

S.B. NO. 2754

JAN 25 2012

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-33, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§87A-33 State and county contributions; retired**
4 **employees.** (a) Notwithstanding any law to the contrary, this
5 section shall apply to state and county contributions to the
6 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:

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- 1 (A) Was hired before July 1, 1996;
- 2 (B) Retired after June 30, 1984; and
- 3 (C) Who has ten years or more of credited service,
- 4 excluding sick leave;
- 5 (6) An employee-beneficiary who:
 - 6 (A) Was hired after June 30, 1996; and
 - 7 (B) Retired with twenty-five or more years of
 - 8 credited service, excluding sick leave, except as
 - 9 provided in section 87A-36; and
- 10 (7) Employees who retired prior to 1961 and their
- 11 dependent-beneficiaries.
- 12 (b) Effective July 1, 2003, there is established a base
- 13 monthly contribution for health benefit plans that the State,
- 14 through the department of budget and finance, and the counties,
- 15 through their respective departments of finance, shall pay to
- 16 the fund, up to the following:
 - 17 (1) \$218 for each employee-beneficiary enrolled in
 - 18 supplemental medicare self plans;
 - 19 (2) \$671 for each employee-beneficiary enrolled in
 - 20 supplemental medicare family plans;
 - 21 (3) \$342 for each employee-beneficiary enrolled in non-
 - 22 medicare self plans; and

1 (4) \$928 for each employee-beneficiary enrolled in non-
2 medicare family plans.

3 The monthly contribution by the State or county shall not
4 exceed the actual cost of the health benefits plan or plans. If
5 both husband and wife are employee-beneficiaries, the total
6 contribution by the State or county shall not exceed the monthly
7 contribution for a supplemental medicare family or non-medicare
8 family plan, as appropriate.

9 (c) Effective July 1, 2004, there is established a base
10 monthly contribution for health benefit plans that the State,
11 through the department of budget and finance, and the counties,
12 through their respective departments of finance, shall pay to
13 the fund, up to the following:

14 (1) \$254 for each employee-beneficiary enrolled in
15 supplemental medicare self plans;

16 (2) \$787 for each employee-beneficiary enrolled in
17 supplemental medicare family plans;

18 (3) \$412 for each employee-beneficiary enrolled in non-
19 medicare self plans; and

20 (4) \$1,089 for each employee-beneficiary enrolled in non-
21 medicare family plans.

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1 The monthly contribution by the State or county shall not
2 exceed the actual cost of the health benefit plan or plans and
3 shall not be required to cover increased benefits above those
4 initially contracted for by the fund for plan year 2004-
5 2005. If both husband and wife are employee-beneficiaries, the
6 total contribution by the State or county shall not exceed the
7 monthly contribution for a supplemental medicare family or non-
8 medicare family plan, as appropriate.

9 (d) The base composite monthly contribution shall be
10 adjusted annually, beginning July 1, 2005. The adjusted base
11 composite monthly contribution for each new plan year (July 1
12 until June 30) shall be calculated by increasing or decreasing
13 the base composite monthly contribution in effect through the
14 end of the previous plan year by the percentage increase or
15 decrease in the medicare part B premium rate for those years,
16 which percentage shall be calculated by dividing the medicare
17 part B premium rate in effect at the beginning of the new plan
18 year by the rate in effect at the beginning of the previous plan
19 year.

20 For the plan year beginning July 1, 2005, the adjusted base
21 monthly contribution shall be computed using the actual
22 contracted premium rate as of July 1, 2004, for medicare and

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1 non-medicare, self and family health benefits plans with the
2 highest actual contracted premium rate as of July 1, 2004.

3 As used in this subsection, "medicare part B premium rate"
4 means the rate published in the Federal Register each year on
5 November 1 or on the business day closest to November 1 of each
6 year after the medicare part B premium rate has been established
7 by the Secretary of Health and Human Services and approved by
8 the United States Congress.

9 (e) The base composite monthly contribution shall be
10 adjusted annually, beginning January 1, 2012. The adjusted base
11 composite monthly contribution for each new plan year (January 1
12 until December 31) shall be calculated by increasing or
13 decreasing the base composite monthly contribution in effect
14 through the end of the previous plan year by the percentage
15 increase or decrease in the medicare part B premium rate for
16 those years, which percentage shall be calculated by dividing
17 the medicare part B premium rate in effect at the beginning of
18 the new plan year by the rate in effect at the beginning of the
19 previous plan year.

20 For the plan year beginning January 1, 2013, the adjusted
21 base monthly contribution shall be computed using the base
22 composite monthly contribution as of July 1, 2012.

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Report Title:

Hawaii Employer-Union Health Benefits Trust Fund

Description:

Changes the date that the base monthly contribution is annually adjusted from July 1 of each year to January 1 of each year.

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

JUSTIFICATION SHEET

DEPARTMENT: Department of Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND.

PURPOSE: To change the date that the base monthly contribution is annually adjusted from July 1 of each year to January 1 of each year.

MEANS: Amend section 87A-33, Hawaii Revised Statutes.

JUSTIFICATION: Currently, the Base Monthly Contribution (BMC) is adjusted annually, every July 1, based on federal medicare part B rate adjustments. However, medicare part B adjustments are determined annually and are effective every January 1. Additionally, the Employer-Union Health Benefits Trust Fund ("EUTF") retiree plan year is January 1 to December 31. Changing the adjustment of the BMC from July 1 each year to January 1 each year will sync up EUTF's retiree plan year and BMC adjustment date with the federal medicare part B adjustment date. By syncing up the dates, there will be only one rate change each year on January 1 (total premium rate change, medicare part B rate change, and BMC rate change), instead of two rate changes, January 1 (medicare part B rate change and total premium rate change) and July 1 (BMC change). Having only one rate change per year, instead of two, will be administratively more efficient for the EUTF and, more importantly, less confusing for the retirees.

Impact on the public: This will benefit state and county retirees because they will only have to cope with one annual adjustment rather than the two that they have now.

Impact on the department and other agencies:

As mentioned above, this will benefit EUTF operations and make them more efficient because EUTF will have to make only one adjustment annually instead of two, thus lightening the workload, and will reduce the likelihood of errors because only one adjustment needs to be made.

GENERAL FUND: To be determined.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: BUF 143.

OTHER AFFECTED
AGENCIES: State and Counties.

EFFECTIVE DATE: Upon approval.