
A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND.

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

1 SECTION 1. Chapter 87A, Hawaii Revised Statutes, is
2 amended by adding three new parts to be appropriately designated
3 and to read as follows:

4 **"PART . BARGAINING UNIT HEALTH BENEFITS TRUST FUNDS**

5 **§87A-A Definitions.** For the purposes of this part:

6 "Fund" means a bargaining unit health benefits trust fund.

7 **§87A-B Bargaining unit health benefits trust funds;**

8 **establishment.** (a) There is established outside the state
9 treasury, trust funds to be known as follows:

10 (1) The "Bargaining Unit (1) Health Benefits Trust Fund",
11 for employee-beneficiaries and dependent-beneficiaries
12 of bargaining unit (1);

13 (2) The "Bargaining Unit (2) Health Benefits Trust Fund",
14 for employee-beneficiaries and dependent-beneficiaries
15 of bargaining unit (2);



- 1 (3) The "Bargaining Unit (3) Health Benefits Trust Fund",
2 for employee-beneficiaries and dependent-beneficiaries
3 of bargaining unit (3);
- 4 (4) The "Bargaining Unit (4) Health Benefits Trust Fund",
5 for employee-beneficiaries and dependent-beneficiaries
6 of bargaining unit (4);
- 7 (5) The "Bargaining Unit (5) Health Benefits Trust Fund",
8 for employee-beneficiaries and dependent-beneficiaries
9 of bargaining unit (5);
- 10 (6) The "Bargaining Unit (6) Health Benefits Trust Fund",
11 for employee-beneficiaries and dependent-beneficiaries
12 of bargaining unit (6);
- 13 (7) The "Bargaining Unit (7) Health Benefits Trust Fund",
14 for employee-beneficiaries and dependent-beneficiaries
15 of bargaining unit (7);
- 16 (8) The "Bargaining Unit (8) Health Benefits Trust Fund",
17 for employee-beneficiaries and dependent-beneficiaries
18 of bargaining unit (8);
- 19 (9) The "Bargaining Unit (9) Health Benefits Trust Fund",
20 for employee-beneficiaries and dependent-beneficiaries
21 of bargaining unit (9);



1 (10) The "Bargaining Unit (10) Health Benefits Trust Fund",
2 for employee-beneficiaries and dependent-beneficiaries
3 of bargaining unit (10);

4 (11) The "Bargaining Unit (11) Health Benefits Trust Fund",
5 for employee-beneficiaries and dependent-beneficiaries
6 of bargaining unit (11);

7 (12) The "Bargaining Unit (12) Health Benefits Trust Fund",
8 for employee-beneficiaries and dependent-beneficiaries
9 of bargaining unit (12); and

10 (13) The "Bargaining Unit (13) Health Benefits Trust Fund",
11 for employee-beneficiaries and dependent-beneficiaries
12 of bargaining unit (13).

13 (b) Each fund shall consist of contributions, interest,
14 income, dividends, refunds, rate credits, and other returns. It
15 is hereby declared that any and all sums contributed or paid
16 from any source to the funds created by this part, and all
17 assets of the funds including any and all interest and earnings
18 on the same, are and shall be held in trust by the respective
19 board for the exclusive use and benefit of the employee-
20 beneficiaries and dependent-beneficiaries of the respective
21 fund, and shall not be subject to appropriation for any other
22 purpose whatsoever. Each fund shall be under the control of the



1 respective board and placed under the department of budget and
2 finance for administrative purposes.

3 **§87A-C Bargaining unit health benefits trust funds;**

4 **purpose.** (a) Each fund shall be used to provide the fund's
5 employee-beneficiaries and dependent-beneficiaries with health
6 and other benefit plans, and to pay administrative and other
7 expenses of the fund. All assets of each fund are and shall be
8 dedicated to providing health and other benefit plans to the
9 employee-beneficiaries and dependent-beneficiaries in accordance
10 with the terms of those plans and to pay administrative and
11 other expenses of the fund, and shall be used for no other
12 purposes except those set forth in this section.

13 (b) Each fund, including any of the fund's earnings on
14 investments, and rate credits or reimbursements from any carrier
15 or self-insured plan and any earning or interest derived
16 therefrom, may be used to stabilize health and other benefit
17 plan rates; provided that the approval of the governor and the
18 legislature shall be necessary to fund administrative and other
19 expenses necessary to effectuate this purpose.

20 (c) Each fund may be used to provide group life insurance
21 benefits to its respective employees to the extent that



1 contributions are provided for group life insurance benefits in
2 sections 87A-32 and 87A-37.

3 (d) At the discretion of each fund's respective board,
4 some or all of each fund may be used as a reserve against or to
5 pay the fund's future costs of providing health and other
6 benefits plans established under sections 87A-23 and 87A-37.

7 **§87A-D Employer contributions to bargaining unit health**
8 **benefits trust funds irrevocable.** Notwithstanding any law to
9 the contrary, all of the monthly contributions that the State
10 and counties make to the bargaining unit health benefits trust
11 funds under section 87A-32 and all other contributions that the
12 State and counties may make to the funds, shall be irrevocable;
13 provided that this shall not preclude the funds from returning
14 contributions or payments made by the State or any county under
15 a mistake of fact within one year after the payment of
16 contributions or payments.

17 **§87A-E State and county contributions to the bargaining**
18 **unit health benefits trust funds; active employees.** (a) The
19 State, through the department of budget and finance, and the
20 counties, through their respective departments of finance, shall
21 pay to the fund a monthly contribution equal to the amount
22 specified in the applicable public sector collective bargaining



1 agreements for each of their respective employee-beneficiaries
2 and employee-beneficiaries with dependent-beneficiaries, which
3 shall be used toward the payment of costs of a health benefits
4 plan; provided that:

5 (1) The monthly contribution shall be a specified dollar
6 amount;

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

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

13 (4) If the State or any of the counties establish
14 cafeteria plans in accordance with Title 26, United
15 States Code section 125, the Internal Revenue Code of
16 1986, as amended, and part II of chapter 78, the
17 monthly contribution for those employee-beneficiaries
18 who participate in a cafeteria plan shall be made
19 through the cafeteria plan, and the payments made by
20 the State or counties shall include their respective
21 contributions to the fund and their employee-



1 beneficiary's share of the cost of the employee-
2 beneficiary's health benefits plan.

3 (b) The State, through the department of budget and
4 finance, and the counties, through their respective departments
5 of finance, shall pay to the fund a monthly contribution equal
6 to the amount specified in the applicable public sector
7 collective bargaining agreement for each of their respective
8 employees, to be used toward the payment of group life insurance
9 benefits for each employee.

10 **§87A-F State and county contributions to bargaining unit**
11 **health benefits trust funds not considered wages or salary.**

12 Contributions made by the State or the counties under this part
13 shall not be considered wages or salary of an employee-
14 beneficiary. No employee-beneficiary shall have any vested
15 right in or be entitled to receive any part of any contribution
16 made to the fund.

17 **§87A-G Reimbursement for state contributions to bargaining**
18 **unit health benefits trust funds.** (a) All state agencies
19 having control of funds other than the general fund shall
20 reimburse the State for contributions made by the State pursuant
21 to section 87A-32 on account of agency employees whose



1 compensation is paid in whole or part from funds other than the
2 general fund.

