

LATE TESTIMONY

TESTIMONY BY BARBARA CORIELL
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR
ON
HOUSE BILL NO. 2492, H.D. 1

March 14, 2012, 10:00 a.m.

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND

Chairperson Hee and Members of the Committee:

As the Administrator of the Hawaii Employer-Union Health Benefits Trust Fund I am testifying in support of House Bill 2492, H.D. 1, which was recommended by the Board of the EUTF.

House Bill 2492, H.D. 1, changes the date of the change in the Base Monthly Contribution (employer) for retiree health care plans so that the plans' rates and the employer's contribution will both change on January 1.

Employers' contributions to retiree healthcare plans of 50%, 75% or 100% are not a percentage of the actual plan rates. Rather, employer contributions are calculated as a percentage of a figure referred to as the Base Monthly Contribution or BMC. The BMC amounts change annually in accordance with the percentage change in the Medicare B premium which is determined by Medicare. This legislation addresses the date of the BMC calculation.

At this time the BMC amounts are determined on July 1 based on the Medicare premium change from the preceding October. However, the retiree plan rates change January 1. This causes two annual rate changes for those

retirees who contribute toward the cost of their coverage; one, January 1st with the change in the plan rates and secondly, July 1st when the employer's contribution toward those rates is recalculated. Moving the Base Monthly Contribution change date to January 1 based on the preceding year's Medicare rate change will result in a single rate change per year for retirees. This will assist the retirees and simplify procedures for the EUTF.

Thank you for the opportunity to testify on this matter.