
A BILL FOR AN ACT

RELATING TO PUBLIC EMPLOYEES.

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

1 SECTION 1. The legislature finds that the State is
2 undergoing a significant and possibly protracted economic
3 downturn in tandem with the national and global economic and
4 financial crises. Numerous jobs have been lost, a number of
5 large and small companies have declared bankruptcy or left the
6 State, and many families have suffered foreclosure on their
7 over-mortgaged houses. In the past year, the council on
8 revenues has consistently reduced its forecasts of Hawaii's tax
9 revenues. Across-the-board spending restrictions have already
10 been put in place in state government and a general hiring
11 freeze has already been implemented except in areas that impact
12 public health and safety.

13 In the face of these extraordinary conditions, the State
14 cannot proceed with business as usual. All resources must be
15 examined to address critical statewide health, safety, and
16 educational needs. Accordingly, the purpose of this Act is to
17 generate additional general funds to ensure the delivery of
18 critical services statewide by suspending the respective state



1 and county contributions to the employer-union health benefits
2 trust fund for premiums of all state and county public employees
3 who elect to retire after July 1, 2009, regardless of date of
4 hire or years of service, if the employee retires before
5 reaching medicare retirement age; provided that:

6 (1) State and county monthly contributions shall resume
7 upon the employee reaching medicare retirement age;
8 and

9 (2) An employee who retires before reaching medicare
10 retirement age may continue health care coverage by
11 paying the monthly state or county contributions.

12 SECTION 2. Section 87A-33, Hawaii Revised Statutes, is
13 amended by amending subsection (a) to read as follows:

14 "(a) Notwithstanding any law to the contrary, this section
15 shall apply to state and county contributions to the fund for:

16 (1) The dependent-beneficiary of an employee who is killed
17 in the performance of duty;

18 (2) A dependent-beneficiary, upon the death of the
19 employee-beneficiary, except as provided in section
20 87A-36;



1 (3) An employee-beneficiary who retired after June 30,
2 1984, due to a disability falling within sections 88-
3 79 and 88-285;

4 (4) An employee-beneficiary who retired before July 1,
5 1984;

6 (5) An employee-beneficiary who:

7 (A) Was hired before July 1, 1996;

8 (B) Retired after June 30, 1984; and

9 (C) Who has ten years or more of credited service,
10 excluding sick leave;

11 (6) An employee-beneficiary who:

12 (A) Was hired after June 30, 1996; and

13 (B) Retired with twenty-five or more years of
14 credited service, excluding sick leave, except as
15 provided in section 87A-36; and

16 (7) Employees who retired prior to 1961 and their
17 dependent-beneficiaries[-];

18 provided that if the employee-beneficiary elects to retire after
19 July 1, 2009, and has not attained the medicare retirement age
20 on the date of retirement, this section shall not apply to state
21 and county contributions to the fund for any employee-
22 beneficiary under paragraphs (5) and (6) for the period



1 beginning on the date of retirement and ending on the date the
2 employee-beneficiary reaches medicare retirement age; provided
3 further that the employee-beneficiary may continue health
4 coverage under this chapter if the employee-beneficiary elects
5 to pay an amount equal to the respective state or county monthly
6 contribution toward premiums."

7 SECTION 3. Section 87A-33.5, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "~~[+]~~ §87A-33.5 ~~[+]~~ **State and county contribution;**
10 **reimbursement for retired employees.** (a) Effective July 1,
11 2007, an employee-beneficiary who retires and relocates outside
12 of the State shall be reimbursed for the premiums paid by the
13 employee-beneficiary for a personal health insurance policy;
14 provided that ~~[the]~~:

15 (1) The board shall determine which employee-beneficiaries
16 and what types of personal health insurance policies
17 shall be eligible for reimbursement and may set other
18 conditions that shall be met for the employee-
19 beneficiary to receive the reimbursements provided
20 under this section~~[-]~~; and

21 (2) If the employee-beneficiary elects to retire after
22 July 1, 2009, and has not attained the medicare



1 retirement age on the date of retirement, this section
2 shall not apply to state and county contributions to
3 the fund for any employee-beneficiary under section
4 87A-33(a)(5) and (6) for the period beginning on the
5 date of retirement and ending on the date the
6 employee-beneficiary reaches medicare retirement age;
7 provided that the employee-beneficiary may continue
8 health coverage under this chapter if the employee-
9 beneficiary elects to pay an amount equal to the
10 respective state or county monthly contribution toward
11 premiums.

12 (b) The reimbursement shall be the lesser of:

13 (1) The actual cost of the personal health insurance
14 policy; or

15 (2) The amount of the state or county contribution for the
16 most comparable health benefits plan.

17 Reimbursements shall be paid by the fund on a quarterly
18 basis upon the presentation of documentation that the premiums
19 for the personal health insurance policy have been paid by the
20 employee-beneficiary. This section shall apply to all employee-
21 beneficiaries who retire and relocate outside of the State,
22 regardless of their date of retirement."



1 SECTION 4. Section 87A-34, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) This section shall apply to state and county
4 contributions to the fund for employees specified in paragraph
5 (1)(E) of the definition of "employee" in section 87A-1 who:

- 6 (1) Were hired on or before June 30, 1996; and
- 7 (2) Retired after June 30, 1984, with fewer than ten years
8 of credited service, excluding sick leave[-];

9 but shall not apply to state and county contributions to the
10 fund for any employee-beneficiary who elects to retire after
11 July 1, 2009, and has not attained the medicare retirement age
12 on the date of retirement for the period beginning on the date
13 of retirement and ending on the date the employee-beneficiary
14 reaches medicare retirement age; provided that the employee-
15 beneficiary may continue health coverage under this chapter if
16 the employee-beneficiary elects to pay an amount equal to the
17 respective state or county monthly contribution toward
18 premiums."

