

JAN 25 2010

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

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

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

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

16 (2) The State, through the department of budget and
17 finance, and the counties, through their respective

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1 departments of finance, shall pay to the fund a
2 contribution equal to an amount not less than the
3 medicare part B premium, for ~~[each of the following~~
4 ~~who are enrolled in the medicare part B medical~~
5 ~~insurance plan:—(A)]~~ an employee-beneficiary who is a
6 retired employee [~~—(B) an employee beneficiary's~~
7 ~~spouse while the employee beneficiary is living, and~~
8 ~~(C) an employee beneficiary's spouse, after the death~~
9 ~~of the employee beneficiary, if the spouse qualifies~~
10 ~~as an employee beneficiary.]~~ and enrolled in the
11 medicare part B medical insurance plan. For purposes
12 of this section, a "retired employee" means retired
13 members of the employees' retirement system; county
14 pension system; or a police, firefighters, or bandsmen
15 pension system of the State or a county as set forth
16 in chapter 88. If the amount reimbursed by the fund
17 under this section is less than the actual cost of the
18 medicare part B medical insurance plan due to an
19 increase in the medicare part B medical insurance plan
20 rate, the fund shall reimburse each ~~[employee—~~
21 ~~beneficiary and employee beneficiary's spouse]~~
22 employee-beneficiary who is a retired employee for the

1 cost increase within thirty days of the rate change.
2 Each [~~employee beneficiary and employee beneficiary's~~
3 ~~spouse~~] employee-beneficiary that is a retired
4 employee who becomes entitled to reimbursement from
5 the fund for medicare part B premiums after July 1,
6 2006, shall designate a financial institution account
7 into which the fund shall be authorized to deposit
8 reimbursements. This method of payment may be waived
9 by the fund if another method is determined to be more
10 appropriate;

11 (3) The benefits available under this plan, when combined
12 with benefits available under medicare or any other
13 coverage or plan to which this plan is subordinate
14 under the National Association of Insurance
15 Commissioners' coordination of benefit rules, shall
16 approximate the benefits that would be provided to a
17 similarly situated employee-beneficiary not eligible
18 for medicare;

19 (4) All employee-beneficiaries or dependent-beneficiaries
20 who are eligible to enroll in the medicare part B
21 medical insurance plan shall enroll in that plan as a
22 condition of receiving contributions and participating

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1 in benefits plans under this chapter. This paragraph
2 shall apply to retired employees, their spouses, and
3 the surviving spouses of deceased retirees and
4 employees killed in the performance of duty; and

5 (5) The board shall determine which of the employee-
6 beneficiaries and dependent-beneficiaries, who are not
7 enrolled in the medicare part B medical insurance
8 plan, may participate in the plans offered by the
9 fund."

10 SECTION 2. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 3. This Act shall take effect on July 1, 2010.

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INTRODUCED BY: _____

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15

BY REQUEST

Report Title:

Employer-Union Health Benefits Trust Fund; Medicare Part B Reimbursements

Description:

Eliminates Medicare Part B reimbursements for spouses of employee-beneficiaries who are retired employees.

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND.

PURPOSE: To eliminate Medicare Part B reimbursements for spouses of employee-beneficiaries who are retired employees.

MEANS: Amend section 87A-23, Hawaii Revised Statutes (HRS).

JUSTIFICATION: Due to declining general fund revenues and an anticipated budget shortfall of \$1,230,000,000 in fiscal biennium 2009-2011, action must be taken to contain health benefit costs.

Section 87A-23, HRS, provides Medicare Part B premium reimbursements to all retirees and their spouses. For fiscal year 2010-2011, the total cost of these reimbursements is \$38,600,000, including the cost for spouses of retirees. These reimbursements are provided even if the spouses may never have been state or county employees. Based on a projected count of 6,500 spouses, eliminating spousal benefits is estimated to save \$8,400,000 in employer contributions for fiscal year 2010-2011.

Impact on the public: Health benefits for state and local governments are funded through general fund appropriations. All cost containment efforts will help to address the budget shortfall, benefit taxpayers, and help alleviate current economic conditions.

Impact on the department and other agencies: These changes are expected to contain the cost of employer contributions for Medicare Part B reimbursements, and ensure the viability of the Hawaii Employer-Union Health Benefits Trust Fund.

GENERAL FUND: Savings of approximately \$8,400,000 per fiscal year.

OTHER FUNDS: None.

PBBS PROGRAM
DESIGNATION: BUF-761, BUF-765, and BUF-768.

OTHER AFFECTED
AGENCIES: All State executive agencies, the Office of Hawaiian Affairs, the Judiciary, the Hawaii Health Systems Corporation, the legislative bodies of the State, City and County of Honolulu, County of Maui, County of Hawaii, and County of Kauai.

EFFECTIVE DATE: July 1, 2010.