3 (b) All state and county agencies receiving federal funds,
4 which may be expended for the purpose of replacing the
5 contributions payable by the State to the fund, shall set aside
6 a portion of the federal funds sufficient to reimburse the State
7 for contributions made by the State pursuant to section 87A-32
8 on account of the employees in the agencies whose compensation
9 is paid in whole or part from federal funds.

10 **§87A-H Employee-beneficiary contributions to bargaining**
11 **unit health benefits trust funds; health benefits plans.** (a)
12 Each employee-beneficiary shall make a monthly contribution to
13 the fund amounting to the difference between the monthly charge
14 of the health benefits plan selected by the employee-beneficiary
15 and the contribution made by the State or county for the
16 employee-beneficiary to the fund. Nothing in this section shall
17 prohibit any employee-beneficiary from participating in a
18 cafeteria plan authorized under Title 26 United States Code
19 section 125, Internal Revenue Code of 1986, as amended, and part
20 II of chapter 78.

21 (b) During the period the health benefits plan selected by
22 an employee-beneficiary is in effect, the employee-beneficiary,



1 if allowed by law, shall authorize the employee-beneficiary's
2 contribution to be withheld and transmitted to the fund monthly
3 by the comptroller, employees' retirement system, or finance
4 officer who disburses the employee-beneficiary's compensation,
5 pension, or retirement pay. If an employee-beneficiary's
6 contribution to the fund is not withheld and transmitted to the
7 fund, the employee-beneficiary shall pay the monthly
8 contribution:

9 (1) In the case of an employee-beneficiary who normally
10 receives the employee-beneficiary's compensation from
11 the comptroller or employees' retirement system,
12 directly to the fund by the first day of each month;
13 or

14 (2) In the case of all other employee-beneficiaries, to
15 the respective finance officer from whom the employee-
16 beneficiary normally receives compensation for
17 transmittal to the fund by the first day of each
18 month.

19 (c) Notwithstanding subsection (a), an employee-
20 beneficiary's monthly contribution to the fund shall include the
21 amount that would have been the employee-beneficiary's



1 contribution if the employee-beneficiary had not elected to
2 participate in the cafeteria plan.

3 **§87A-I Employee-beneficiary or qualified-beneficiary**
4 **contributions; long-term care benefits plan.** (a) During the
5 period the long-term care benefits plan is in effect, the
6 employee-beneficiary, if allowed by law, shall authorize the
7 employee-beneficiary's contribution to be withheld and
8 transmitted to the respective fund monthly by the comptroller,
9 employees' retirement system, or finance officer who disburses
10 the employee-beneficiary's compensation, pension, or retirement
11 pay. If an employee-beneficiary's monthly contribution to the
12 respective fund is not withheld and transmitted to the
13 applicable fund, the employee-beneficiary shall pay the monthly
14 contribution directly to the board's designated carrier or
15 third-party administrator as specified by the board.

16 (b) Qualified-beneficiaries shall pay monthly
17 contributions directly to the respective board's designated
18 carrier or third-party administrator as specified by the board.

19 **§87A-J Eligibility.** Each board shall establish
20 eligibility criteria to determine who can qualify as an
21 employee-beneficiary, dependent-beneficiary, or qualified-



1 beneficiary under its respective fund, consistent with the
2 provisions of this chapter.

3 **§87A-K Annual financial audit.** (a) Each fund shall be
4 subject to an annual financial audit by an independent auditor.
5 Each fund shall be responsible for the cost of its audit.

6 (b) The results of the annual audit of each fund shall be
7 submitted to the relevant employers, the relevant exclusive
8 representative, and the legislature not later than six months
9 after the end of the applicable fiscal year.

10 (c) The unaudited accounts of the bargaining units use of
11 the amounts specified in the applicable collective bargaining
12 agreements shall be public record.

13 (d) The attorney general is authorized to investigate any
14 discrepancies noted in any audit conducted pursuant to
15 subsection (a) or discovered on the attorney general's own
16 initiative. The attorney general may take corrective action,
17 including criminal charges, if necessary.

18 (e) Any surplus or deficit at the end of a fiscal year,
19 which results from the provision of health and other benefit
20 plans, shall be included in the unaudited accounts of the
21 respective fund.



1 **PART . OTHER POWERS AND DUTIES OF BOARDS**

2 **§87A-L Definitions.** For purposes of this part:

3 "Administrator" means the person appointed by the board of
4 trustees of a bargaining unit health benefits trust fund.

5 "Board" means as defined in section 87A-1.

6 "Fund" means a bargaining unit health benefits trust fund
7 described in section 87A-B.

8 **§87A-M Other powers.** In addition to the power to
9 administer its respective fund, each board may:

- 10 (1) Collect, receive, deposit, and withdraw money on
11 behalf of the fund;
- 12 (2) Invest moneys in the same manner specified in section
13 88-119(1)(A), (1)(B), (1)(C), (2), (3), (4), (5), (6),
14 and (7);
- 15 (3) Hold, purchase, sell, assign, transfer, or dispose of
16 any securities or other investments of the fund, as
17 well as the proceeds of those investments and any
18 money belonging to the fund;
- 19 (4) Appoint, and at pleasure dismiss, an administrator and
20 other fund staff. The administrator and staff shall
21 be exempt from chapter 76 and shall serve under and at
22 the pleasure of the board;



- 1 (5) Make payments of periodic charges and pay for
2 reasonable expenses incurred in carrying out the
3 purposes of the fund;
- 4 (6) Contract for the performance of financial audits of
5 the fund and claims audits of its insurance carriers;
- 6 (7) Retain auditors, actuaries, investment firms and
7 managers, benefit plan consultants, or other
8 professional advisors to carry out the purposes of
9 this chapter;
- 10 (8) Establish health benefits plan and long-term care
11 benefits plan rates that include administrative and
12 other expenses necessary to effectuate the purposes of
13 the fund; and
- 14 (9) Require any department, agency, or employee of the
15 State or counties to furnish information to the board
16 to carry out the purposes of this chapter.
- 17 **§87A-N Other duties.** Each board shall:
- 18 (1) Authorize charges and payments from the fund only upon
19 vouchers countersigned by the chairperson and any
20 other person designated by the board;
- 21 (2) Maintain accurate records and accounts of all
22 financial transactions of the fund that shall be



1 audited annually and summarized in an annual report to
2 the governor and legislature;

3 (3) Maintain suitable and adequate records and provide
4 information requested by State and county employers as
5 necessary to carry out the purpose of the fund;

6 (4) Procure fiduciary liability insurance and error and
7 omissions coverage for all trustees; and

8 (5) Procure a fidelity bond of a reasonable amount for the
9 chairperson and any other person authorized to handle
10 fund moneys.

11 **§87A-0 Rules; policies, standards, and procedures.** (a)

12 Each board may adopt rules for the purposes of this chapter.

13 Rules shall be adopted without regard to chapter 91. Rule-
14 making procedures shall be adopted by each board and shall
15 minimally provide for:

16 (1) Consultation with employers and affected employee
17 organizations with regard to proposed rules;

18 (2) Adoption of rules at open meetings that permit the
19 attendance of any interested persons;

20 (3) Approval of rules by the governor; and

21 (4) Filing of rules with the lieutenant governor.



