
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. (a) The intent of this Act is to:
- 2 (1) Make the state or county contribution for an active
- 3 public employee hired after June 30, 2014, similar to
- 4 the employer's contribution under the prepaid health
- 5 care act;
- 6 (2) Make an employee hired after June 30, 2014, ineligible
- 7 for group life insurance benefits; and
- 8 (3) Provide that the spouse of a retired employee who was
- 9 first hired after June 30, 2014, shall not be eligible
- 10 for any state or county contribution for the medicare
- 11 part B premium.
- 12 (b) During an employee's active service, the state or
- 13 county monthly contribution for an employee hired after June 30,
- 14 2014, shall be the greater of the following:
- 15 (1) Fifty per cent of the monthly cost of a self plan
- 16 providing no more than the minimum coverage under the
- 17 prepaid health care act; or



1 (2) The difference between the monthly cost of the self
2 plan and 1.5 per cent of the employee's monthly wages.

3 The new employee may enroll in a self, two-party, or family
4 plan or two or more plans that do not provide duplicate
5 benefits. A public employee hired after June 30, 2014, however,
6 shall pay the difference between the state or county monthly
7 contribution and the monthly cost of all health benefits plans
8 in which the employee is enrolled. Because the state or county
9 contribution is calculated according to statute, the
10 contribution for the new employee is nonnegotiable under
11 collective bargaining.

12 (c) The purpose of this Act is to revise employer
13 contributions to the Hawaii employer-union health benefits trust
14 fund for employees hired by the State or a county after June 30,
15 2014.

16 SECTION 2. Chapter 87A, Hawaii Revised Statutes, is
17 amended by adding two new sections to part IV to be
18 appropriately designated and to read as follows:

19 "§87A-A State or county contributions during active
20 service for employee first hired after June 30, 2014. (a) This
21 section shall apply to an employee first hired after June 30,
22 2014, during the employee's active service.



1 (b) Except as limited under subsection (c), the State,
2 through the department of budget and finance, and the counties,
3 through their respective departments of finance, shall pay to
4 the fund for each employee subject to this section a monthly
5 contribution equaling the greater of:

6 (1) Fifty per cent of the monthly cost of a self health
7 benefits plan providing no more than the minimum
8 coverage under section 393-12; or

9 (2) The difference between:

10 (A) The monthly cost of a self health benefits plan
11 providing no more than the minimum coverage under
12 section 393-12; and

13 (B) 1.5 per cent of the monthly wages of the
14 employee.

15 (c) The state or county monthly contribution for the
16 employee shall be used to pay the monthly cost of the health
17 benefits plan or plans in which the employee is enrolled;
18 provided that, if the monthly cost of the health benefits plan
19 or plans is less than the state or county monthly contribution
20 for the employee as calculated under subsection (b), the state
21 or county monthly contribution shall be limited to the amount
22 equaling the monthly cost of the health benefits plan or plans.



1 (d) An employee subject to this section may enroll in a
2 self, two-party, or family health benefits plan or two or more
3 health benefits plans that do not provide duplicate benefits;
4 provided that the state or county monthly contribution for the
5 employee shall be calculated or limited in accordance with
6 subsection (b) or (c), no matter the type or number of health
7 benefits plan or plans in which the employee is enrolled.

8 (e) If an employee subject to this section is married to
9 another employee who is subject to this section or in a civil
10 union or reciprocal beneficiary relationship with another
11 employee who is subject to this section, then the state or
12 county monthly contribution for them shall not exceed the sum of
13 the contributions to which each employee is entitled.

14 If an employee subject to this section is married to or in
15 a civil union or reciprocal beneficiary relationship with an
16 employee subject to section 87A-32, section 87A-B shall apply to
17 them.

18 (f) The State or county shall not make any monthly
19 contribution for an employee who is not enrolled in a health
20 benefits plan.



1 (g) Section 87A-40 shall apply to the contribution by an
2 employee subject to this section for a health benefits plan in
3 which the employee is enrolled.

