

JAN 26 2011

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~~
18 ~~departments of finance, shall pay to the fund a~~
19 ~~contribution equal to an amount not less than the~~

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

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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)]~~ (2) 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)]~~ (3) The board shall determine which of the
21 employee-beneficiaries and dependent-beneficiaries,
22 who are not enrolled in the medicare part B medical
23 insurance plan, may participate in the plans offered
24 by the fund."

Report Title:

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

Description:

To eliminate Medicare Part B reimbursements for retired
employee-beneficiaries and the 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: The purpose of this bill is to eliminate Medicare Part B reimbursements for employee-beneficiaries who are retired employees and their spouses.

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

JUSTIFICATION: Section 87A-23, Hawaii Revised Statutes, provides Medicare Part B premium reimbursements to all retirees and their spouses. In fiscal year 2010-2011, this cost totals \$38,600,000 including the cost for spouses of retirees. Reimbursement is provided even if the spouse may never have been a state or county employee.

Impact on the public: Health benefits for state and county retirees and their spouses are funded through general fund appropriations. Any success in containing costs benefits the taxpayer.

Impact on the department and other agencies: These changes are expected to contain the costs of employer contributions for retiree health benefits and better assure some benefit sustainability.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: BUF 761, BUF 765, and BUF 768.

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OTHER AFFECTED
AGENCIES:

All Executive Branch agencies, county governments and the Judiciary.

EFFECTIVE DATE:

July 1, 2011.