1 (b) The board may also issue policies, standards, and
2 procedures consistent with its rules.

3 (c) Each board may adopt rules, without regard to chapter
4 91, governing dispute resolution procedures in the event of
5 impasse in decision-making; provided that the rules shall be
6 adopted with the concurrence of six trustees.

7 **PART . OTHER POWERS AND DUTIES OF THE ADMINISTRATOR**

8 **§87A-P Definitions.** For purposes of this part:

9 "Administrator" means the administrator of the Hawaii
10 public employee health benefits trust fund.

11 "Fund" means the Hawaii public employee health benefits
12 trust fund.

13 **§87A-Q Plans for part-time, temporary, and seasonal or**
14 **casual employees.** (a) The administrator may offer medical,
15 hospital, or surgical benefits plans to part-time, temporary,
16 and seasonal or casual employees at no cost to the employers.
17 The administrator may determine eligibility for part-time,
18 temporary, and seasonal or casual employees by rules exempt from
19 chapter 91 as provided in section 87A-26.

20 (b) The administrator shall establish the medical,
21 hospital, or surgical benefits plan or plans, which shall be
22 exempt from the minimum group requirements of article 10A of



1 chapter 431. The medical, hospital, or surgical benefits plan
2 or plans shall provide, pay for, arrange for, or reimburse the
3 cost of medical, hospital, or surgical services, and may include
4 prescribed hospital in-patient and out-patient service and
5 medical benefits.

6 (c) The administrator may contract for the medical,
7 hospital, or surgical benefits plan or plans. Each part-time,
8 temporary, and seasonal or casual employee enrolled for medical,
9 hospital, or surgical benefits shall pay monthly contributions
10 directly to the fund's designated carriers. The monthly
11 contributions may include the carrier's administrative costs.

12 **§87A-R Eligibility.** (a) The administrator shall
13 establish eligibility criteria to determine who can qualify as
14 an employee-beneficiary, dependent-beneficiary, or qualified-
15 beneficiary, consistent with the provisions of this chapter.

16 (b) A retired member of the employees' retirement system;
17 a county pension system; or a police, firefighters, and bandsmen
18 pension system of the State or county, shall be eligible to
19 qualify as an employee-beneficiary:

20 (1) Regardless of whether the retired member was actively
21 employed by the State or county at the time of the
22 retired employee's retirement; and



1 (2) Without regard to the date of the retired member's
2 retirement.

3 (c) A dependent of a retired member shall be eligible to
4 qualify as an employee-beneficiary or dependent-beneficiary:

5 (1) Regardless of whether the retired member was actively
6 employed by the State or county at the time of the
7 retired employee's retirement; and

8 (2) Without regard to the date of the retired member's
9 retirement.

10 **§87A-S Other powers of the administrator.** In addition to
11 the power to administer the fund, the administrator may:

12 (1) Collect, receive, deposit, and withdraw money on
13 behalf of the fund;

14 (2) Invest moneys in the same manner specified in section
15 88-119(1)(A), (1)(B), (1)(C), (2), (3), (4), (5), (6),
16 and (7);

17 (3) Hold, purchase, sell, assign, transfer, or dispose of
18 any securities or other investments of the fund, as
19 well as the proceeds of those investments and any
20 money belonging to the fund;



- 1 (4) Appoint, and at pleasure dismiss, fund staff. The
2 staff shall be exempt from chapter 76 and shall serve
3 under and at the pleasure of the administrator;
- 4 (5) Make payments of periodic charges and pay for
5 reasonable expenses incurred in carrying out the
6 purposes of the fund;
- 7 (6) Contract for the performance of financial audits of
8 the fund and claims audits of its insurance carriers;
- 9 (7) Retain auditors, actuaries, investment firms and
10 managers, benefit plan consultants, or other
11 professional advisors to carry out the purposes of
12 this chapter;
- 13 (8) Establish health benefits plan and long-term care
14 benefits plan rates that include administrative and
15 other expenses necessary to effectuate the purposes of
16 the fund; and
- 17 (9) Require any department, agency, or employee of the
18 State or counties to furnish information to the fund
19 to carry out the purposes of this chapter.
- 20 **§87A-T Other duties.** The administrator shall:
- 21 (1) Authorize charges and payments from the fund;



1 (2) Maintain accurate records and accounts of all
2 financial transactions of the fund that shall be
3 audited annually and summarized in an annual report to
4 the governor and legislature;

5 (3) Maintain suitable and adequate records and provide
6 information requested by State and county employers as
7 necessary to carry out the purpose of the fund;

8 (4) Procure fiduciary liability insurance and error and
9 omissions coverage for the administrator; and

10 (5) Procure a fidelity bond of a reasonable amount for the
11 administrator and any other person authorized to
12 handle fund moneys.

13 **§87A-U Rules.** The administrator may adopt rules for the
14 purposes of this chapter pursuant to chapter 91."

15 SECTION 2. Part III of Chapter 87A, Hawaii Revised
16 Statutes, is amended by adding a new section to be appropriately
17 designated and to read as follows:

18 "§87A- Definitions. As used in this part:

19 "Administrator" means the administrator of the Hawaii
20 public employee health benefits trust fund.

21 "Fund" means the Hawaii public employee health benefits
22 trust fund and the bargaining unit health benefits trust funds."



1 SECTION 3. Part IV of Chapter 87A, Hawaii Revised
2 Statutes, is amended by adding two new sections to be
3 appropriately designated and to read as follows:

4 "§87A- Definitions. As used in this part:

5 "Administrator" means the administrator of the Hawaii
6 public employee health benefits trust fund.

7 "Fund" means the Hawaii public employee health benefits
8 trust fund described in section 87A-30.

9 §87A- Administrator; appointment; removal; salary. (a)
10 The administrator of the Hawaii public employee health benefits
11 trust fund shall be appointed by the governor by and with the
12 advice and consent of the senate. The administrator shall serve
13 for a term of five years and thereafter until a successor is
14 appointed. The administrator may only be removed from office by
15 the governor, provided the governor shall give prior
16 notification of such removal to the president of the senate and
17 speaker of the house of representatives.

18 (b) The salary of the administrator shall be set by the
19 director of finance and shall not be more than the maximum
20 salary of the first deputies to department heads."

21 SECTION 4. Chapter 87A, Hawaii Revised Statutes, is
22 amended by amending its title to read as follows:



1 "~~[HAWAII EMPLOYER UNION]~~ HEALTH BENEFITS TRUST [~~FUND~~] FUNDS"

2 SECTION 5. Section 87A-1, Hawaii Revised Statutes, is
3 amended by adding a new definition to be appropriately inserted
4 and to read as follows:

5 "Bargaining unit health benefits trust fund" means the
6 health benefits trust fund described in section 87A-A."

7 SECTION 6. Section 87A-1 is amended by amending the
8 definitions of "board", "contribution", "health benefits plan",
9 "long-term care benefits plan", "periodic charge", and "trustee"
10 to read as follows:

11 "'Board" means the board of trustees of the [~~Hawaii~~
12 ~~employer-union~~] bargaining unit health benefits trust fund
13 described in section [~~87A-5.~~] 87A-B.