4 §87A-B Treatment of employees subject to different state
5 or county contributions during active service. If a married
6 couple, civil union partners, or reciprocal beneficiaries are
7 comprised of an employee first hired before July 1, 2014, and an
8 employee first hired after June 30, 2014, and neither employee
9 is retired, the following shall apply:

10 (1) The employee first hired before July 1, 2014, may
11 enroll in a self plan and be entitled to a state or
12 county monthly contribution determined in accordance
13 with section 87A-32. The employee first hired after
14 June 30, 2014, may enroll separately in a self plan
15 and be entitled to a state or county monthly
16 contribution determined in accordance with section
17 87A-A;

18 (2) One employee may enroll in a two-party plan under
19 section 87A-32 or 87A-A that provides coverage for the
20 spouse, civil union partner, or reciprocal
21 beneficiary, and the employee enrolled shall be
22 entitled to a state or county monthly contribution



1 determined in accordance with the section 87A-32 or
2 87A-A, as applicable. The spouse, civil union
3 partner, or reciprocal beneficiary shall not be
4 entitled to a separate state or county monthly
5 contribution; or

6 (3) One employee may enroll in a family plan under section
7 87A-32 or 87A-A that provides coverage for the spouse,
8 civil union partner, or reciprocal beneficiary, as
9 well as other family members, and the employee
10 enrolled shall be entitled to a state or county
11 monthly contribution determined in accordance with
12 section 87A-32 or 87A-A, as applicable. The spouse,
13 civil union partner, or reciprocal beneficiary shall
14 not be entitled to a separate state or county monthly
15 contribution."

16 SECTION 3. Section 87A-17, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "[+]§87A-17[+] **Group life insurance benefits or group life**
19 **insurance program.** The board may provide benefits under a group
20 life insurance benefits program or group life insurance program
21 to employees[-] hired before July 1, 2014.



1 The board shall not provide a group life insurance benefits
2 program or group life insurance program to an employee hired
3 after June 30, 2014, during the employee's active service or
4 after the employee's retirement."

5 SECTION 4. Section 87A-23, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "**§87A-23 Health benefits plan supplemental to medicare.**

8 The board shall establish a health benefits plan, which takes
9 into account benefits available to an employee-beneficiary and
10 spouse under medicare, subject to the following conditions:

11 (1) There shall be no duplication of benefits payable
12 under medicare. The plan under this section, which
13 shall be secondary to medicare, when combined with
14 medicare and any other plan to which the health
15 benefits plan is subordinate under the National
16 Association of Insurance Commissioners' coordination
17 of benefit rules, shall provide benefits that
18 approximate those provided to a similarly situated
19 beneficiary not eligible for medicare;

20 (2) The State, through the department of budget and
21 finance, and the counties, through their respective
22 departments of finance, shall pay to the fund a



1 contribution equal to an amount not less than the
2 medicare part B premium, for each of the following who
3 are enrolled in the medicare part B medical insurance
4 plan:

5 (A) [~~an~~] An employee-beneficiary who is a retired
6 employee[~~]~~;

7 (B) [~~an~~] An employee-beneficiary's spouse while the
8 employee-beneficiary is living[~~]~~; and

9 (C) [~~an~~] An employee-beneficiary's spouse, after the
10 death of the employee-beneficiary, if the spouse
11 qualifies as an employee-beneficiary[~~]~~;

12 provided that, notwithstanding subparagraphs (B) and
13 (C), no contribution to the fund by the State or a
14 county shall be paid for the spouse of an employee who
15 first enters service after June 30, 2014.

16 For purposes of this section, a "retired employee"
17 means retired members of the employees' retirement
18 system; county pension system; or a police,
19 firefighters, or bandsmen pension system of the State
20 or a county as set forth in chapter 88. If the amount
21 reimbursed by the fund under this section is less than
22 the actual cost of the medicare part B medical



1 insurance plan due to an increase in the medicare part
2 B medical insurance plan rate, the fund shall
3 reimburse each employee-beneficiary and employee-
4 beneficiary's spouse for the cost increase within
5 thirty days of the rate change. Each employee-
6 beneficiary and employee-beneficiary's spouse who
7 becomes entitled to reimbursement from the fund for
8 medicare part B premiums after July 1, 2006, shall
9 designate a financial institution account into which
10 the fund shall be authorized to deposit
11 reimbursements. This method of payment may be waived
12 by the fund if another method is determined to be more
13 appropriate;

- 14 (3) The benefits available under this plan, when combined
15 with benefits available under medicare or any other
16 coverage or plan to which this plan is subordinate
17 under the National Association of Insurance
18 Commissioners' coordination of benefit rules, shall
19 approximate the benefits that would be provided to a
20 similarly situated employee-beneficiary not eligible
21 for medicare;



1 (4) All employee-beneficiaries or dependent-beneficiaries
2 who are eligible to enroll in the medicare part B
3 medical insurance plan shall enroll in that plan as a
4 condition of receiving contributions and participating
5 in benefits plans under this chapter. This paragraph
6 shall apply to retired employees, their spouses, and
7 the surviving spouses of deceased retirees and
8 employees killed in the performance of duty; and

9 (5) The board shall determine which of the employee-
10 beneficiaries and dependent-beneficiaries, who are not
11 enrolled in the medicare part B medical insurance
12 plan, may participate in the plans offered by the
13 fund."

