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# 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           (a) The board shall establish a health benefits plan, which  
5 takes into account benefits available to an employee-beneficiary  
6 and 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



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



1 who becomes entitled to reimbursement from the fund  
2 for medicare part B premiums after July 1, 2006, shall  
3 designate a financial institution account into which  
4 the fund shall be authorized to deposit  
5 reimbursements. This method of payment may be waived  
6 by the fund if another method is determined to be more  
7 appropriate;

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

16 (4) All employee-beneficiaries or dependent-beneficiaries  
17 who are eligible to enroll in the medicare part B  
18 medical insurance plan shall enroll in that plan as a  
19 condition of receiving contributions and participating  
20 in benefits plans under this chapter. This paragraph  
21 shall apply to retired employees, their spouses, and



1 the surviving spouses of deceased retirees and  
2 employees killed in the performance of duty; and  
3 (5) The board shall determine which of the  
4 employee-beneficiaries and dependent-beneficiaries,  
5 who are not enrolled in the medicare part B medical  
6 insurance plan, may participate in the plans offered  
7 by the fund.

8 (b) Subsection (a)(2) and(3) shall not apply to an  
9 employee-beneficiary hired after June 30, 2011, or the spouse of  
10 an employee-beneficiary hired after June 30, 2011.

11 (c) Upon retirement, an employee-beneficiary with at least  
12 one year, but less than two years, of credited service on June  
13 30, 2011, shall be entitled to a ten per cent reimbursement from  
14 the fund under subsection (a)(2) for medicare part B premiums.

15 Upon retirement, employee-beneficiaries with more than one year  
16 of credited service on June 30, 2011, shall be entitled to  
17 reimbursements from the fund under subsection (a)(2) for  
18 medicare part B premiums, as follows:

19 (1) An employee-beneficiary with at least two years, but  
20 less than three years, of credited service shall  
21 receive twenty per cent reimbursement;



- 1        (2) An employee-beneficiary with at least three years, but  
2        less than four years, of credited service shall  
3        receive thirty per cent reimbursement;
- 4        (3) An employee-beneficiary with at least four years, but  
5        less than five years, of credited service shall  
6        receive forty per cent reimbursement;
- 7        (4) An employee-beneficiary with at least five years, but  
8        less than six years, of credited service shall receive  
9        fifty per cent reimbursement;
- 10       (5) An employee-beneficiary with at least six years, but  
11       less than seven years, of credited service shall  
12       receive sixty per cent reimbursement;
- 13       (6) An employee-beneficiary with at least seven years, but  
14       less than eight years, of credited service shall  
15       receive seventy per cent reimbursement;
- 16       (7) An employee-beneficiary with at least eight years, but  
17       less than nine years, of credited service shall  
18       receive eighty per cent reimbursement; and
- 19       (8) An employee-beneficiary with at least nine years, but  
20       less than ten years, of credited service shall receive  
21       ninety per cent reimbursement;



1 provided that to qualify for reimbursement under subsection  
2 (a)(2), an employee shall have at least ten years of credited  
3 service; and provided further that subsection (a)(3) shall not  
4 apply to employee-beneficiaries under this subsection."

5 SECTION 2. Statutory material to be repealed is bracketed  
6 and stricken. New statutory material is underscored.

7 SECTION 3. This Act shall take effect on July 1, 2011.



**Report Title:**

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

**Description:**

Eliminates medicare part B reimbursements for employee-beneficiaries and spouses of employee-beneficiaries hired after June 30, 2011. Provides that an employee-beneficiary would be entitled to receive up to ninety percent of medicare part B reimbursements, based on the employee-beneficiary's year or years of credited service on June 30, 2011. Effective July 1, 2011. (HB1041 HD1)

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

