

---

---

## 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  
14 88-79 and 88-285;

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

17           (5) An employee-beneficiary who:



- 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.~~



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 2004-2005.~~  
5       ~~If 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       ~~(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~~



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 ~~(c) The base composite monthly contribution shall be~~  
10 ~~adjusted annually, beginning January 1, 2013. 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.~~



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

7       ~~(f)]~~ (c) If the board adopts a rate structure that  
8       provides for other than self and family rates for the health  
9       benefit plans, the base monthly contribution for the rate  
10      structure adopted by the board shall be adjusted to provide the  
11      equivalent underwriting cost as the base monthly contribution  
12      that is provided for in this section."

13      SECTION 2. Section 87A-34, Hawaii Revised Statutes, is  
14      amended by amending subsection (b) to read as follows:

15      "(b) The State, through the department of budget and  
16      finance, and the counties, through their respective departments  
17      of finance, shall pay to the fund a monthly contribution equal  
18      to one-half of the base monthly contribution [~~set forth under~~  
19      ~~section 87A-33(b)] for retired employees enrolled in medicare or  
20      non-medicare health benefits plans. If both husband and wife are  
21      employee-beneficiaries, the total contribution by the State or  
22      county shall not exceed the monthly contribution for~~



1 supplemental medicare family or non-medicare family plan, as  
2 appropriate."

3 SECTION 3. Section 87A-35, Hawaii Revised Statutes, is  
4 amended by amending subsection (c) to read as follows:

5 "(c) The State, through the department of budget and  
6 finance, and the counties, through their respective departments  
7 of finance, shall pay to the fund:

8 (1) For retired employees enrolled in medicare or non-  
9 medicare health benefit plans with ten or more years  
10 but fewer than fifteen years of service, a monthly  
11 contribution equal to one-half of the base monthly  
12 contribution [~~set forth under section 87A-33(b)~~]; and

13 (2) For retired employees enrolled in medicare or non-  
14 medicare health benefit plans with at least fifteen  
15 but fewer than twenty-five years of service, a monthly  
16 contribution of seventy-five per cent of the base  
17 monthly contribution [~~set forth under section~~  
18 ~~87A-33(b)~~].

19 If both husband and wife are employee-beneficiaries, the total  
20 contribution by the State or county shall not exceed the monthly  
21 contribution for a supplemental medicare family or non-medicare  
22 family plan, as appropriate."



1 SECTION 4. Section 87A-36, Hawaii Revised Statutes, is  
2 amended by amending subsection (c) to read as follows:

3 "(c) The State, through the department of budget and  
4 finance, and the counties, through their respective departments  
5 of finance, shall pay to the fund:

6 (1) For retired employees based on the self plan with ten  
7 or more years but fewer than fifteen years of service,  
8 a monthly contribution equal to one-half of the base  
9 medicare or non-medicare monthly contribution [~~set  
10 forth under section 87A-33(b)~~];

11 (2) For retired employees based on the self plan with at  
12 least fifteen but fewer than twenty-five years of  
13 service, a monthly contribution equal to seventy-five  
14 per cent of the base medicare or non-medicare monthly  
15 contribution [~~set forth under section 87A-33(b)~~];

16 (3) For retired employees based on the self plan with  
17 twenty-five or more years of service, a monthly  
18 contribution equal to one-hundred per cent of the base  
19 medicare or non-medicare monthly contribution [~~set  
20 forth under section 87A-33(b)~~]; and

21 (4) One-half of the monthly contributions for the  
22 employee-beneficiary or employee-beneficiary with





1 dependent-beneficiaries upon the death of the  
2 employee, as defined in paragraph (1)(E) of the  
3 definition of "employee" in section 87A-1.

4 If both husband and wife are employee-beneficiaries, the  
5 total contribution by the State or county shall not exceed the  
6 monthly contribution for two supplemental medicare self or non-  
7 medicare self plans, as appropriate."

8 SECTION 5. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10 SECTION 6. This Act shall take effect upon its approval.

11

INTRODUCED BY: *[Signature]*

JAN 23 2013

# H.B. NO. 1175

**Report Title:**

Hawaii Employer-union Health Benefits Trust Fund; Retired Employees; State and County Contributions.

**Description:**

Repeals provisions relating to the base monthly contributions for health benefit plans paid by the State and counties for retired employees. Repeals the requirement that the base composite monthly contribution shall be adjusted annually and the method of calculation.

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