14 SECTION 5. Section 87A-32, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "[~~f~~]~~§~~87A-32[~~f~~] State and county contributions; active
17 employees[~~-~~] first hired before July 1, 2014. (a) This section
18 shall apply to an employee first hired before July 1, 2014.

19 (b) The State, through the department of budget and
20 finance, and the counties, through their respective departments
21 of finance, shall pay to the fund a monthly contribution equal
22 to the amount established under chapter 89C or specified in the



1 applicable public sector collective bargaining agreements,
2 whichever is appropriate, for each of their respective employee-
3 beneficiaries and employee-beneficiaries with dependent-
4 beneficiaries, which shall be used toward the payment of costs
5 of a health benefits plan; provided that:

6 (1) The monthly contribution shall be a specified dollar
7 amount;

8 (2) The monthly contribution shall not exceed the actual
9 cost of a health benefits plan;

10 (3) If both husband and wife, civil union partners, or
11 reciprocal beneficiaries are employee-beneficiaries,
12 the total contribution by the State or the county
13 shall not exceed the monthly contribution for a family
14 plan; [~~and~~]

15 (4) If an employee subject to this section is married to
16 or a civil union partner or reciprocal beneficiary of
17 an employee subject to section 87A-A, section 87A-B
18 shall apply to them; and

19 [~~4~~] (5) If the State or any of the counties establish
20 cafeteria plans in accordance with Title 26, United
21 States Code section 125, the Internal Revenue Code of
22 1986, as amended, and part II of chapter 78, the



1 monthly contribution for those employee-beneficiaries
2 who participate in a cafeteria plan shall be made
3 through the cafeteria plan, and the payments made by
4 the State or counties shall include their respective
5 contributions to the fund and their employee-
6 beneficiary's share of the cost of the employee-
7 beneficiary's health benefits plan.

8 ~~[(b)]~~ (c) The State, through the department of budget and
9 finance, and the counties, through their respective departments
10 of finance, shall pay to the fund a monthly contribution equal
11 to the amount established under chapter 89C or specified in the
12 applicable public sector collective bargaining agreement,
13 whichever is applicable, for each of their respective employees,
14 to be used toward the payment of group life insurance benefits
15 for each employee."

16 SECTION 6. Section 87A-37, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "[+]§87A-37[+] Group life insurance benefits plans for
19 retired employees[+] eligible for group life insurance benefits
20 plan; contributions. (a) This section shall apply to a retired
21 employee eligible to receive group life insurance benefits under
22 section 87A-17.



1 (b) The State, through the department of budget and
2 finance, and the counties, through their respective departments
3 of finance, shall pay to the fund a base monthly contribution as
4 set forth in subsection ~~[(b)]~~ (c) for each retired employee
5 enrolled in the fund's group life insurance benefits plan under
6 section 87A-34, 87A-35, and 87A-36.

7 ~~[(b)]~~ (c) Effective July 1, 2003, there is established a
8 base monthly contribution of \$4.16 for each retired employee
9 enrolled in a group life insurance plan; provided that the
10 monthly contribution shall not exceed the actual cost of the
11 group life insurance benefits plan. The base composite monthly
12 contribution shall be adjusted annually beginning July 1, 2004.
13 The adjusted base composite monthly contribution for each new
14 plan year shall be calculated by increasing or decreasing the
15 base composite monthly contribution in effect through the end of
16 the previous plan year by the percentage increase or decrease in
17 the medicare part B premium rate for those years. The
18 percentage shall be calculated by dividing the medicare part B
19 premium rate in effect at the beginning of the new plan year by
20 the rate in effect through the end of the previous plan year.

21 As used in this subsection, "medicare part B premium rate"
22 means the rate published in the Federal Register each year on



1 November 1 or on the business day closest to November 1 of each
2 year after the medicare part B premium rate has been established
3 by the Secretary of Health and Human Services and approved by
4 the United States Congress."

