
A BILL FOR AN ACT

RELATING TO THE HEALTH FUND.

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

1 SECTION 1. The purpose of this Act is to address group
2 life insurance benefits provided or made available by the Hawaii
3 employer-union health benefits trust fund.

4 More specifically, this Act:

5 (1) Prohibits the board of trustees from providing group
6 life insurance benefits to employee-beneficiaries if
7 any of the premiums are paid by the State or a county;
8 and

9 (2) Allows the board of trustees to contract with a group
10 life insurer to make available group life insurance
11 benefits to employee-beneficiaries; provided that none
12 of the premiums are paid by the State or any county
13 and the group life insurer pays a fee to the board.

14 SECTION 2. Section 87A-17, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "~~§~~87A-17~~§~~ **Group life insurance benefits or group life**
17 **insurance program~~[-]~~; prohibited if any of the premiums are paid**
18 **by State or county.** (a) The board ~~[may]~~ shall not provide



1 ~~[benefits under a]~~ or make available group life insurance
2 benefits ~~[program or group life insurance program to employees.]~~
3 to employee-beneficiaries if any of the premiums are paid by the
4 State or a county.

5 (b) The board may enter into a contract permitting a group
6 life insurer to offer group life insurance benefits to employee-
7 beneficiaries if:

8 (1) None of the premiums are paid by the State or any
9 county; and

10 (2) The group life insurer pays a fee to the board in an
11 amount deemed appropriate by the board.

12 Any fee collected by the board shall be transmitted to the
13 general fund."

14 SECTION 3. Section 87A-31, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "**§87A-31 Trust fund; purpose.** (a) The fund shall be used
17 to provide employee-beneficiaries and dependent-beneficiaries
18 with health and other benefit plans~~[7]~~ and to pay administrative
19 and other expenses of the fund. All assets of the fund are and
20 shall be dedicated to providing health and other benefits plans
21 to the employee-beneficiaries and dependent-beneficiaries in
22 accordance with the terms of those plans and to pay



1 administrative and other expenses of the fund, and shall be used
2 for no other purposes except for those set forth in this
3 section.

4 (b) The fund, including any earnings on investments, and
5 rate credits or reimbursements from any carrier or self-insured
6 plan and any earning or interest derived therefrom, may be used
7 to stabilize health and other benefit plan rates; provided that
8 the approval of the governor and the legislature shall be
9 necessary to fund administrative and other expenses necessary to
10 effectuate these purposes.

11 ~~[(c) The fund may be used to provide group life insurance~~
12 ~~benefits to employees to the extent that contributions are~~
13 ~~provided for group life insurance benefits in sections 87A-32~~
14 ~~and 87A-37.~~

15 ~~(d)]~~ (c) The fund may assist the State and the counties to
16 implement and administer cafeteria plans authorized under Title
17 26 United States Code section 125, the Internal Revenue Code of
18 1986, as amended, and part II of chapter 78.

19 ~~[(e)]~~ (d) At the discretion of the board, some or all of
20 the fund may be used as a reserve against or to pay the fund's
21 future costs of providing health and other benefits plans
22 established under sections 87A-23 and 87A-37 and any other



1 benefits plans the board establishes for retired employees and
2 their beneficiaries. The board may create separate funds within
3 the fund for this purpose. Each separate fund shall be subject
4 to all of the provisions of this chapter."

5 SECTION 4. Section 87A-32, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "[~~f~~]**\$87A-32**[~~f~~] **State and county contributions; active**
8 **employees.** [~~a~~] The State, through the department of budget
9 and finance, and the counties, through their respective
10 departments of finance, shall pay to the fund a monthly
11 contribution equal to the amount established under chapter 89C
12 or specified in the applicable public sector collective
13 bargaining agreements, whichever is appropriate, for each of
14 their respective employee-beneficiaries and employee-
15 beneficiaries with dependent-beneficiaries, which shall be used
16 toward the payment of costs of a health benefits plan; provided
17 that:

18 (1) The monthly contribution shall be a specified dollar
19 amount;

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



1 (3) If both husband and wife are employee-beneficiaries,
2 the total contribution by the State or the county
3 shall not exceed the monthly contribution for a family
4 plan; and

5 (4) If the State or any of the counties establish
6 cafeteria plans in accordance with Title 26, United
7 States Code section 125, the Internal Revenue Code of
8 1986, as amended, and part II of chapter 78, the
9 monthly contribution for those employee-beneficiaries
10 who participate in a cafeteria plan shall be made
11 through the cafeteria plan, and the payments made by
12 the State or counties shall include their respective
13 contributions to the fund and their employee-
14 beneficiary's share of the cost of the employee-
15 beneficiary's health benefits plan.

