

STAND. COM. REP. NO.

2985

Honolulu, Hawaii

MAR 23 2012

RE: H.B. No. 2492
H.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred
H.B. No. 2492, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION
HEALTH BENEFITS TRUST FUND,"

begs leave to report as follows:

The purpose and intent of this measure is to improve the efficiency and cost effectiveness of the Hawaii employer-union health benefits trust fund and reduce confusion for retirees with regard to the annual adjustments of their base monthly contribution rates by changing the date that the base monthly contribution rate is annually adjusted from July 1 of each year to January 1 of each year.

Your Committee received testimony in support of this measure from the Department of Budget and Finance and Hawaii Employer-Union Health Benefits Trust Fund.

Your Committee finds that currently, a retiree's base monthly contribution rate is adjusted annually on July 1 of every year based on federal Medicare part B rate adjustments. However, Medicare part B adjustments are determined annually and are effective every January 1 of each year. Additionally, the Hawaii employer-union health benefits trust fund retiree plan year is January 1 to December 31. Changing the adjustment of the base monthly contribution rate from July 1 to January 1 of each year will align the Hawaii employer-union health benefits trust fund retiree plan year and base monthly contribution rate adjustment



date with the federal Medicare part B adjustment date. Your Committee further finds that having only one rate change per year instead of two will be more administratively efficient for the Hawaii employer-union health benefits trust fund and less confusing for retirees.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2492, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,



CLAYTON HEE, Chair