14 "Contribution" means money payments made to any of the
15 [~~fund~~] funds established by sections 87A-30 or 87A-B by the
16 State, the counties, an employee-beneficiary, or a qualified-
17 beneficiary.

18 "Health benefits plan" means:

- 19 (1) A group insurance contract or service agreement that
20 may include medical, hospital, surgical, prescribed
21 drugs, vision, and dental services, in which a carrier
22 agrees to provide, pay for, arrange for, or reimburse



1 the cost of the services as determined by the
2 respective board[+] or the administrator of the Hawaii
3 public employee health benefits trust fund or
4 respective bargaining unit health benefits trust fund;
5 or

6 (2) A similar schedule of benefits established by the
7 respective board or the administrator and provided
8 through the fund on a self-insured basis.

9 "Long-term care benefits plan" means:

10 (1) A group insurance contract or service agreement in
11 which a carrier agrees to provide, pay for, arrange
12 for, or reimburse the cost of long-term care benefits
13 as determined by the respective board or the
14 administrator; or

15 (2) A similar schedule of benefits established by the
16 respective board or administrator and provided through
17 the fund on a self-insured basis.

18 "Periodic charge" means the periodic payment by the
19 respective board or administrator to a carrier for any health
20 benefits plan or long-term care benefits plan.



1 "Trustee" means a trustee of the board of trustees of the
2 [~~Hawaii employer union~~] a bargaining unit health benefits trust
3 [~~fund,~~] funds, as described in section [~~87A-5.~~] 87A-A."

4 SECTION 7. Section 87A-1 is amended by repealing the
5 definition of "fund".

6 [~~"Fund" means the Hawaii employer union public employee~~
7 ~~health benefits trust fund established in section 87A-30."~~]

8 SECTION 8. chapter 87A, Hawaii Revised Statutes, is
9 amended by amending the title to part II to read as follows:

10 "PART II. [~~BOARD~~] BOARDS OF TRUSTEES"

11 SECTION 9. Section 87A-5, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "~~§87A-5~~ **Composition of each board.** [~~The~~] Each board of
14 trustees of [~~the employer union~~] a bargaining unit health
15 benefits trust fund shall consist of ten trustees appointed by
16 the governor in accordance with the following procedure:

17 (1) Five trustees [~~, one of whom shall represent retirees,~~]
18 to represent employee-beneficiaries and to be
19 [~~selected as follows:~~

20 ~~(A)~~ ~~Three trustees shall be~~] appointed from a list of
21 two nominees per trustee selected by [~~each of~~]
22 the [~~three~~] exclusive representative



1 ~~[organizations that have the largest number of~~
2 ~~employee-beneficiaries;]~~ organization; and
3 ~~-(B) One trustee shall be appointed from a list of two~~
4 ~~nominees selected by mutual agreement of the~~
5 ~~remaining exclusive employee representative~~
6 ~~organizations; and~~
7 ~~-(C) One trustee representing retirees shall be~~
8 ~~appointed from a list of two nominees selected by~~
9 ~~mutual agreement of all eligible exclusive~~
10 ~~representatives; and]~~

11 (2) Five trustees to represent public employers.

12 Section 26-34 shall not apply to board member selection and
13 terms. ~~[Notwithstanding any other provision of this section, no~~
14 ~~exclusive representative of a bargaining unit that sponsors or~~
15 ~~participates in a voluntary employee beneficiary association~~
16 ~~shall be eligible to select nominees or to be represented by a~~
17 ~~trustee on the board.]~~

18 As used in this section, the term "exclusive
19 representative" shall have the same meaning as in section 89-2."

20 SECTION 10. Section 87A-6, Hawaii Revised Statutes, is
21 amended to read as follows:



1 "~~§87A-6~~ **Term of a trustee; vacancy.** The term of office of
2 each trustee shall be four years; provided that a trustee may be
3 reappointed for one additional consecutive four-year term.

4 A vacancy on the board shall be filled in the same manner
5 as the trustee who vacated that position was nominated or
6 appointed; provided that the criteria used for nominating or
7 appointing the successor shall be the same criteria used for
8 nominating or appointing the person's predecessor[; ~~provided~~
9 ~~further that vacancies on the board for each trustee position~~
10 ~~representing retirees and employee-beneficiaries appointed under~~
11 ~~section 87A-5(1) (A) and (B) shall be filled by appointment of~~
12 ~~the governor as follows:~~

13 ~~(1) If a vacancy occurs in one of the trustee positions~~
14 ~~described in section 87A-5(1) (A), then the vacancy~~
15 ~~shall be appointed from a list of two nominees~~
16 ~~submitted by the exclusive employee representative~~
17 ~~from among the three largest exclusive employee~~
18 ~~representatives that does not have a trustee among the~~
19 ~~three trustee positions;~~

20 ~~(2) If a vacancy occurs in a trustee position described in~~
21 ~~section 87A-5(1) (B), then the vacancy shall be~~
22 ~~appointed from a list of two nominees submitted by~~



1 ~~mutual agreement of the exclusive employee~~
2 ~~representatives described in section 87A-5(1)(B); and~~
3 ~~(3) If a vacancy occurs in the retiree position described~~
4 ~~in section 87A-5(1)(C), then the vacancy shall be~~
5 ~~appointed from a list of two nominees submitted by~~
6 ~~mutual agreement of all eligible exclusive employee~~
7 ~~representatives].~~

8 If by the end of a trustee's term the trustee is not
9 reappointed or the trustee's successor is not appointed, the
10 trustee shall serve until the trustee's successor is appointed."

11 SECTION 11. Section 87A-7, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "~~§~~87A-7~~§~~ **Chair, vice-chair, and secretary-treasurer.**
14 The trustees of each board shall elect from among the members of
15 the respective board a chair, a vice-chair, and a secretary-
16 treasurer."

17 SECTION 12. Section 87A-8, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "~~§~~87A-8~~§~~ **Compensation and expenses.** Each trustee
20 shall serve without compensation, but the trustees may be
21 reimbursed from the respective fund for any reasonable expenses



1 incurred in carrying out the purposes of the [~~fund.~~] respective
2 funds."

3 SECTION 13. Section 87A-9, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "[~~§~~87A-9[~~§~~] **Legal adviser.** The attorney general shall
6 serve as legal adviser to [~~the~~] each board and the administrator
7 and shall provide legal representation for each of the [Hawaii
8 employer-union] bargaining unit health benefits trust [~~fund.~~
9 funds and the Hawaii public employee health benefits trust
10 fund."

11 SECTION 14. Section 87A-10, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "[~~§~~87A-10[~~§~~] **Meetings; notice.** Meetings of each board
14 may be scheduled, and notice of meetings shall be provided as
15 follows:

16 (1) The chairperson may call a meeting of the board at any
17 time by giving at least six calendar days' written
18 notice of the time and place of the meeting to all
19 trustees; and

20 (2) A majority of the trustees may call a meeting of the
21 board by giving at least ten calendar days' written
22 notice of the time and place to all other trustees."



