
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 to address the
2 unfunded actuarial liability of the Hawaii employer-union health
3 benefits trust fund.

4 Specifically, this Act effectively sets a ceiling on the
5 employer's contribution for the health benefits plan of an
6 employee upon retirement for employees hired after June 30,
7 2012. The ceiling is computed based on the employee's years of
8 credited service before retirement.

9 SECTION 2. Chapter 87A, Hawaii Revised Statutes, is
10 amended by adding a new section to be appropriately designated
11 and to read as follows:

12 "§87A- State and county contributions; employees hired
13 after June 30, 2012, and retired. (a) For the purpose of this
14 section:

15 "Adjusted earned contribution" means a retired employee's
16 earned contribution as adjusted under subsection (e).



1 "Credited service" means the same as defined under section
2 88-21.

3 "Earned contribution" for a retired employee means the
4 result of multiplying a retired employee's years of credited
5 service by \$10, and then increasing that result by 2.5 per cent
6 for each twelve-month period that elapses between July 1, 2012,
7 and the employee's date of retirement.

8 (b) This section shall apply to state and county
9 contributions to the fund for employees hired after June 30,
10 2012, who subsequently retire with at least ten years of
11 credited service. Years of credited service of an employee
12 hired after June 30, 2012, shall be computed in the same manner
13 as under chapter 88.

14 (c) Upon retirement, an employee to whom this section
15 applies shall be allowed to enroll only in a medicare or non-
16 medicare self plan, as applicable.

17 (d) The State, through the department of budget and
18 finance, and the counties, through their respective departments
19 of finance, shall pay to the fund for the medicare or non-
20 medicare self plan of a retired employee a monthly contribution
21 equal to the least costly of the following:



1 (1) One half of the base medicare or non-medicare monthly
2 contribution for the self plan calculated in
3 accordance with section 87A-33;

4 (2) One half of the actual monthly cost of the self plan;
5 or

6 (3) The retired employee's adjusted earned contribution.

7 (e) On the second January 1 following the date on which an
8 employee retires, the retired employee's earned contribution
9 shall be adjusted by the same percentage as the base monthly
10 contribution percentage change applicable on that January 1.

11 On each subsequent January 1, the retired employee's
12 adjusted earned contribution shall be adjusted again by the same
13 percentage as the base monthly contribution percentage change
14 applicable on that January 1.

15 For the purpose of this subsection, the "base monthly
16 contribution percentage change" shall be the same percentage
17 change applicable on that January 1 as calculated under section
18 87A-33(d).

19 (f) Neither the State nor a county shall make a
20 contribution to the fund for a retired employee to whom this
21 section applies who:

22 (1) Has less than ten years of credited service;



1 (2) Has at least ten years of credited service, but does
2 not enroll in a medicare or non-medicare self plan."

3 SECTION 3. Section 87A-33, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) Notwithstanding any law to the contrary, this section
6 shall apply to state and county contributions to the fund for:

7 (1) The dependent-beneficiary of an employee who is killed
8 in the performance of duty;

9 (2) A dependent-beneficiary, upon the death of the
10 employee-beneficiary, except as provided in section
11 87A-36;

12 (3) An employee-beneficiary who retired after June 30,
13 1984, due to a disability falling within sections 88-
14 79 and 88-285;

15 (4) An employee-beneficiary who retired before July 1,
16 1984;

17 (5) An employee-beneficiary who:

18 (A) Was hired before July 1, 1996;

19 (B) Retired after June 30, 1984; and

20 (C) Who has ten years or more of credited service,
21 excluding sick leave;

22 (6) An employee-beneficiary who:



1 (A) Was hired after June 30, 1996 [†], and before July
2 1, 2012; and

3 (B) Retired with twenty-five or more years of
4 credited service, excluding sick leave, except as
5 provided in section 87A-36; and

6 (7) Employees who retired prior to 1961 and their
7 dependent-beneficiaries."

8 SECTION 4. Section 87A-36, Hawaii Revised Statutes, is
9 amended as follows:

10 1. By amending the title to read:

11 "§87A-36 State and county contributions; employees hired
12 after June 30, 2001, and before July 1, 2012, and retired."

13 2. By amending subsections (a) and (b) to read:

14 "(a) This section shall apply to state and county
15 contributions to the fund for employees hired after June 30,
16 2001, and before July 1, 2012, and who retired, except that this
17 section shall not apply to the following employees, for whom
18 state and county contributions shall be made as provided by
19 section 87A-35:

20 (1) An employee hired after June 30, 1996, and prior to
21 July 1, 2001, who transfers employment after June 30,



1 2001, and who cumulatively accrues at least ten years
2 of credited service; and

3 (2) An employee hired after June 30, 1996, and prior to
4 July 1, 2001, who has at least ten years of credited
5 service prior to a break in service.

6 For purposes of this section:

7 "Break in service" means to leave state or county
8 employment for more than ninety calendar days before returning
9 to state or county employment.

10 "Transfer" means to leave state or county employment and
11 return to state or county employment within ninety calendar
12 days.

13 (b) For purposes of this section, if an employee leaves
14 state or county employment and returns to state or county
15 employment after July 1, 2001, and before July 1, 2012, upon
16 retirement, the employee's years of service shall be computed in
17 the same manner as set forth in chapter 88."

18 SECTION 5. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.



H.B. NO. 1803

1 SECTION 6. This Act shall take effect on July 1, 2012.

2

INTRODUCED BY:

Calvin K. Day

JAN 13 2012



H.B. NO. 1803

Report Title:

Hawaii Employer-Union Health Benefits Trust Fund; Employer Contribution

Description:

Revises the employer's monthly contribution for the health benefits plan of a retired employee who was hired after 6/30/12.

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