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# A BILL FOR AN ACT

RELATING TO PUBLIC EMPLOYEES.

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

1           SECTION 1. Section 87A-30, Hawaii Revised Statutes, is  
2 amended to read as follows:  
3           "§87A-30 Hawaii employer-union health benefits trust fund;  
4 establishment. (a) There is established outside the state  
5 treasury, a trust fund to be known as the "Hawaii Employer-Union  
6 Health Benefits Trust Fund". The fund shall consist of  
7 contributions, interest, income, dividends, refunds, rate  
8 credits, and other returns. It is hereby declared that any and  
9 all sums contributed or paid from any source to the fund created  
10 by this part, and all assets of the fund including any and all  
11 interest and earnings on the same, are and shall be held in  
12 trust by the board for the exclusive use and benefit of the  
13 employee-beneficiaries and dependent-beneficiaries and shall not  
14 be subject to appropriation for any other purpose whatsoever.  
15 The fund shall be under the control of the board and placed  
16 under the department of budget and finance for administrative  
17 purposes.



1        (b) The fund shall also consist of contributions received  
2 on behalf of retirees and beneficiaries from the board of  
3 trustees of the employees' retirement system that represent the  
4 difference between the monthly contributions by the State or  
5 county to the fund and the actual costs of health benefits  
6 plans, under sections 87A-33, 87A-33.5, 87A-34, 87A-35, and  
7 87A-36. The amounts shall be based upon copayment billing  
8 information submitted by the board to the board of trustees of  
9 the employees' retirement system. The board shall ensure that  
10 the employees' retirement system is not subject to the federal  
11 Health Insurance Portability and Accountability Act of 1996, as  
12 a result of the receipt and possession of copayment billing  
13 information."

14        SECTION 2. Section 88-6, Hawaii Revised Statutes, is  
15 amended to read as follows:

16        "§88-6 Payment of refunds [and], retirement benefits[-],  
17 and Hawaii employer-union health benefits trust fund  
18 contributions. (a) Notwithstanding any other provision of this  
19 chapter:



1 (1) All retirees and beneficiaries of the state retirement  
2 system or county pension funds shall be paid  
3 semimonthly; provided that:

4 (A) All retirees and beneficiaries of the state  
5 retirement system who either retire or become  
6 beneficiaries after January 1, 2003, shall be  
7 paid monthly; and

8 (B) Effective July 1, 2011, all retirees and  
9 beneficiaries of the state retirement system  
10 shall be paid monthly; provided that this  
11 subparagraph shall not apply to any retiree or  
12 beneficiary who:

13 (i) Became a retiree or beneficiary prior to  
14 January 1, 2003;

15 (ii) Is eighty years of age or older on  
16 January 1, 2011; and

17 (iii) Receives \$800 or less of pension benefits  
18 each month; and

19 (2) Any retiree or beneficiary of the state retirement  
20 system whose benefit commences after June 30, 2001,  
21 shall designate a financial institution account into



1           which the system shall be authorized to deposit their  
2           retirement benefit; and effective April 1, 2011, all  
3           retirees and beneficiaries of the state retirement  
4           system shall designate a financial institution account  
5           into which the system shall be authorized to deposit  
6           their state retirement system benefits. This method  
7           of payment may be waived by the system.

8           (b) Any member, former employee, retirant, or beneficiary  
9           to whom accumulated contributions or a hypothetical account  
10          balance, as defined in section 88-311, is payable after June 30,  
11          2008, shall, if the payment will be greater than \$250 and the  
12          member, former employee, retirant, or beneficiary does not elect  
13          to rollover the payment into an eligible retirement plan,  
14          designate a financial institution account into which the system  
15          shall be authorized to deposit the payment. This method of  
16          payment may be waived by the system if another method is  
17          determined to be more appropriate.

18          (c) Contributions by retirees and beneficiaries to the  
19          Hawaii employer-union health benefits trust fund that represent  
20          the difference between the monthly contributions by the State or  
21          county to the Hawaii employer-union health benefits trust fund



1 and the actual costs of health benefits plans, under sections  
2 87A-33, 87A-33.5, 87A-34, 87A-35, and 87A-36, shall be paid by  
3 the board of trustees of the employees' retirement system  
4 through the withholding of the payment amounts to which retirees  
5 and beneficiaries would otherwise be entitled to receive under  
6 this section; provided that beginning after January 1, 2017, the  
7 Hawaii employer-union health benefits trust fund shall authorize  
8 automatic electronic payment in lieu of withholdings. The  
9 amounts shall be based upon copayment billing information  
10 received from the board of trustees of the employer-union health  
11 benefits trust fund. The board of trustees of the employees'  
12 retirement system shall submit an annual report to the  
13 legislature on the contribution amounts paid to the Hawaii  
14 employer-union health benefits trust fund under this section.

15 A retiree or beneficiary may make a one-time election to  
16 opt out of the requirement that the board withhold and pay over  
17 health benefits co-payment amounts to the board of trustees of  
18 the employer-union health benefits trust fund established under  
19 this subsection. Any opt out election made pursuant to this  
20 subsection shall be final and irrevocable."



1 SECTION 3. This Act does not affect rights and duties that  
2 matured, penalties that were incurred, and proceedings that were  
3 begun before its effective date.

4 SECTION 4. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6 SECTION 5. This Act shall take effect on July 1, 2076.

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**Report Title:**

ERS; EUTF; Retiree Co-payments; Automatic Payments

**Description:**

Requires public retiree contributions to the EUTF to be paid through withholdings of retirement benefit amounts from the ERS. Beginning after January 1, 2017, requires the EUTF to authorize automatic electronic payments in lieu of withholdings. Effective July 1, 2016. (SD1)

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