1 SECTION 15. Section 87A-12, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[+]§87A-12[+] **Records and minutes.** [~~The~~] Each board
4 shall keep records and minutes of all meetings of the board."

5 SECTION 16. Chapter 87A, Hawaii Revised Statutes, is
6 amended by amending the title of part III to read as to read as
7 follows:

8 "PART III. [~~BOARD~~] **POWERS AND DUTIES OF THE**
9 **BOARDS AND THE ADMINISTRATOR**"

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

12 "[+]§87A-15[+] **Administration of the [~~fund-~~] funds.** The
13 [~~board~~] boards and administrator shall administer and carry out
14 the purpose of the [~~fund-~~] respective funds. Health and other
15 benefit plans shall be provided at a cost affordable to both the
16 public employers and the public employees."

17 SECTION 18. Section 87A-16, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "[+]§87A-16[+] **Health benefits plan; carriers.** (a) [~~The~~]
20 Each board and the administrator shall establish the health
21 benefits plan or plans[~~r~~] for its respective fund, which shall
22 be exempt from the minimum group requirements of chapter 431.



1 (b) [~~The~~] Each board and the administrator may contract
2 for health benefits plans or provide health benefits through a
3 noninsured schedule of benefits."

4 SECTION 19. Section 87A-17, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "[~~+~~]**§87A-17**[~~+~~] **Group life insurance benefits or group life**
7 **insurance program.** [~~The~~] Each board and the administrator may
8 provide benefits under a group life insurance benefits program
9 or group life insurance program to fund's respective employees."

10 SECTION 20. Section 87A-18, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§87A-18 Long-term care benefits plan; carrier or third-**
13 **party administrator.** (a) [~~The~~] Each board and the
14 administrator may establish a long-term care benefits plan or
15 plans for the respective fund's employee-beneficiaries; the
16 spouses, parents, grandparents, in-law parents, and in-law
17 grandparents of the respective fund's employee-beneficiaries;
18 and qualified-beneficiaries. The plan or plans shall be at no
19 cost to employers and shall comply with article 10H of chapter
20 431.

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



- 1 (1) Employee-beneficiaries and their spouses, parents, and
2 grandparents;
- 3 (2) Employee-beneficiary in-law parents and grandparents;
4 and
- 5 (3) Qualified-beneficiaries who enroll between the ages of
6 twenty and eighty-five,
7 who comply with the respective plan's age, enrollment, medical
8 underwriting, and contribution requirements.

9 (c) [~~The~~] Each board and the administrator may contract
10 with a carrier to provide fully insured benefits or with a
11 third-party administrator to administer self-insured benefits."

12 SECTION 21. Section 87A-22, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "[~~+~~]**§87A-22**[~~+~~] **Benefits plan information and enrollment.**

15 (a) [~~The~~] Each board and the administrator shall make
16 information summarizing approved benefits plans available to
17 each employee-beneficiary[~~-~~] covered by the respective benefits
18 plan. The information shall, to the extent reasonably possible,
19 be distributed to each employee-beneficiary covered by a
20 benefits plan at the same time and in the same manner.

21 (b) [~~The~~] Each board and the administrator shall establish
22 conditions and procedures for benefits plan enrollment."



1 SECTION 22. Section 87A-23, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"§87A-23 Health benefits plan supplemental to medicare.**

4 [~~The~~] Each board and the administrator shall establish a health
5 benefits plan, which takes into account benefits available to an
6 employee-beneficiary and spouse under medicare, subject to the
7 following conditions:

- 8 (1) There shall be no duplication of benefits payable
9 under medicare. The plan under this section, which
10 shall be secondary to medicare, when combined with
11 medicare and any other plan to which the health
12 benefits plan is subordinate under the National
13 Association of Insurance Commissioners' coordination
14 of benefit rules, shall provide benefits that
15 approximate those provided to a similarly situated
16 beneficiary not eligible for medicare;
- 17 (2) The State, through the department of budget and
18 finance, and the counties, through their respective
19 departments of finance, shall pay to the fund a
20 contribution equal to an amount not less than the
21 medicare part B premium, for each of the following who
22 are enrolled in the medicare part B medical insurance



1 plan: (A) an employee-beneficiary who is a retired
2 employee, (B) an employee-beneficiary's spouse while
3 the employee-beneficiary is living, and (C) an
4 employee-beneficiary's spouse, after the death of the
5 employee-beneficiary, if the spouse qualifies as an
6 employee-beneficiary. For purposes of this section, a
7 "retired employee" means retired members of the
8 employees' retirement system; county pension system;
9 or a police, firefighters, or bandsmen pension system
10 of the State or a county as set forth in chapter 88.
11 If the amount reimbursed by the fund under this
12 section is less than the actual cost of the medicare
13 part B medical insurance plan due to an increase in
14 the medicare part B medical insurance plan rate, the
15 fund shall reimburse each employee-beneficiary and
16 employee-beneficiary's spouse for the cost increase
17 within thirty days of the rate change. Each employee-
18 beneficiary and employee-beneficiary's spouse who
19 becomes entitled to reimbursement from the fund for
20 medicare part B premiums after July 1, 2006, shall
21 designate a financial institution account into which
22 the fund shall be authorized to deposit



1 reimbursements. This method of payment may be waived
2 by the fund if another method is determined to be more
3 appropriate;

4 (3) The benefits available under this plan, when combined
5 with benefits available under medicare or any other
6 coverage or plan to which this plan is subordinate
7 under the National Association of Insurance
8 Commissioners' coordination of benefit rules, shall
9 approximate the benefits that would be provided to a
10 similarly situated employee-beneficiary not eligible
11 for medicare;

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

20 (5) The board or administrator shall determine which of
21 the employee-beneficiaries and dependent-
22 beneficiaries, who are not enrolled in the medicare



1 part B medical insurance plan, may participate in the
2 plans offered by the fund."

3 SECTION 23. Chapter 87A, Hawaii Revised Statutes, is
4 amended by amending the title of part IV to read as follows:

5 "PART IV. HAWAII PUBLIC EMPLOYEE HEALTH BENEFITS TRUST FUND"

6 SECTION 24. Section 87A-30, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "~~§87A-30~~ Hawaii [~~employer-union~~] public employee health
9 benefits trust fund; establishment. There is established
10 outside the state treasury, a trust fund to be known as the
11 "Hawaii [~~Employer-Union~~] Public Employees Health Benefits Trust
12 Fund". The fund shall consist of contributions, interest,
13 income, dividends, refunds, rate credits, and other returns. It
14 is hereby declared that any and all sums contributed or paid
15 from any source to the fund created by this part, and all assets
16 of the fund including any and all interest and earnings on the
17 same, are and shall be held in trust by the [~~board~~]
18 administrator for the exclusive use and benefit of the employee-
19 beneficiaries and dependent-beneficiaries and shall not be
20 subject to appropriation for any other purpose whatsoever. The
21 fund shall be under the control of the [~~board~~] administrator and



1 placed under the department of budget and finance for
2 administrative purposes."