5 SECTION 7. Section 89-2, Hawaii Revised Statutes, is
6 amended as follows:

7 1. By amending the definition of "collective bargaining"
8 to read:

9 ""Collective bargaining" means the performance of the
10 mutual obligations of the public employer and an exclusive
11 representative to meet at reasonable times, to confer and
12 negotiate in good faith, and to execute a written agreement with
13 respect to wages, hours, amounts of contributions by the State
14 and counties to the Hawaii employer-union health benefits trust
15 fund[7] for employees hired before July 1, 2014, and other terms
16 and conditions of employment, except that by any such obligation
17 neither party shall be compelled to agree to a proposal or be
18 required to make a concession. For the purposes of this
19 definition, "wages" includes the number of incremental and
20 longevity steps, the number of pay ranges, and the movement
21 between steps within the pay range and between the pay ranges on
22 a pay schedule under a collective bargaining agreement."



1 2. By amending the definition of "employee organization"
2 to read:

3 ""Employee organization" means any organization of any kind
4 in which public employees participate and which exists for the
5 primary purpose of dealing with public employers concerning
6 grievances, labor disputes, wages, hours, amounts of
7 contributions by the State and counties to the Hawaii employer-
8 union health benefits trust fund[~~r~~] for employees hired before
9 July 1, 2014, and other terms and conditions of employment of
10 public employees."

11 SECTION 8. Section 89-9, Hawaii Revised Statutes, is
12 amended as follows:

13 1. By amending subsection (a) to read:

14 "(a) The employer and the exclusive representative shall
15 meet at reasonable times, including meetings sufficiently in
16 advance of the February 1 impasse date under section 89-11, and
17 shall negotiate in good faith with respect to wages, hours, the
18 amounts of contributions by the State and respective counties to
19 the Hawaii employer-union health benefits trust fund [~~to the~~
20 ~~extent allowed in subsection (e),~~] for employees hired before
21 July 1, 2014, and other terms and conditions of employment
22 [~~which~~] that are subject to collective bargaining and [~~which~~]

1 that are to be embodied in a written agreement as specified in
2 section 89-10, but [~~such~~] the obligation does not compel either
3 party to agree to a proposal or make a concession[~~;~~ ~~provided~~
4 ~~that the parties may not negotiate with respect to cost items as~~
5 ~~defined by section 89-2 for the biennium 1999 to 2001, and the~~
6 ~~cost items of employees in bargaining units under section 89-6~~
7 ~~in effect on June 30, 1999, shall remain in effect until July 1,~~
8 ~~2001]."~~

9 2. By amending subsections (d) and (e) to read:

10 "(d) Excluded from the subjects of negotiations are
11 matters of classification, reclassification, benefits of [~~but~~
12 ~~not~~] the Hawaii employer-union health benefits trust fund,
13 contributions to the Hawaii employer-union health benefits trust
14 fund[~~;~~] for employees hired after June 30, 2014, or retired
15 employees, recruitment, examination, initial pricing, and
16 retirement benefits except as provided in section 88-8(h). The
17 employer and the exclusive representative shall not agree to any
18 proposal [~~which~~] that would be inconsistent with the merit
19 principle or the principle of equal pay for equal work pursuant
20 to section 76-1 or [~~which~~] that would interfere with the rights
21 and obligations of a public employer to:

22 (1) Direct employees;



- 1 (2) Determine qualifications, standards for work, and the
2 nature and contents of examinations;
- 3 (3) Hire, promote, transfer, assign, and retain employees
4 in positions;
- 5 (4) Suspend, demote, discharge, or take other disciplinary
6 action against employees for proper cause;
- 7 (5) Relieve an employee from duties because of lack of
8 work or other legitimate reason;
- 9 (6) Maintain efficiency and productivity, including
10 maximizing the use of advanced technology, in
11 government operations;
- 12 (7) Determine methods, means, and personnel by which the
13 employer's operations are to be conducted; and
- 14 (8) Take such actions as may be necessary to carry out the
15 missions of the employer in cases of emergencies.

16 This subsection shall not be used to invalidate provisions
17 of collective bargaining agreements in effect on and after June
18 30, 2007, and shall not preclude negotiations over the
19 procedures and criteria on promotions, transfers, assignments,
20 demotions, layoffs, suspensions, terminations, discharges, or
21 other disciplinary actions as a permissive subject of bargaining
22 during collective bargaining negotiations or negotiations over a



1 memorandum of agreement, memorandum of understanding, or other
2 supplemental agreement.