19 SECTION 5. Section 87A-35, Hawaii Revised Statutes, is
20 amended to read as follows:

21 "§87A-35 State and county contributions; employees hired
22 after June 30, 1996, but before July 1, 2001, and retired with



1 fewer than twenty-five years of service. (a) This section
2 shall apply to state and county contributions to the fund for
3 employees who were hired after June 30, 1996, but before July 1,
4 2001, and who retire with fewer than twenty-five years of
5 credited service, excluding sick leave; provided that this
6 section shall not apply to the following employees, for whom
7 state and county contributions shall be made as provided by
8 section 87A-33:

- 9 (1) An employee hired prior to July 1, 1996, who transfers
10 employment after June 30, 1996, and who cumulatively
11 accrues at least ten years of credited service; and
12 (2) An employee hired prior to July 1, 1996, who has at
13 least ten years of credited service prior to a break
14 in service.

15 For the purposes of this section:

16 "Break in service" means to leave state or county
17 employment for more than ninety calendar days before returning
18 to state or county employment.

19 "Transfer" means to leave state or county employment and
20 return to state or county employment within ninety calendar
21 days.



1 (b) For purposes of this section, if an employee leaves
2 state or county employment and returns to state or county
3 employment after June 30, 1996, upon retirement, the employee's
4 years of service shall be computed in the same manner as set
5 forth in chapter 88.

6 (c) The State, through the department of budget and
7 finance, and the counties, through their respective departments
8 of finance, shall pay to the fund:

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

14 (2) For retired employees enrolled in medicare or non-
15 medicare health benefit plans with at least fifteen
16 but fewer than twenty-five years of service, a monthly
17 contribution of seventy-five per cent of the base
18 monthly contribution set forth under section 87A-
19 33(b).

20 If both husband and wife are employee-beneficiaries, the total
21 contribution by the State or county shall not exceed the monthly



1 contribution for a supplemental medicare family or non-medicare
2 family plan, as appropriate.

3 (d) Subsection (c) shall not apply to any employee-
4 beneficiary under this section who elects to retire after July
5 1, 2009, and has not attained the medicare retirement age on the
6 date of retirement for the period beginning on the date of
7 retirement and ending on the date the employee-beneficiary
8 reaches medicare retirement age; provided that the employee-
9 beneficiary may continue health coverage under this chapter if
10 the employee-beneficiary elects to pay an amount equal to the
11 respective state or county monthly contribution toward
12 premiums."

13 SECTION 6. Section 87A-36, Hawaii Revised Statutes, is
14 amended to read as follows:

15 **"§87A-36 State and county contributions; employees hired**
16 **after June 30, 2001, and retired.** (a) This section shall apply
17 to state and county contributions to the fund for employees
18 hired after June 30, 2001, and who retired, except that this
19 section shall not apply to the following employees, for whom
20 state and county contributions shall be made as provided by
21 section 87A-35:



1 (1) An employee hired after June 30, 1996, and prior to
2 July 1, 2001, who transfers employment after June 30,
3 2001, and who cumulatively accrues at least ten years
4 of credited service; and

5 (2) An employee hired after June 30, 1996, and prior to
6 July 1, 2001, who has at least ten years of credited
7 service prior to a break in service.

8 For purposes of this section:

9 "Break in service" means to leave state or county
10 employment for more than ninety calendar days before returning
11 to state or county employment.

12 "Transfer" means to leave state or county employment and
13 return to state or county employment within ninety calendar
14 days.

15 (b) For purposes of this section, if an employee leaves
16 state or county employment and returns to state or county
17 employment after July 1, 2001, upon retirement, the employee's
18 years of service shall be computed in the same manner as set
19 forth in chapter 88.

20 (c) The State, through the department of budget and
21 finance, and the counties, through their respective departments
22 of finance, shall pay to the fund:



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

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

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

16 (4) One-half of the monthly contributions for the
17 employee-beneficiary or employee-beneficiary with
18 dependent-beneficiaries upon the death of the
19 employee, as defined in paragraph (1)(E) of the
20 definition of "employee" in section 87A-1.

21 If both husband and wife are employee-beneficiaries, the
22 total contribution by the State or county shall not exceed the



1 monthly contribution for two supplemental medicare self or non-
2 medicare self plans, as appropriate.

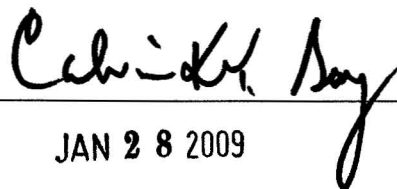
3 Subsection (c) shall not apply to any employee-beneficiary
4 under this section who elects to retire after July 1, 2009, and
5 has not attained the medicare retirement age on the date of
6 retirement for the period beginning on the date of retirement
7 and ending on the date the employee-beneficiary reaches medicare
8 retirement age; provided that the employee-beneficiary may
9 continue health coverage under this chapter if the employee-
10 beneficiary elects to pay an amount equal to the respective
11 state or county monthly contribution toward premiums."

12 SECTION 7. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 8. This Act shall take effect on July 1, 2009.

15

INTRODUCED BY:


JAN 28 2009



Report Title:

EUTF; Retirement Prior to Medicare Age; Suspend Coverage

Description:

Suspends state and county contributions to the EUTF for all state and county employee-beneficiaries who retire after 7/1/09, regardless of date of hire and years of service, if the employee retires before the employee's medicare retirement age. Resumes coverage after medicare retirement age. Allows employee to retain health coverage through the EUTF by paying the respective state or county share of premiums until medicare retirement age.