3 SECTION 25. Section 87A-31, Hawaii Revised Statutes, is
4 amended by amending subsection (e) to read as follows:

5 "(e) At the discretion of the [~~board,~~] administrator, some
6 or all of the fund may be used as a reserve against or to pay
7 the fund's future costs of providing health and other benefits
8 plans established under sections 87A-23 and 87A-37 and any other
9 benefits plans the [~~board~~] administrator establishes for retired
10 employees and their beneficiaries. The [~~board~~] administrator
11 may create separate funds within the fund for this purpose.
12 Each separate fund shall be subject to all of the provisions of
13 this chapter."

14 SECTION 26. Section 87A-32, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "[+]§87A-32[+] **State and county contributions; active**
17 **employees.** (a) The State, through the department of budget and
18 finance, and the counties, through their respective departments
19 of finance, shall pay to the fund a monthly contribution equal
20 to the amount established under chapter 89C [~~or specified in the~~
21 ~~applicable public sector collective bargaining agreements,~~
22 ~~whichever is appropriate,~~] for each of their respective



1 employee-beneficiaries and employee-beneficiaries with
2 dependent-beneficiaries, which shall be used toward the payment
3 of costs of a health benefits plan; provided that:

4 (1) The monthly contribution shall be a specified dollar
5 amount;

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

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

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



1 (b) 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 agreement,~~
6 ~~whichever is applicable,~~] for each of their respective
7 employees, to be used toward the payment of group life insurance
8 benefits for each employee."

9 SECTION 27. Section 87A-33, Hawaii Revised Statutes, is
10 amended by amending subsection (e) to read as follows:

11 "(e) If the [~~board~~] administrator adopts a rate structure
12 that provides for other than self and family rates for the
13 health benefit plans, the base monthly contribution for the rate
14 structure adopted by the [~~board~~] administrator shall be adjusted
15 to provide the equivalent underwriting cost as the base monthly
16 contribution that is provided for in this section."

17 SECTION 28. Section 87A-33.5, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "[~~+~~]**S87A-33.5**[~~+~~] **State and county contribution;**
20 **reimbursement for retired employees.** Effective July 1, 2007, an
21 employee-beneficiary who retires and relocates outside of the
22 State shall be reimbursed for the premiums paid by the employee-



1 beneficiary for a personal health insurance policy; provided
2 that the [~~board~~] administrator shall determine which employee-
3 beneficiaries and what types of personal health insurance
4 policies shall be eligible for reimbursement and may set other
5 conditions that shall be met for the employee-beneficiary to
6 receive the reimbursements provided under this section.

7 The reimbursement shall be the lesser of:

8 (1) The actual cost of the personal health insurance
9 policy; or

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

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

18 SECTION 29. Section 89-9, Hawaii Revised Statutes, is
19 amended by amending subsection (e) to read as follows:

20 "(e) Negotiations relating to contributions to the Hawaii
21 employer-union health benefits trust fund or a voluntary
22 employees' beneficiary association trust shall be for the



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

13 SECTION 30. Section 89-11, Hawaii Revised Statutes, is
14 amended as follows:

15 1. By amending subsection (a) to read:

16 "(a) A public employer and an exclusive representative may
17 enter, at any time, into a written agreement setting forth an
18 alternate impasse procedure culminating in an arbitration
19 decision pursuant to subsection (f), to be invoked in the event
20 of an impasse over the terms of an initial or renewed
21 agreement [~~;~~ provided that no alternate impasse procedure may
22 be invoked to resolve impasses or disputes relating to the



1 amounts the State and counties shall contribute to the
2 bargaining unit health benefits trust funds or a voluntary
3 employees' beneficiary association trust established under
4 chapter 87D. The alternate impasse procedure shall specify
5 whether the parties desire an arbitrator or arbitration panel,
6 how the neutral arbitrator is to be selected or the name of the
7 person whom the parties desire to be appointed as the neutral
8 arbitrator, and other details regarding the issuance of an
9 arbitration decision. When an impasse exists, the parties shall
10 notify the board if they have agreed on an alternate impasse
11 procedure. The board shall permit the parties to proceed with
12 their procedure and assist at times and to the extent requested
13 by the parties in their procedure. In the absence of an
14 alternate impasse procedure~~[7]~~ or in the event of an impasse
15 relating to the amounts the State and counties shall contribute
16 to the bargaining unit health benefit trust funds or a voluntary
17 employees' beneficiary association trust established under
18 chapter 87D, the board shall assist in the resolution of the
19 impasse at times and in the manner prescribed in subsection (d)
20 or (e), as the case may be. If the parties subsequently agree
21 on an alternate impasse procedure, the parties shall notify the
22 board. The board shall immediately discontinue the procedures



1 initiated pursuant to subsection (d) or (e) and permit the
2 parties to proceed with their procedure."

3 2. By amending subsection (c) to read:

4 "(c) An impasse over the terms of an initial or renewed
5 agreement and the date of impasse shall be as follows:

6 (1) More than ninety days after written notice by either
7 party to initiate negotiations, either party may give
8 written notice to the board that an impasse exists.

9 The date on which the board receives notice shall be
10 the date of impasse; and

11 (2) If neither party gives written notice of an impasse
12 and there are unresolved issues on [~~January 31~~]
13 September 30 of [~~a~~] the second year [~~in which the~~
14 ~~agreement is due to expire,~~] of a fiscal biennium, the
15 board shall declare on [~~January 31~~] September 30 that
16 an impasse exists and [~~February 1~~] October 1 shall be
17 the date of impasse."

18 3. By amending subsection (e) to read:

19 "(e) If an impasse exists between a public employer and
20 the exclusive representative of bargaining unit (2), supervisory
21 employees in blue collar positions; bargaining unit (3),
22 nonsupervisory employees in white collar positions; bargaining



1 unit (4), supervisory employees in white collar positions;
2 bargaining unit (6), educational officers and other personnel of
3 the department of education under the same salary schedule;
4 bargaining unit (8), personnel of the University of Hawaii and
5 the community college system, other than faculty; bargaining
6 unit (9), registered professional nurses; bargaining unit (10),
7 institutional, health, and correctional workers; bargaining unit
8 (11), firefighters; bargaining unit (12), police officers; or
9 bargaining unit (13), professional and scientific employees, the
10 board shall assist in the resolution of the impasse as follows:

11 (1) Mediation. During the first twenty days after the
12 date of impasse, the board shall immediately appoint a
13 mediator, representative of the public from a list of
14 qualified persons maintained by the board, to assist
15 the parties in a voluntary resolution of the impasse.

16 (2) Arbitration. If the impasse continues twenty days
17 after the date of impasse, the board shall immediately
18 notify the employer and the exclusive representative
19 that the impasse shall be submitted to a three-member
20 arbitration panel who shall follow the arbitration
21 procedure provided herein.



1 (A) Arbitration panel. Two members of the
2 arbitration panel shall be selected by the
3 parties; one shall be selected by the employer
4 and one shall be selected by the exclusive
5 representative. The neutral third member of the
6 arbitration panel, who shall chair the
7 arbitration panel, shall be selected by mutual
8 agreement of the parties. In the event that the
9 parties fail to select the neutral third member
10 of the arbitration panel within thirty days from
11 the date of impasse, the board shall request the
12 American Arbitration Association, or its
13 successor in function, to furnish a list of five
14 qualified arbitrators from which the neutral
15 arbitrator shall be selected. Within five days
16 after receipt of such list, the parties shall
17 alternately strike names from the list until a
18 single name is left, who shall be immediately
19 appointed by the board as the neutral arbitrator
20 and chairperson of the arbitration panel.

