
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. The purpose of this Act is address the Hawaii
2 employer-union health benefits trust fund. More specifically,
3 this Act temporarily repeals the requirement that the State pay
4 contributions for group life insurance benefits for state active
5 and retired employees.

6 This Act takes effect on July 1, 2010 and sunsets on June
7 30, 2015.

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

10 " [†] §87A-17 [†] Group life insurance benefits or group life
11 insurance program. The board may [~~provide~~] make benefits under
12 a group life insurance benefits program or group life insurance
13 program available to employees[-]; provided that, if a state
14 active or retired employee is permitted to enroll in the
15 program, the state active or retired employee shall pay the
16 entire monthly contribution for the group life insurance
17 benefits under the program."



1 SECTION 3. Section 87A-31, Hawaii Revised Statutes, is
2 amended as follows:

3 1. By amending subsections (b) and (c) to read as follows:

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, but not including group life,
8 benefit plan rates; provided that the approval of the governor
9 and the legislature shall be necessary to fund administrative
10 and other expenses necessary to effectuate these purposes.

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

15 The fund may be used to provide the same group life
16 insurance benefits to state active and retired employees if they
17 pay the entire contributions for the benefits."

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

19 "(e) At the discretion of the board, some or all of the
20 fund may be used as a reserve against or to pay the fund's
21 future costs of providing health and other, but not including
22 group life, benefits plans established under [~~sections~~] section



1 87A-23 and 87A-37 and any other benefits plans the board
2 establishes for retired employees and their beneficiaries. The
3 board may create separate funds within the fund for this
4 purpose. Each separate fund shall be subject to all of the
5 provisions of this chapter."

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

8 "[+] §87A-32 [+] State and county contributions; active
9 employees. (a) 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 the amount established under chapter 89C or specified in the
13 applicable public sector collective bargaining agreements,
14 whichever is appropriate, for each of their respective employee-
15 beneficiaries and employee-beneficiaries with dependent-
16 beneficiaries, which shall be used toward the payment of costs
17 of a health benefits plan; provided 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,~~] section
9 78-30, the monthly contribution for those employee-
10 beneficiaries who participate in a cafeteria plan
11 shall be made through the cafeteria plan, and the
12 payments made by the State or counties shall include
13 their respective contributions to the fund and their
14 employee-beneficiary's share of the cost of the
15 employee-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 county



1 employees, to be used toward the payment of group life insurance
2 benefits for each county employee.

3 The State shall not pay any monthly contribution for the
4 group life insurance benefits of state employees."

5 SECTION 5. Section 87A-37, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "[+] §87A-37 [+] Group life insurance benefits plans for
8 retired employees; contributions. (a) The [~~State, through the~~
9 ~~department of budget and finance, and the~~] counties, through
10 their respective departments of finance, shall pay to the fund a
11 base monthly contribution as set forth in subsection (b) for
12 each retired county employee enrolled in the fund's group life
13 insurance benefits plan under section 87A-34, 87A-35, and 87A-
14 36.

15 The State shall not pay any monthly contribution for the
16 group life insurance benefits of retired state employees.

17 (b) Effective July 1, [~~2003~~] 2010, there is established a
18 base monthly contribution of \$4.16 for each retired county
19 employee enrolled in a group life insurance plan; provided that
20 the monthly contribution shall not exceed the actual cost of the
21 group life insurance benefits plan. The base composite monthly
22 contribution shall be adjusted annually beginning July 1,



1 [2004-] 2011. The adjusted base composite monthly contribution
2 for each new plan year shall be calculated by increasing or
3 decreasing the base composite monthly contribution in effect
4 through the end of the previous plan year by the percentage
5 increase or decrease in the medicare part B premium rate for
6 those years. The percentage shall be calculated by dividing the
7 medicare part B premium rate in effect at the beginning of the
8 new plan year by the rate in effect through the end of the
9 previous plan year.

10 As used in this subsection, "medicare part B premium rate"
11 means the rate published in the Federal Register each year on
12 November 1 or on the business day closest to November 1 of each
13 year after the medicare part B premium rate has been established
14 by the Secretary of Health and Human Services and approved by
15 the United States Congress."

16 SECTION 6. Section 87A-39, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "[+] §87A-39 [+] Reimbursement for state contributions. (a)
19 All state agencies having control of funds other than the
20 general fund shall reimburse the State for contributions made by
21 the State pursuant to sections 87A-32, 87A-33, 87A-33.5, 87A-34,
22 87A-35, and 87A-36 [~~, and 87A-37~~] on account of agency employees



1 whose compensation is paid in whole or part from funds other
2 than the 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 sections 87A-32,
8 87A-33, 87A-33.5, 87A-34, 87A-35, 87A-36, and, if applicable,
9 87A-37, on account of the employees in the agencies whose
10 compensation is paid in whole or part from federal funds."

11 SECTION 7. Section 87A-40, Hawaii Revised Statutes, is
12 amended to read as follows:

13 " [†] §87A-40 [†] Employee-beneficiary contributions; health
14 benefit plans [-]; group life insurance benefit plan. (a) Each
15 employee-beneficiary shall make a monthly contribution to the
16 fund amounting to the difference between the monthly charge of
17 the health benefits plan selected by the employee-beneficiary
18 and the contribution made by the State or county for the
19 employee-beneficiary to the fund. Nothing in this section shall
20 prohibit any employee-beneficiary from participating in a
21 cafeteria plan authorized under Title 26 United States Code



1 section 125, Internal Revenue Code of 1986, as amended, and
2 [~~part II of chapter 78.~~] section 78-30.

