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# A BILL FOR AN ACT

RELATING TO PUBLIC EMPLOYMENT.

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

1           SECTION 1. The purpose of this Act is to amend provisions  
2 relating to group life insurance for active and retired public  
3 employees. More specifically, this Act:

4           (1) Limits the Hawaii employer-union health benefits trust  
5 fund to providing group life insurance benefits only  
6 to retired employees who retired before July 1, 2011;

7           (2) Repeals the annual adjustment provision for public  
8 employers' monthly contributions for group life  
9 insurance benefits of retired employees; and

10          (3) Repeals provisions pertaining to the negotiation of  
11 group life insurance contributions for active  
12 employees.

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

15           "~~§87A-17~~ **Group life insurance benefits or group life**  
16 **insurance program.** The board ~~may~~ shall provide benefits under  
17 a group life insurance benefits program or group life insurance  
18 program to retired employees ~~[-]~~ who retired before July 1, 2011.



1       The board shall not provide or make available group life  
2 insurance benefits to active employees or retired employees who  
3 retire after June 30, 2011."

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

6       "(c) The fund [~~may~~] shall be used to provide group life  
7 insurance benefits to retired employees [~~to the extent that~~  
8 ~~contributions are provided for group life insurance benefits in~~  
9 ~~sections 87A-32 and 87A-37.~~] in accordance with section 87A-17."

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

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



- 1 (1) The monthly contribution shall be a specified dollar  
2 amount;
- 3 (2) The monthly contribution shall not exceed the actual  
4 cost of a health benefits plan;
- 5 (3) If both husband and wife are employee-beneficiaries,  
6 the total contribution by the State or the county  
7 shall not exceed the monthly contribution for a family  
8 plan; and
- 9 (4) If the State or any of the counties establish  
10 cafeteria plans in accordance with Title 26, United  
11 States Code [~~section~~] Section 125, the Internal  
12 Revenue Code of 1986, as amended, and [~~part II of~~]  
13 chapter 78, the monthly contribution for those  
14 employee-beneficiaries who participate in a cafeteria  
15 plan shall be made through the cafeteria plan, and the  
16 payments made by the State or counties shall include  
17 their respective contributions to the fund and their  
18 employee-beneficiary's share of the cost of the  
19 employee-beneficiary's health benefits plan.

20 [~~(b) The State, through the department of budget and~~  
21 ~~finance, and the counties, through their respective departments~~  
22 ~~of finance, shall pay to the fund a monthly contribution equal~~



1 ~~to the amount established under chapter 89C or specified in the~~  
2 ~~applicable public sector collective bargaining agreement,~~  
3 ~~whichever is applicable, for each of their respective employees,~~  
4 ~~to be used toward the payment of group life insurance benefits~~  
5 ~~for each employee.]"~~

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

8 "~~[+]§87A-37[+]~~ **Group life insurance benefits plans for**  
9 **retired employees; contributions.** (a) The State, through the  
10 department of budget and finance, and the counties, through  
11 their respective departments of finance, shall pay to the fund a  
12 base monthly contribution as set forth in subsection (b) for  
13 each retired employee who retired before July 1, 2011, and is  
14 enrolled in the fund's group life insurance benefits plan [~~under~~  
15 ~~section 87A-34, 87A-35, and 87A-36]~~].

16 (b) Effective July 1, 2003, there is established a base  
17 monthly contribution of \$4.16 for each retired employee who  
18 retired before July 1, 2011, and is enrolled in a group life  
19 insurance plan; provided that the monthly contribution shall not  
20 exceed the actual cost of the group life insurance benefits  
21 plan. [~~The base composite monthly contribution shall be~~  
22 ~~adjusted annually beginning July 1, 2004. The adjusted base~~



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

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

15 SECTION 6. Section 89-2, Hawaii Revised Statutes, is  
16 amended as follows:

17 1. By adding a new definition of "health benefits plan" to  
18 be appropriately inserted and to read:

19 "Health benefits plan" means a health benefits plan, as  
20 defined under section 87A-1, that is offered by the Hawaii  
21 employer-union health benefits trust fund."



1           2. By amending the definition of "collective bargaining"  
2 to read:

3            "Collective bargaining" means the performance of the  
4 mutual obligations of the public employer and an exclusive  
5 representative to meet at reasonable times, to confer and  
6 negotiate in good faith, and to execute a written agreement with  
7 respect to wages, hours, amounts of contributions by the State  
8 [~~and~~] or counties [~~to the Hawaii public employees health fund,~~]  
9 for health benefits plans, and other terms and conditions of  
10 employment, except that by any such obligation neither party  
11 shall be compelled to agree to a proposal, or be required to  
12 make a concession. For the purposes of this definition, "wages"  
13 includes the number of incremental and longevity steps, the  
14 number of pay ranges, and the movement between steps within the  
15 pay range and between the pay ranges on a pay schedule under a  
16 collective bargaining agreement."

17           3. By amending the definition of "employee organization"  
18 to read:

19            "Employee organization" means any organization of any kind  
20 in which public employees participate and [~~which~~] that exists  
21 for the primary purpose of dealing with public employers  
22 concerning grievances, labor disputes, wages, hours, amounts of



1 contributions by the State [~~and~~] or counties [~~to the Hawaii~~  
2 ~~public employees health fund,~~] for health benefits plans, and  
3 other terms and conditions of employment of public employees."