21 (B) Final positions. Upon the selection and
22 appointment of the arbitration panel, each party



1 shall submit to the panel, in writing, with copy
2 to the other party, a final position which shall
3 include all provisions in any existing collective
4 bargaining agreement not being modified, all
5 provisions already agreed to in negotiations, and
6 all further provisions which each party is
7 proposing for inclusion in the final agreement.

8 (C) Arbitration hearing. Within [~~one hundred twenty~~
9 sixty days of its appointment, the arbitration
10 panel shall commence a hearing at which time the
11 parties may submit either in writing or through
12 oral testimony, all information or data
13 supporting their respective final positions. The
14 arbitrator, or the chairperson of the arbitration
15 panel together with the other two members, are
16 encouraged to assist the parties in a voluntary
17 resolution of the impasse through mediation, to
18 the extent practicable throughout the entire
19 arbitration period until the date the panel is
20 required to issue its arbitration decision.

21 (D) Arbitration decision. Within thirty days after
22 the conclusion of the hearing, a majority of the



1 arbitration panel shall reach a decision pursuant
2 to subsection (f) on all provisions that each
3 party proposed in its respective final position
4 for inclusion in the final agreement and transmit
5 a preliminary draft of its decision to the
6 parties. The parties shall review the
7 preliminary draft for completeness, technical
8 correctness, and clarity and may mutually submit
9 to the panel any desired changes or adjustments
10 that shall be incorporated in the final draft of
11 its decision. Within fifteen days after the
12 transmittal of the preliminary draft, a majority
13 of the arbitration panel shall issue the
14 arbitration decision."

15 4. By amending subsections (g) and (h) to read:

16 "(g) The decision of the arbitration panel shall be final
17 and binding upon the parties on all provisions submitted to the
18 arbitration panel. If the parties have reached agreement with
19 respect to the amounts of contributions by the State and
20 counties to the [~~Hawaii employer-union~~] bargaining unit health
21 benefits trust [~~fund~~] funds or voluntary employees' beneficiary
22 association trust by the tenth working day after the arbitration



1 panel issues its decision, the final and binding agreement of
2 the parties on all provisions shall consist of the panel's
3 decision and the amounts of contributions agreed to by the
4 parties. If the parties have not reached agreement with respect
5 to the amounts of contributions by the State and counties to the
6 [~~Hawaii employer union~~] bargaining unit health benefits trust
7 [~~fund~~] funds or voluntary employees' beneficiary association
8 trust by the close of business on the tenth working day after
9 the arbitration panel issues its decision, the parties shall
10 have five days to submit their respective recommendations for
11 such contributions to the legislature, if it is in session, and
12 if the legislature is not in session, the parties shall submit
13 their respective recommendations for such contributions to the
14 legislature during the next session of the legislature. In such
15 event, the final and binding agreement of the parties on all
16 provisions shall consist of the panel's decision and the amounts
17 of contributions established by the legislature by enactment,
18 after the legislature has considered the recommendations for
19 such contributions by the parties. It is strictly understood
20 that no member of a bargaining unit subject to this subsection
21 shall be allowed to participate in a strike on the issue of the
22 amounts of contributions by the State and counties to the



1 ~~[Hawaii employer union]~~ bargaining unit health benefits trust
2 ~~[fund.]~~ funds or voluntary employees' beneficiary association
3 trust. The parties shall take whatever action is necessary to
4 carry out and effectuate the final and binding agreement. The
5 parties may, at any time and by mutual agreement, amend or
6 modify the panel's decision.

7 Agreements reached pursuant to the decision of an
8 arbitration panel and the amounts of contributions by the State
9 and counties to the ~~[Hawaii employer union]~~ bargaining unit
10 health benefits trust ~~[fund.]~~ funds or voluntary employees'
11 beneficiary association trust, as provided herein, shall not be
12 subject to ratification by the employees concerned. All items
13 requiring any moneys for implementation shall be subject to
14 appropriations by the appropriate legislative bodies and the
15 employer shall submit all such items within ten days after the
16 date on which the agreement is entered into as provided herein,
17 to the appropriate legislative bodies.

18 (h) Any time frame provided in an impasse procedure,
19 whether an alternate procedure or the procedures in this
20 section, may be modified by mutual agreement of the parties~~[]~~;
21 provided that time frames may not be altered in impasse
22 proceedings relating to the amounts the State and counties shall



1 contribute to the bargaining unit health benefits trust funds or
2 voluntary employees' beneficiary association trust established
3 under chapter 87D. In the absence of a mutual agreement to
4 modify time frames, any delay, failure, or refusal by either
5 party to participate in the impasse procedure shall not be
6 permitted to halt or otherwise delay the process, unless the
7 board so orders due to an unforeseeable emergency. The process
8 shall commence or continue as though all parties were
9 participating."

10 SECTION 31. Act 245, Session Laws of Hawaii 2005, as
11 amended by Act 294, Session Laws of Hawaii 2007, section 2, as
12 amended by Act 16, Session Laws of Hawaii 2008, section 18, is
13 amended by amending section 8 to read as follows:

14 "SECTION 8. This Act shall take effect upon its approval[
15 ~~for the purpose of establishing a voluntary employees'~~
16 ~~beneficiary association trust pilot program in March, 2006, and~~
17 ~~shall be repealed on July 1, 2009; provided that sections 89-2,~~
18 ~~89-3, 89-6, and 89-9, Hawaii Revised Statutes, are reenacted in~~
19 ~~the form in which they read on the day before the effective date~~
20 ~~of this Act; and provided further that the amendments made to~~
21 ~~section 89-6, Hawaii Revised Statutes, by Act 202, Session Laws~~



1 ~~of Hawaii 2005, shall not be repealed when that section is~~
2 ~~reenacted on July 1, 2009]."~~

3 SECTION 32. Act 245, Session Laws of Hawaii 2005, as
4 amended by Act 294, Session Laws of Hawaii 2007, section 2, as
5 amended by Act 5, Special Session Laws of Hawaii 2008, section
6 1, is amended by amending section 8 to read as follows:

7 "SECTION 8. This Act shall take effect upon its approval[~~r~~
8 ~~for the purpose of establishing a voluntary employees'~~
9 ~~beneficiary association trust pilot program in March, 2006 and~~
10 ~~shall be repealed on July 1, 2010; provided that sections 89-2,~~
11 ~~89-3, 89-6, and 89-9, Hawaii Revised Statutes, are reenacted in~~
12 ~~the form in which they read on the day before the effective date~~
13 ~~of this Act]."~~

14 SECTION 33. Section 87A-19, Hawaii Revised Statutes, is
15 repealed.

16 [~~"[S87A-19] Plans for part-time, temporary, and seasonal~~
17 ~~or casual employees. (a) The board may offer medical,~~
18 ~~hospital, or surgical benefits plans to part-time, temporary,~~
19 ~~and seasonal or casual employees at no cost to the employers.~~
20 ~~The board may determine eligibility for part-time, temporary,~~
21 ~~and seasonal or casual employees by rules exempt from chapter 91~~
22 ~~as provided in section 87A-26.~~



