
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. The purpose of this Act is to address the
2 unfunded actuarial liability of the Hawaii employer-union health
3 benefits trust fund by establishing a ceiling on an employer's
4 contribution for the health benefits plan of an employee upon
5 retirement for employees hired after June 30, 2013. The ceiling
6 shall be computed based upon the employee's years of credited
7 service before retirement.

8 SECTION 2. Chapter 87A, Hawaii Revised Statutes, is
9 amended by adding a new section to be appropriately designated
10 and to read as follows:

11 "§87A- State and county contributions; employees hired
12 after June 30, 2013, and retired. (a) For the purpose of this
13 section:

14 "Adjusted earned contribution" means a retired employee's
15 earned contribution as adjusted under subsection (e).

16 "Credited service" means the same as defined under section
17 88-21.



1 "Earned contribution" for a retired employee means the
2 result of multiplying a retired employee's years of credited
3 service by \$10, and increasing that amount by 2.5 per cent for
4 each twelve-month period that elapses between July 1, 2013, and
5 the employee's date of retirement.

6 (b) This section shall apply to state and county
7 contributions to the fund for employees hired after June 30,
8 2013, who subsequently retire with at least ten years of
9 credited service. Years of credited service of an employee
10 hired after June 30, 2013, shall be computed in the same manner
11 as under chapter 88.

12 (c) Upon retirement, an employee to whom this section
13 applies shall be allowed to enroll only in a medicare or non-
14 medicare self plan, as applicable.

15 (d) 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 for the medicare or non-
18 medicare self plan of a retired employee a monthly contribution
19 equal to the least costly of the following:

20 (1) One half of the base medicare or non-medicare monthly
21 contribution for the self plan calculated in
22 accordance with section 87A-33;



1 (2) One half of the actual monthly cost of the self plan;

2 or

3 (3) The retired employee's adjusted earned contribution.

4 (e) On the second January 1 following the date on which an

5 employee retires, the retired employee's earned contribution

6 shall be adjusted by the same percentage as the base monthly

7 contribution percentage change applicable on that January 1.

8 On each subsequent January 1, the retired employee's

9 adjusted earned contribution shall be adjusted again by the same

10 percentage as the base monthly contribution percentage change

11 applicable on that January 1.

12 For the purpose of this subsection, the "base monthly

13 contribution percentage change" shall be the same percentage

14 change applicable on that January 1 as calculated under section

15 87A-33(d).

16 (f) Neither the State nor a county shall make a

17 contribution to the fund for a retired employee to whom this

18 section applies if the retired employee:

19 (1) Has less than ten years of credited service;

20 (2) Has at least ten years of credited service, but does

21 not enroll in a medicare or non-medicare self plan."



1 SECTION 3. Section 87A-33, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Notwithstanding any law to the contrary, this section
4 shall apply to state and county contributions to the fund for:

5 (1) The dependent-beneficiary of an employee who is killed
6 in the performance of duty;

7 (2) A dependent-beneficiary, upon the death of the
8 employee-beneficiary, except as provided in section
9 87A-36;

10 (3) An employee-beneficiary who retired after June 30,
11 1984, due to a disability falling within sections 88-
12 79 and 88-285;

13 (4) An employee-beneficiary who retired before July 1,
14 1984;

15 (5) An employee-beneficiary who:

16 (A) Was hired before July 1, 1996;

17 (B) Retired after June 30, 1984; and.

18 (C) Who has ten years or more of credited service,
19 excluding sick leave;

20 (6) An employee-beneficiary who:

21 (A) Was hired after June 30, 1996[~~7~~], and before July
22 1, 2013; and



1 (B) Retired with twenty-five or more years of
2 credited service, excluding sick leave, except as
3 provided in section 87A-36; and

4 (7) Employees who retired prior to 1961 and their
5 dependent-beneficiaries."

6 SECTION 4. Section 87A-36, Hawaii Revised Statutes, is
7 amended as follows:

8 1. By amending the title to read:

9 "§87A-36 State and county contributions; employees hired
10 after June 30, 2001, and before July 1, 2013, and retired."

11 2. By amending subsections (a) and (b) to read:

12 "(a) This section shall apply to state and county
13 contributions to the fund for employees hired after June 30,
14 2001, and before July 1, 2013, and who retired, except that this
15 section shall not apply to the following employees, for whom
16 state and county contributions shall be made as provided by
17 section 87A-35:

18 (1) An employee hired after June 30, 1996, and prior to
19 July 1, 2001, who transfers employment after June 30,
20 2001, and who cumulatively accrues at least ten years
21 of credited service; and



1 (2) An employee hired after June 30, 1996, and prior to
 2 July 1, 2001, who has at least ten years of credited
 3 service prior to a break in service.

4 For purposes of this section:

5 "Break in service" means to leave state or county
 6 employment for more than ninety calendar days before returning
 7 to state or county employment.

8 "Transfer" means to leave state or county employment and
 9 return to state or county employment within ninety calendar
 10 days.

11 (b) For purposes of this section, if an employee leaves
 12 state or county employment and returns to state or county
 13 employment after July 1, 2001, and before July 1, 2013, upon
 14 retirement, the employee's years of service shall be computed in
 15 the same manner as set forth in chapter 88."

16 SECTION 5. Statutory material to be repealed is bracketed
 17 and stricken. New statutory material is underscored.

18 SECTION 6. This Act shall take effect on July 1, 2013.

19

INTRODUCED BY:



H.B. NO. 542

Report Title:

Hawaii Employer-Union Health Benefits Trust Fund; Employer Contribution

Description:

Revises the employer's monthly contribution for the health benefits plan of a retired employee who was hired after 6/30/13.

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