3 Violations of the procedures and criteria so negotiated may
4 be subject to the grievance procedure in the collective
5 bargaining agreement.

6 (e) Negotiations relating to contributions to the Hawaii
7 employer-union health benefits trust fund authorized under this
8 chapter shall be for the purpose of agreeing upon the amounts
9 which the State and counties shall contribute under section 87-
10 4, toward the payment of the costs for a health benefits plan,
11 as defined in section 87-1(8), and group life insurance
12 benefits, and the parties shall not be bound by the amounts
13 contributed under prior agreements; provided that section 89-11
14 for the resolution of disputes by way of arbitration shall not
15 be available to resolve impasses or disputes relating to the
16 amounts the State and counties shall contribute to the Hawaii
17 employer-union health benefits trust fund."

18 SECTION 9. Section 89-11, Hawaii Revised Statutes, is
19 amended by amending subsection (g) to read as follows:

20 "(g) The decision of the arbitration panel shall be final
21 and binding upon the parties on all provisions submitted to the
22 arbitration panel. If the parties have reached agreement with



1 respect to the amounts of contributions by the State and
2 counties to the Hawaii employer-union health benefits trust fund
3 for employees hired before July 1, 2014, by the tenth working
4 day after the arbitration panel issues its decision, the final
5 and binding agreement of the parties on all provisions shall
6 consist of the panel's decision and the amounts of contributions
7 agreed to by the parties. If the parties have not reached
8 agreement with respect to the amounts of contributions by the
9 State and counties to the Hawaii employer-union health benefits
10 trust fund by the close of business on the tenth working day
11 after the arbitration panel issues its decision, the parties
12 shall have five days to submit their respective recommendations
13 for such contributions to the legislature, if it is in session,
14 and if the legislature is not in session, the parties shall
15 submit their respective recommendations for such contributions
16 to the legislature during the next session of the legislature.
17 In such event, the final and binding agreement of the parties on
18 all provisions shall consist of the panel's decision and the
19 amounts of contributions established by the legislature by
20 enactment, after the legislature has considered the
21 recommendations for such contributions by the parties. It is
22 strictly understood that no member of a bargaining unit subject



1 to this subsection shall be allowed to participate in a strike
2 on the issue of the amounts of contributions by the State and
3 counties to the Hawaii employer-union health benefits trust
4 fund. The parties shall take whatever action is necessary to
5 carry out and effectuate the final and binding agreement. The
6 parties may, at any time and by mutual agreement, amend or
7 modify the panel's decision.

8 Agreements reached pursuant to the decision of an
9 arbitration panel and the amounts of contributions by the State
10 and counties to the Hawaii employer-union health benefits trust
11 fund, as provided herein, shall not be subject to ratification
12 by the employees concerned. All items requiring any moneys for
13 implementation shall be subject to appropriations by the
14 appropriate legislative bodies and the employer shall submit all
15 such items within ten days after the date on which the agreement
16 is entered into as provided herein, to the appropriate
17 legislative bodies."

18 SECTION 10. This Act does not affect health benefit plan
19 contributions for a state or county employee first hired after
20 June 30, 2014, that were established under a collective
21 bargaining contract, the cost items of which were approved
22 before the effective date of this Act.



1 This Act shall not apply to such an employee until the
2 initial expiration date of the collective bargaining contract,
3 whether renewed or not.

4 SECTION 11. In codifying the new sections added by section
5 2 of this Act, the revisor of statutes shall substitute
6 appropriate section numbers for the letters used in designating
7 the new sections in this Act.

8 SECTION 12. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 13. This Act shall take effect on July 1, 2014.

11

INTRODUCED BY:

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JAN 18 2013



H.B. NO. 547

Report Title:

Hawaii Employer-Union Health Benefits Trust Fund; New State and County Employees

Description:

Limits state or county monthly contribution for the health benefits plan of an employee who is first hired after 6/30/14. Provides, during active service of the employee, state or county monthly contributions for the employee that are similar to the employer contribution under the prepaid health care act. Makes the state or county monthly contribution for such an employee nonnegotiable under collective bargaining. Prohibits the board from providing a group life insurance benefits program or group life insurance program to an employee hired after 6/30/14. Provides that the spouse of a retired employee who is first hired after 6/30/14 shall not be eligible for medicare part B premium reimbursements.

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

