
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 125, the Internal Revenue Code of
12 1986, as amended, and part II of chapter 78, the
13 monthly contribution for those employee-beneficiaries
14 who participate in a cafeteria plan shall be made
15 through the cafeteria plan, and the payments made by
16 the State or counties shall include their respective
17 contributions to the fund and their employee-
18 beneficiary's share of the cost of the employee-
19 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 monthly contribution for each retired employee who retired
13 before July 1, 2011, and is enrolled in the fund's group life
14 insurance benefits plan ~~[under section 87A-34, 87A-35, and 87A-~~
15 ~~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" mean 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 exists for the
21 primary purpose of dealing with public employers concerning
22 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 obligation does not compel either party to agree to a
18 proposal or make a concession[~~;~~ ~~provided that the parties may~~
19 ~~not negotiate with respect to cost items as defined by section~~
20 ~~89-2 for the biennium 1999 to 2001, and the cost items of~~
21 ~~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 would be
- 9 inconsistent with the merit principle or the principle of equal
- 10 pay for equal work pursuant to section 76-1 or [which] would
- 11 interfere with the rights and obligations of a public employer
- 12 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 the
- 7 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 fund.]~~
10 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 Hawaii employer union health benefits trust fund]~~
18 for health benefits plans by the tenth working day after the
19 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 during
10 the next session of the legislature. In such event, the final
11 and binding agreement of the parties on all provisions shall
12 consist of the panel's decision and the amounts of contributions
13 established by the legislature by enactment, after the
14 legislature has considered the recommendations for such
15 contributions by the parties. It is strictly understood that no
16 member of a bargaining unit subject to this subsection shall be
17 allowed to participate in a strike on the issue of the amounts
18 of contributions by the State and counties [~~to the Hawaii~~
19 ~~employer union health benefits trust fund.~~] for health benefits
20 plans. The parties shall take whatever action is necessary to
21 carry out and effectuate the final and binding agreement. The



1 parties [~~may~~], at any time and by mutual agreement, may amend or
2 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.

17

INTRODUCED BY: Calvin K. Y. Day

JAN 21 2011



Report Title:

Public Employment; Group Life Insurance

Description:

Limits the EUTF to providing group life insurance benefits only to retired employees who retired before 07/01/2011. 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.

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