1 ~~(b) The board shall establish the medical, hospital, or~~
2 ~~surgical benefits plan or plans, which shall be exempt from the~~
3 ~~minimum group requirements of article 10A of chapter 431. The~~
4 ~~medical, hospital, or surgical benefits plan or plans shall~~
5 ~~provide, pay for, arrange for, or reimburse the cost of medical,~~
6 ~~hospital, or surgical services, and may include prescribed~~
7 ~~hospital in-patient and out-patient service and medical~~
8 ~~benefits.~~

9 ~~(c) The board administrator may contract for the medical,~~
10 ~~hospital, or surgical benefits plan or plans. Each part-time,~~
11 ~~temporary, and seasonal or casual employee enrolled for medical,~~
12 ~~hospital, or surgical benefits shall pay monthly contributions~~
13 ~~directly to the board's designated carriers. The monthly~~
14 ~~contributions may include the carrier's administrative costs."]~~

15 SECTION 34. Section 87A-21, Hawaii Revised Statutes, is
16 repealed.

17 ~~["**[§87A-21] Eligibility.** (a) The board shall establish~~
18 ~~eligibility criteria to determine who can qualify as an~~
19 ~~employee beneficiary, dependent beneficiary, or qualified~~
20 ~~beneficiary, consistent with the provisions of this chapter.~~

21 ~~(b) A retired member of the employees' retirement system;~~
22 ~~a county pension system; or a police, firefighters, and bandsmen~~



1 ~~pension system of the State or county, shall be eligible to~~
2 ~~qualify as an employee-beneficiary:~~

3 ~~(1) Regardless of whether the retired member was actively~~
4 ~~employed by the State or county at the time of the~~
5 ~~retired employee's retirement; and~~

6 ~~(2) Without regard to the date of the retired member's~~
7 ~~retirement.~~

8 ~~(c) A dependent of a retired member shall be eligible to~~
9 ~~qualify as an employee-beneficiary or dependent-beneficiary:~~

10 ~~(1) Regardless of whether the retired member was actively~~
11 ~~employed by the State or county at the time of the~~
12 ~~retired employee's retirement; and~~

13 ~~(2) Without regard to the date of the retired member's~~
14 ~~retirement."]~~

15 SECTION 35. Section 87A-24, Hawaii Revised Statutes, is
16 repealed.

17 [~~§87A-24 Other powers.~~ In addition to the power to
18 administer the fund, the board may:

19 ~~(1) Collect, receive, deposit, and withdraw money on~~
20 ~~behalf of the fund;~~



- 1 ~~(2) Invest moneys in the same manner specified in section~~
2 ~~88-119(1) (A), (1) (B), (1) (C), (2), (3), (4), (5), (6),~~
3 ~~and (7);~~
- 4 ~~(3) Hold, purchase, sell, assign, transfer, or dispose of~~
5 ~~any securities or other investments of the fund, as~~
6 ~~well as the proceeds of those investments and any~~
7 ~~money belonging to the fund;~~
- 8 ~~(4) Appoint, and at pleasure dismiss, an administrator and~~
9 ~~other fund staff. The administrator and staff shall~~
10 ~~be exempt from chapter 76 and shall serve under and at~~
11 ~~the pleasure of the board;~~
- 12 ~~(5) Make payments of periodic charges and pay for~~
13 ~~reasonable expenses incurred in carrying out the~~
14 ~~purposes of the fund;~~
- 15 ~~(6) Contract for the performance of financial audits of~~
16 ~~the fund and claims audits of its insurance carriers;~~
- 17 ~~(7) Retain auditors, actuaries, investment firms and~~
18 ~~managers, benefit plan consultants, or other~~
19 ~~professional advisors to carry out the purposes of~~
20 ~~this chapter;~~
- 21 ~~(8) Establish health benefits plan and long term care~~
22 ~~benefits plan rates that include administrative and~~



1 ~~other expenses necessary to effectuate the purposes of~~
2 ~~the fund; and~~

3 ~~(9) Require any department, agency, or employee of the~~
4 ~~State or counties to furnish information to the board~~
5 ~~to carry out the purposes of this chapter."]~~

6 SECTION 36. Section 87A-25, Hawaii Revised Statutes, is
7 repealed.

8 ~~"[~~§87A-25~~] ~~Other duties.~~ The board shall:~~

9 ~~(1) Authorize charges and payments from the fund only upon~~
10 ~~vouchers countersigned by the chairperson and any~~
11 ~~other person designated by the board;~~

12 ~~(2) Maintain accurate records and accounts of all~~
13 ~~financial transactions of the fund that shall be~~
14 ~~audited annually and summarized in an annual report to~~
15 ~~the governor and legislature;~~

16 ~~(3) Maintain suitable and adequate records and provide~~
17 ~~information requested by State and county employers as~~
18 ~~necessary to carry out the purpose of the fund;~~

19 ~~(4) Procure fiduciary liability insurance and error and~~
20 ~~omissions coverage for all trustees; and~~



1 ~~(5) Procure a fidelity bond of a reasonable amount for the~~
2 ~~chairperson and any other person authorized to handle~~
3 ~~fund moneys."]~~

4 SECTION 37. Section 87A-26, Hawaii Revised Statutes, is
5 repealed.

6 ~~"[~~§87A-26~~] ~~Rules; policies, standards, and procedures.~~~~

7 ~~(a) The board may adopt rules for the purposes of this chapter.~~
8 ~~Rules shall be adopted without regard to in accordance with~~
9 ~~chapter 91. Rule-making procedures shall be adopted by the~~
10 ~~board and shall minimally provide for:~~

11 ~~(1) Consultation with employers and affected employee~~
12 ~~organizations with regard to proposed rules;~~

13 ~~(2) Adoption of rules at open meetings that permit the~~
14 ~~attendance of any interested persons;~~

15 ~~(3) Approval of rules by the governor; and~~

16 ~~(4) Filing of rules with the lieutenant governor.~~

17 ~~(b) The board may also issue policies, standards, and~~
18 ~~procedures consistent with its rules.~~

19 ~~(c) The board may adopt rules, without regard to chapter~~
20 ~~91, governing dispute resolution procedures in the event of~~
21 ~~impasse in decision-making; provided that the rules shall be~~
22 ~~adopted with the concurrence of six trustees."]~~



1 SECTION 38. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 39. In codifying the new sections added by section
4 1 of this Act, the revisor of statutes shall substitute
5 appropriate section numbers for the letters used in designating
6 the new sections in this Act.

7 SECTION 40. This Act shall take effect on July 1, 2012;
8 provided that sections 29, 30, 31, and 32 shall take effect upon
9 approval.



Report Title:

Hawaii Employer-Union Health Benefits Trust Fund; Trustee

Description:

Establishes bargaining unit health benefits trust funds. Changes the Hawaii Employer-Union Health Benefits Trust Fund to provide health and other benefits to exempt employees and retirees and changes the name of the fund to the Hawaii Public Employee Health Benefits Trust Fund. Amends the impasse procedures for certain bargaining units by shortening the time frames for arbitration.

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