4 SECTION 7. Section 89-9, Hawaii Revised Statutes, is  
5 amended as follows:

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

7 "(a) The employer and the exclusive representative shall  
8 meet at reasonable times, including meetings sufficiently in  
9 advance of the February 1 impasse date under section 89-11, and  
10 shall negotiate in good faith with respect to wages, hours, the  
11 amounts of contributions by the State and respective counties  
12 [~~to the Hawaii employer union health benefits trust fund~~] for  
13 health benefits plans to the extent allowed in subsection (e),  
14 and other terms and conditions of employment [~~which~~] that are  
15 subject to collective bargaining and [~~which~~] that are to be  
16 embodied in a written agreement as specified in section 89-10,  
17 but [~~such~~] the obligation does not compel either party to agree  
18 to a proposal or make a concession[~~, provided that the parties~~  
19 ~~may not negotiate with respect to cost items as defined by~~  
20 ~~section 89-2 for the biennium 1999 to 2001, and the cost items~~  
21 ~~of employees in bargaining units under section 89-6 in effect on~~  
22 ~~June 30, 1999, shall remain in effect until July 1, 2001]:"~~



1           2. By amending subsections (d) and (e) to read:

2           "(d) Excluded from the subjects of negotiations are  
3 matters of classification, reclassification, benefits of but not  
4 contributions [~~to the Hawaii employer union health benefits~~  
5 ~~trust fund,~~] for health benefits plans, recruitment,  
6 examination, initial pricing, and retirement benefits except as  
7 provided in section 88-8(h). The employer and the exclusive  
8 representative shall not agree to any proposal [~~which~~] that  
9 would be inconsistent with the merit principle or the principle  
10 of equal pay for equal work pursuant to section 76-1 or [~~which~~]  
11 would interfere with the rights and obligations of a public  
12 employer to:

- 13           (1) Direct employees;
- 14           (2) Determine qualifications, standards for work, and the  
15 nature and contents of examinations;
- 16           (3) Hire, promote, transfer, assign, and retain employees  
17 in positions;
- 18           (4) Suspend, demote, discharge, or take other disciplinary  
19 action against employees for proper cause;
- 20           (5) Relieve an employee from duties because of lack of  
21 work or other legitimate reason;





- 1           (6) Maintain efficiency and productivity, including  
2           maximizing the use of advanced technology, in  
3           government operations;
- 4           (7) Determine methods, means, and personnel by which the  
5           employer's operations are to be conducted; and
- 6           (8) Take [~~such~~] actions as may be necessary to carry out  
7           the missions of the employer in cases of emergencies.

8           This subsection shall not be used to invalidate provisions  
9 of collective bargaining agreements in effect on and after June  
10 30, 2007, and shall not preclude negotiations over the  
11 procedures and criteria on promotions, transfers, assignments,  
12 demotions, layoffs, suspensions, terminations, discharges, or  
13 other disciplinary actions as a permissive subject of bargaining  
14 during collective bargaining negotiations or negotiations over a  
15 memorandum of agreement, memorandum of understanding, or other  
16 supplemental agreement.

17           Violations of the procedures and criteria so negotiated may  
18 be subject to the grievance procedure in the collective  
19 bargaining agreement.

20           (e) Negotiations relating to contributions to the Hawaii  
21 employer-union health benefits trust fund shall be for the  
22 purpose of agreeing upon the amounts [~~which~~] that the State



1 ~~[and]~~ or counties shall contribute under ~~[section 87-4,]~~ section  
2 87A-32 toward the payment of the costs for a health benefits  
3 plan, as defined in section ~~[87-1(8), and group life insurance~~  
4 ~~benefits, and the]~~ 89-2. The parties shall not be bound by the  
5 amounts contributed under prior agreements; provided that  
6 section 89-11 for the resolution of disputes by way of  
7 arbitration shall not be available to resolve impasses or  
8 disputes relating to the amounts the State and counties shall  
9 contribute ~~[to the Hawaii employer union health benefits trust~~  
10 ~~fund.]~~ for health benefits plans."

11 SECTION 8. Section 89-11, Hawaii Revised Statutes, is  
12 amended by amending subsection (g) to read as follows:

13 "(g) The decision of the arbitration panel shall be final  
14 and binding upon the parties on all provisions submitted to the  
15 arbitration panel. If the parties have reached agreement with  
16 respect to the amounts of contributions by the State and  
17 counties ~~[to the Hawaii employer union health benefits trust~~  
18 ~~fund]~~ for health benefits plans by the tenth working day after  
19 the arbitration panel issues its decision, the final and binding  
20 agreement of the parties on all provisions shall consist of the  
21 panel's decision and the amounts of contributions agreed to by  
22 the parties. If the parties have not reached agreement with



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



1 agreement. The parties [~~may~~], at any time and by mutual  
2 agreement, may amend or modify the panel's decision.

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

14       SECTION 9. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16       SECTION 10. This Act shall take effect on July 1, 2011.



**Report Title:**

Public Employment; Group Life Insurance

**Description:**

Limits the Employer-Union Health Benefits Trust Fund to providing group life insurance benefits only to retired employees who retired before July 1, 2011. Maintains the flat dollar contribution for the group life benefit of retired employees and repeals the annual adjustment. Repeals provisions pertaining to the negotiation of group life insurance contributions for active employees. Effective July 1, 2011.

(HB814 HD1)

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

