

S .B. NO. 1044

JAN 24 2013

A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
MEDICARE PART B ENROLLMENT REQUIREMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that enrollment in
2 medicare part B as a cost reduction scheme only reduces Hawaii
3 employer-union health benefits trust fund net claim payments for
4 medical and prescription drugs, as medicare part B only covers
5 medical and prescription drugs. The legislature further finds
6 that requiring employee-beneficiaries who are eligible to enroll
7 in medicare part B to enroll in medicare part B if they are only
8 enrolled in employer-union health benefits trust fund dental,
9 vision, or life insurance plans does not serve to reduce the
10 trust fund's net claim payments and is therefore unnecessary.

11 The purpose of this bill is to require enrollment in
12 medicare part B only for eligibility for the employer-union
13 health benefits trust fund retiree medical and prescription drug
14 plans.

15 SECTION 2. Section 87A-23, Hawaii Revised Statutes, is
16 amended to read as follows:

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1 "§87A-23 Health benefits plan supplemental to medicare.

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

- 6 (1) There shall be no duplication of benefits payable
7 under medicare. The plan under this section, which
8 shall be secondary to medicare, when combined with
9 medicare and any other plan to which the health
10 benefits plan is subordinate under the National
11 Association of Insurance Commissioners' coordination
12 of benefit rules, shall provide benefits that
13 approximate those provided to a similarly situated
14 beneficiary not eligible for medicare;
- 15 (2) The State, through the department of budget and
16 finance, and the counties, through their respective
17 departments of finance, shall pay to the fund a
18 contribution equal to an amount not less than the
19 medicare part B premium, for each of the following who
20 are enrolled in the medicare part B medical insurance
21 plan: (A) an employee-beneficiary who is a retired
22 employee, (B) an employee-beneficiary's spouse while
23 the employee-beneficiary is living, and (C) an

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1 employee-beneficiary's spouse, after the death of the
2 employee-beneficiary, if the spouse qualifies as an
3 employee-beneficiary. For purposes of this section, a
4 "retired employee" means retired members of the
5 employees' retirement system; county pension
6 system; or a police, firefighters, or bandsmen pension
7 system of the State or a county as set forth in
8 chapter 88. If the amount reimbursed by the fund
9 under this section is less than the actual cost of the
10 medicare part B medical insurance plan due to an
11 increase in the medicare part B medical insurance plan
12 rate, the fund shall reimburse each employe-
13 beneficiary and employee-beneficiary's spouse for the
14 cost increase within thirty days of the rate change.
15 Each employee-beneficiary and employee-beneficiary's
16 spouse who becomes entitled to reimbursement from the
17 fund for medicare part B premiums after July 1, 2006,
18 shall designate a financial institution account into
19 which the fund shall be authorized to deposit
20 reimbursements. This method of payment may be waived
21 by the fund if another method is determined to be more
22 appropriate;

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- 1 (3) The benefits available under this plan, when combined
2 with benefits available under medicare or any other
3 coverage or plan to which this plan is subordinate
4 under the National Association of Insurance
5 Commissioners' coordination of benefit rules, shall
6 approximate the benefits that would be provided to a
7 similarly situated employee-beneficiary not eligible
8 for medicare;
- 9 (4) All employee-beneficiaries or dependent-beneficiaries
10 who are eligible to enroll in the medicare part B
11 medical insurance plan shall enroll in that plan as a
12 condition of receiving contributions and participating
13 in medical and prescription drug benefits plans under
14 this chapter. This paragraph shall apply to retired
15 employees, their spouses, and the surviving spouses of
16 deceased retirees and employees killed in the
17 performance of duty; and
- 18 (5) The board shall determine which of the employee-
19 beneficiaries and dependent-beneficiaries, who are not enrolled
20 in the medicare part B medical insurance plan, may participate
21 in the plans offered by the fund.

22 SECTION 3. New statutory material is underscored.

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1 SECTION 4. This Act, upon its approval, shall take effect
2 on January 1, 2014.

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INTRODUCED BY: *Anne Driscoll K.*

5

BY REQUEST

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Report Title:

Hawaii Employer-Union Health Benefits Trust Fund; Medicare Part B Enrollment Requirement

Description:

Requires Medicare Part B enrollment as a requirement for eligibility for medical and prescription drug plans only. Eligibility for and enrollment in Employer-Union Health Benefits Trust Fund dental, vision, and life plans not affected by nonenrollment in Medicare Part B.

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

JUSTIFICATION SHEET

SB. NO. 1044

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND MEDICARE PART B ENROLLMENT REQUIREMENT.

PURPOSE: To require enrollment in Medicare Part B only for eligibility for the Hawaii Employer-Union Health Benefits Trust Fund ("EUTF") retiree medical and prescription drug plans.

MEANS: Amend section 87A-23, Hawaii Revised Statutes.

JUSTIFICATION: Currently, enrollment in Medicare Part B is required for a Medicare eligible retiree or dependent to be able to enroll in any EUTF retiree plan including dental, vision and life insurance. Medicare only covers medical and prescription drugs, however, so Medicare Part B enrollment is only necessary to reduce the EUTF net claim payment for these plans. This legislation would limit the Medicare Part B enrollment requirement to medical and prescription drug plans only. Those not enrolled in Medicare B could still enroll in dental, vision, and life insurance plans.

Impact on the public: None.

Impact on the department and other agencies: This would simplify EUTF procedures and make the plan less complex for retirees and dependents.

GENERAL FUND: None.

OTHER FUNDS: None.

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PPBS PROGRAM
DESIGNATION: BUF-143

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: January 1, 2014