3 [~~(b)~~] During the period the health benefits plan selected
4 by an employee-beneficiary is in effect, the employee-
5 beneficiary, if allowed by law, shall authorize the employee-
6 beneficiary's contribution to be withheld and transmitted to the
7 fund monthly by the comptroller, employees' retirement system,
8 or finance officer who disburses the employee-beneficiary's
9 compensation, pension, or retirement pay. If an employee-
10 beneficiary's contribution to the fund is not withheld and
11 transmitted to the fund, the employee-beneficiary shall pay the
12 monthly contribution:

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

17 or

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



1 [~~e~~] Notwithstanding anything to the contrary in this
2 subsection [~~a~~], an employee-beneficiary's monthly contribution
3 to the fund shall include the amount that would have been the
4 employee-beneficiary's contribution if the employee-beneficiary
5 had not elected to participate in the cafeteria plan.

6 (b) If a state active or retired employee enrolls in the
7 fund's group life insurance benefit plan, the state active or
8 retired employee shall make a monthly contribution to the fund
9 amounting to the entire charge for the group life insurance
10 benefit plan. Subsection (a) shall apply to the payment by the
11 state active or retired employee of the monthly contribution."

12 SECTION 8. Section 89-9, Hawaii Revised Statutes, is
13 amended by amending subsection (e) to read as follows:

14 "(e) Negotiations relating to contributions to the Hawaii
15 employer-union health benefits trust fund shall be for the
16 purpose of agreeing upon the amounts [~~which the~~] that:

17 (1) The State and counties shall contribute under [section
18 87-4,] sections 87A-32(a), toward the payment of the
19 costs for a health benefits plan, as defined in
20 section [87-1(8)] 87A-1; and



1 (2) The counties shall contribute under section 87A-32(b)
2 towards the payment of the costs of group life
3 insurance benefits[, and the].

4 The parties shall not be bound by the amounts contributed under
5 prior agreements; provided that section 89-11 for the resolution
6 of disputes by way of arbitration shall not be available to
7 resolve impasses or disputes relating to the amounts the State
8 and counties shall contribute to the Hawaii employer-union
9 health benefits trust fund."

10 SECTION 9. Section 89-11, Hawaii Revised Statutes, is
11 amended by amending subsection (g) to read as follows:

12 "(g) The decision of the arbitration panel shall be final
13 and binding upon the parties on all provisions submitted to the
14 arbitration panel.

15 If the parties have reached agreement with respect to the
16 amounts of contributions by the State and counties to the Hawaii
17 employer-union health benefits trust fund by the tenth working
18 day after the arbitration panel issues its decision, the final
19 and binding agreement of the parties on all provisions shall
20 consist of the panel's decision and the amounts of contributions
21 agreed to by the parties [-]; provided that the agreement shall



1 not require the State to pay any contributions for group life
2 insurance benefits for state employees.

3 If the parties have not reached agreement with respect to
4 the amounts of contributions by the State and counties to the
5 Hawaii employer-union health benefits trust fund by the close of
6 business on the tenth working day after the arbitration panel
7 issues its decision, the parties shall have five days to submit
8 their respective recommendations for such contributions to the
9 legislature, if it is in session, and if the legislature is not
10 in session, the parties shall submit their respective
11 recommendations for such contributions to the legislature during
12 the next session of the legislature [~~. In such event, the~~];
13 provided that the parties shall not recommend that the State pay
14 any contributions for group life insurance benefits for state
15 employees. The final and binding agreement of the parties on
16 all provisions shall consist of the panel's decision and the
17 amounts of contributions established by the legislature by
18 enactment, after the legislature has considered the
19 recommendations for such contributions by the parties.

20 It is strictly understood that no member of a bargaining
21 unit subject to this subsection shall be allowed to participate
22 in a strike on the issue of the amounts of contributions by the



1 State and counties to the Hawaii employer-union health benefits
2 trust fund. The parties shall take whatever action is necessary
3 to carry out and effectuate the final and binding agreement.
4 The parties may, at any time and by mutual agreement, amend or
5 modify the panel's decision.

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

16 SECTION 10. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 11. This Act shall take effect on July 1, 2010,
19 and shall be repealed on June 30, 2015; provided that:

20 (1) Sections 87A-17, 87A-31(b), (c), and (e), 87A-32, 87A-
21 37, 87A-39, 87A-40, and 89-11(g), Hawaii Revised
22 Statutes, shall be reenacted in the form in which they



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1 read on the day before the effective date of this Act;
2 and
3 (3) Section 89-9(e), Hawaii Revised Statutes, shall be
4 reenacted in the form in which they it read on July 1,
5 2010.

6
INTRODUCED BY: *Clinton M. Ay*

JAN 27 2010



Report Title:

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

Description:

Prohibits the State from making contributions for group life insurance benefits for state employees under the Hawaii employer-union health benefits trust fund. Takes effect on 7/1/2010 and sunsets on 6/30/2015.

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

