Section 87A-34, Hawaii Revised Statutes, is
8 amended by amending subsection (b) to read as follows:

9 "(b) The State, through the department of budget and
10 finance, and the counties, through their respective departments
11 of finance, shall pay to the fund a monthly contribution equal
12 to one-half of the base monthly contribution set forth under
13 section 87A-33(b) for retired employees enrolled in medicare or
14 non-medicare health benefits plans. If both husband and wife or
15 reciprocal beneficiaries are employee-beneficiaries, the total
16 contribution by the State or county shall not exceed the monthly
17 contribution for supplemental medicare family or non-medicare
18 family plan, as appropriate."

19 SECTION 9. Section 87A-35, Hawaii Revised Statutes, is
20 amended by amending subsection (c) to read as follows:



1 "(c) The State, through the department of budget and
2 finance, and the counties, through their respective departments
3 of finance, shall pay to the fund:

4 (1) For retired employees enrolled in medicare or non-
5 medicare health benefit plans with ten or more years
6 but fewer than fifteen years of service, a monthly
7 contribution equal to one-half of the base monthly
8 contribution set forth under section 87A-33(b); and

9 (2) For retired employees enrolled in medicare or non-
10 medicare health benefit plans with at least fifteen
11 but fewer than twenty-five years of service, a monthly
12 contribution of seventy-five per cent of the base
13 monthly contribution set forth under section 87A-
14 33(b).

15 If both husband and wife or reciprocal beneficiaries are
16 employee-beneficiaries, the total contribution by the State or
17 county shall not exceed the monthly contribution for a
18 supplemental medicare family or non-medicare family plan, as
19 appropriate."

20 SECTION 10. Section 87A-36, Hawaii Revised Statutes, is
21 amended by amending subsection (c) to read as follows:



1 "(c) The State, through the department of budget and
2 finance, and the counties, through their respective departments
3 of finance, shall pay to the fund:

4 (1) For retired employees based on the self plan with ten
5 or more years but fewer than fifteen years of service,
6 a monthly contribution equal to one-half of the base
7 medicare or non-medicare monthly contribution set
8 forth under section 87A-33(b);

9 (2) For retired employees based on the self plan with at
10 least fifteen but fewer than twenty-five years of
11 service, a monthly contribution equal to seventy-five
12 per cent of the base medicare or non-medicare monthly
13 contribution set forth under section 87A-33(b);

14 (3) For retired employees based on the self plan with
15 twenty-five or more years of service, a monthly
16 contribution equal to one-hundred per cent of the base
17 medicare or non-medicare monthly contribution set
18 forth under section 87A-33(b); and

19 (4) One-half of the monthly contributions for the
20 employee-beneficiary or employee-beneficiary with
21 dependent-beneficiaries upon the death of the



1 employee, as defined in paragraph (1)(E) of the
2 definition of "employee" in section 87A-1.

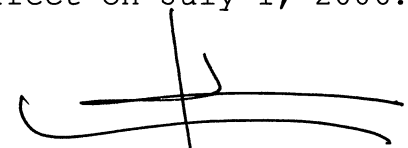
3 If both husband and wife or reciprocal beneficiaries are
4 employee-beneficiaries, the total contribution by the State or
5 county shall not exceed the monthly contribution for two
6 supplemental medicare self or non-medicare self plans, as
7 appropriate."

8 SECTION 11. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

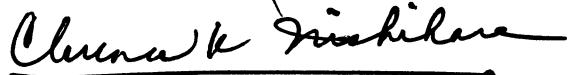
10 SECTION 12. This Act shall take effect on July 1, 2006.

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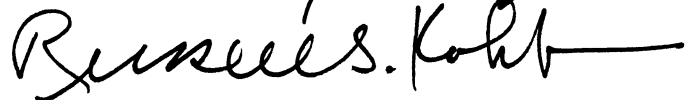
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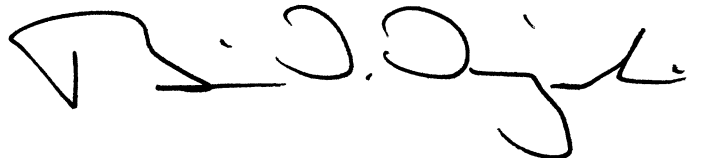














Report Title:

Employer-Union Health Benefits Trust Fund

SB 2925

Description:

Ensures parity between unmarried couples and married couples by extending the benefits provided under the State's employer-union health benefits trust fund to reciprocal beneficiaries.