16 ~~[(b) The State, through the department of budget and~~
17 ~~finance, and the counties, through their respective departments~~
18 ~~of finance, shall pay to the fund a monthly contribution equal~~
19 ~~to the amount established under chapter 89C or specified in the~~
20 ~~applicable public sector collective bargaining agreement,~~
21 ~~whichever is applicable, for each of their respective employees,~~



1 ~~to be used toward the payment of group life insurance benefits~~
2 ~~for each employee.]"~~

3 SECTION 5. Section 89-9, Hawaii Revised Statutes, is
4 amended by amending subsection (e) to read as follows:

5 "(e) Negotiations relating to contributions to the Hawaii
6 employer-union health benefits trust fund or a voluntary
7 employees' beneficiary association trust shall be for the
8 purpose of agreeing upon the amounts that the State and counties
9 shall contribute under sections 87A-32 through ~~[87A-37,]~~ 87A-36,
10 toward the payment of the costs for a health benefits plan, as
11 defined in section 87A-1 ~~[and group life insurance benefits],~~
12 and the parties shall not be bound by the amounts contributed
13 under prior agreements; provided that section 89-11 for the
14 resolution of disputes by way of arbitration shall not be
15 available to resolve impasses or disputes relating to the
16 amounts the State and counties shall contribute to the Hawaii
17 employer-union health benefits trust fund or a voluntary
18 employees' beneficiary association trust established under
19 chapter 87D."

20 SECTION 6. Act 245, Session Laws of Hawaii 2005, as
21 amended by Act 294, Session Laws of Hawaii 2007; Act 16, Session
22 Laws of Hawaii 2008; and Act 5, First Special Session Laws of



1 Hawaii 2008; is amended by amending section 8 to read as
2 follows:

3 "SECTION 8. This Act shall take effect upon its approval,
4 for the purpose of establishing a voluntary employees'
5 beneficiary association trust pilot program in March, 2006 and
6 shall be repealed on July 1, 2010; provided that [sections]:

7 (1) Sections 89-2[7] and 89-3, [89-6, and 89-9,] Hawaii
8 Revised Statutes, are reenacted in the form in which
9 they read on the day before the effective date of this
10 Act; [~~and provided further that the amendments made to~~
11 ~~section]~~

12 (2) Section 89-6, Hawaii Revised Statutes, is reenacted in
13 the form in which it read on the day before the
14 effective date of this Act; provided that the
15 amendments made by section 3 of Act 205, Session Laws
16 of Hawaii 2005; shall [not be repealed when that
17 section is reenacted on July 1, 2009.] be retained;

18 (3) Section 89-9, Hawaii Revised Statutes, is reenacted in
19 the form in which it read on the day before the
20 effective date of this Act; provided that the
21 amendments made by section 5 of Act _____, Session Laws
22 of Hawaii 2009, shall be retained."



1 SECTION 7. Section 87A-37, Hawaii Revised Statutes, is
2 repealed.

3 ~~"[§87A-37] Group life insurance benefits plans for~~
4 ~~retired employees; contributions.~~ (a) ~~The State, through the~~
5 ~~department of budget and finance, and the counties, through~~
6 ~~their respective departments of finance, shall pay to the fund a~~
7 ~~base monthly contribution as set forth in subsection (b) for~~
8 ~~each retired employee enrolled in the fund's group life~~
9 ~~insurance benefits plan under section 87A-34, 87A-35, and 87A-~~
10 ~~36.~~

11 ~~(b) Effective July 1, 2003, there is established a base~~
12 ~~monthly contribution of \$4.16 for each retired employee enrolled~~
13 ~~in a group life insurance plan; provided that the monthly~~
14 ~~contribution shall not exceed the actual cost of the group life~~
15 ~~insurance benefits plan. The base composite monthly~~
16 ~~contribution shall be adjusted annually beginning July 1, 2004.~~
17 ~~The adjusted base composite monthly contribution for each new~~
18 ~~plan year shall be calculated by increasing or decreasing the~~
19 ~~base composite monthly contribution in effect through the end of~~
20 ~~the previous plan year by the percentage increase or decrease in~~
21 ~~the medicare part B premium rate for those years. The~~
22 ~~percentage shall be calculated by dividing the medicare part B~~



1 ~~premium rate in effect at the beginning of the new plan year by~~
2 ~~the rate in effect through the end of the previous plan year.~~

3 ~~As used in this subsection, "medicare part B premium rate"~~
4 ~~means the rate published in the Federal Register each year on~~
5 ~~November 1 or on the business day closest to November 1 of each~~
6 ~~year after the medicare part B premium rate has been established~~
7 ~~by the Secretary of Health and Human Services and approved by~~
8 ~~the United States Congress."}]~~

9 SECTION 8. This Act does not affect rights and duties that
10 matured, penalties that were incurred, and proceedings that were
11 begun, before its effective date.

12 SECTION 9. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 10. This Act shall take effect on July 1, 2009,
15 and shall be repealed on June 30, 2015; provided that any group
16 life insurance benefits required to be provided under a
17 collective bargaining agreement and whose premiums are required
18 under the collective bargaining agreement to be paid by the
19 trust fund shall terminate upon the expiration of the agreement.

20

INTRODUCED BY: Cheri K. Day
JAN 28 2009



Report Title:

Hawaii Employer-Union Health Benefits Trust Fund; Group Life Insurance Prohibition

Description:

Prohibits the Hawaii employer-union health benefits trust fund from providing group life insurance benefits if any of the premiums are paid by the State or a county. Allows the trust fund to contract with a group life insurer to make available group life insurance benefits to employee-beneficiaries provided that none of the premiums are paid by the State or any county and the insurer pays a fee to the board of trustees.

