
A BILL FOR AN ACT

RELATING TO PUBLIC EMPLOYMENT.

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

1 PART I

2 SECTION 1. Section 87A-32, Hawaii Revised Statutes, is
3 amended to read as follows:

4 "[+]§87A-32[+] **State and county contributions; active**
5 **employees.** (a) [~~The~~] Except as provided in subsection (b), the
6 State, through the department of budget and finance, and the
7 counties, through their respective departments of finance, shall
8 pay to the fund a monthly contribution equal to the amount
9 established under chapter 89C or specified in the applicable
10 public sector collective bargaining agreements, whichever is
11 appropriate, for each of their respective employee-beneficiaries
12 and employee-beneficiaries with dependent-beneficiaries, which
13 shall be used toward the payment of costs of a health benefits
14 plan; provided that:

15 (1) The monthly contribution shall be a specified dollar
16 amount;



- 1 (2) The monthly contribution shall not exceed the actual
2 cost of a health benefits plan;
- 3 (3) If both husband and wife are employee-beneficiaries,
4 the total contribution by the State or the county
5 shall not exceed the monthly contribution for a family
6 plan; and
- 7 (4) If the State or any of the counties establish
8 cafeteria plans in accordance with Title 26, United
9 States Code section 125, the Internal Revenue Code of
10 1986, as amended, and section 78-30, the monthly
11 contribution for those employee-beneficiaries who
12 participate in a cafeteria plan shall be made through
13 the cafeteria plan, and the payments made by the State
14 or counties shall include their respective
15 contributions to the fund and their employee-
16 beneficiary's share of the cost of the employee-
17 beneficiary's health benefits plan.

18 (b) The State, through the department of budget and
19 finance, and the counties, through their respective departments
20 of finance, shall pay to the fund a monthly contribution for
21 each of their respective employee-beneficiaries and employee-



1 beneficiaries with dependent-beneficiaries, hired after June 30,
2 2015, and employee-beneficiaries who make an election pursuant
3 to subsection (c), which shall be used toward the payment of
4 costs of a health benefits plan; provided that:

5 (1) The monthly contribution shall be equal to the cost of
6 the most popular self plan;

7 (2) Costs for coverage in excess of the cost of the most
8 popular self plan shall be paid by the employee-
9 beneficiary; and

10 (3) If the State or any of the counties establish
11 cafeteria plans in accordance with Title 26, United
12 States Code section 125, the Internal Revenue Code of
13 1986, as amended, and section 78-30, the monthly
14 contribution for those employee-beneficiaries who
15 participate in a cafeteria plan shall be made through
16 the cafeteria plan, and the payments made by the State
17 or counties shall include their respective
18 contributions to the fund and their employee-
19 beneficiary's share of the cost of the employee-
20 beneficiary's health benefits plan.



1 (b) The vacation and sick leave allowances for all
2 employees hired after June 30, 2015, shall be limited as
3 follows:

4 (1) After the completion of twelve months of service, no
5 more than one hundred twenty hours of vacation leave
6 and one hundred twenty hours of sick leave shall be
7 allowed;

8 (2) After the completion of each succeeding twelve months
9 of service thereafter, no more than one hundred twenty
10 additional hours of vacation leave and one hundred
11 twenty additional hours of sick leave shall be allowed
12 for each twelve-month period, subject to the maximum
13 allowances under paragraph (3); and

14 (3) The maximum allowance for vacation leave shall be no
15 more than four hundred eighty hours, and the maximum
16 allowance for sick leave shall be no more than four
17 hundred eighty hours.

18 In operations where employees do not earn nor use vacation or
19 sick leave credits in essentially the same manner as twelve-
20 month employees on a forty hour per week work schedule, the
21 appropriate authority shall ensure that the equivalent of the



1 limitations under this section shall also apply to employees in
2 those operations who are hired after June 30, 2015. The
3 limitations under this section shall not prohibit collective
4 bargaining negotiations pursuant to chapter 89; provided that
5 collective bargaining negotiations regarding leaves of absence
6 for employees hired after June 30, 2015, shall render those
7 employees ineligible for state and county contributions for
8 health plans under section 87A-32(b). Employees ineligible
9 under section 87A-32(b) shall be subject to section 87A-32(a).

10 (c) Vacation and sick leave allowances shall be recorded
11 and administered on a calendar year basis. The allowance
12 accruing during each calendar year shall be credited to
13 employees as of December 31, of each year.

14 (d) Any unused vacation and sick leave allowances, which
15 are not used by an employee during the year in which it accrues,
16 shall accumulate for succeeding years; provided that:

17 (1) The total recorded accumulation of vacation leave
18 shall be no more than four hundred eighty hours for
19 employees hired after June 30, 2015; and



1 (2) The total recorded accumulation of sick leave shall be
2 no more than four hundred eighty hours for employees
3 hired after June 30, 2015.

4 No employee shall be granted or permitted to take vacation
5 or sick leave in any calendar year in excess of the maximum
6 accumulation allowed in this subsection.

7 [~~b~~] (e) When an employee is transferred from one
8 department to another within the same jurisdiction or to another
9 jurisdiction within the State, the employee shall be given
10 credit for the vacation earned or accumulated in the department
11 from which the employee transferred, and the director of finance
12 of the State or the equivalent officers of the several
13 jurisdictions shall make the appropriate transfer of funds to
14 implement the employee transfer. Moneys received from any such
15 transfer of funds by a state agency financed by the general fund
16 of the State shall be deposited with the director of finance of
17 the State to the credit of the general fund of the State;
18 provided that, when an employee is transferred from one
19 department to another within the same jurisdiction, the transfer
20 of funds shall not be made if the employee's salary is paid from
21 the same fund. Compensation for any period of vacation



1 allowance shall be paid at the rate to which the employee is
2 entitled at the time the allowance is granted.

3 ~~(e)~~ (f) Upon discharge, an employee shall be entitled to
4 all of the employee's accumulated vacation allowance plus the
5 employee's current accrued vacation allowance to and including
6 the date of discharge, notwithstanding that the current accrued
7 vacation allowance may not have been recorded at the time. If
8 any employee dies with accumulated or current accrued vacation
9 earned but not taken, an amount equal to the value of the
10 employee's pay over the period of such earned vacation, and any
11 earned and unpaid wages, shall be paid to the person or persons
12 who may have been designated as the beneficiary or beneficiaries
13 by the employee during the employee's lifetime in a verified
14 written statement filed with the comptroller or other disbursing
15 officer who issues warrants or checks to pay the employee for
16 the employee's services as a public employee, or, failing the
17 designation, to the employee's estate.

18 ~~(d)~~ (g) Whenever an employee is to be discharged,
19 voluntarily or involuntarily, the employee, at the option of the
20 appointing authority, may be discharged and paid forthwith, in
21 lieu of the employee's vacation allowance, the amount of



1 compensation to which the employee would be entitled or which
2 the employee would be allowed during the vacation period if the
3 employee were permitted to take the employee's vacation in the
4 normal manner, and in [~~such~~] that case the employee's position
5 may be declared vacant and may be permanently filled by a new
6 appointee before the expiration of any vacation period following
7 the date of the discharge. For an employee hired after June 30,
8 1997, who is to be discharged, voluntarily or involuntarily, the
9 amount of compensation to be paid in lieu of vacation allowance
10 under this section shall be computed using the rate of pay and
11 amount of accumulated and accrued vacation on the date the
12 employee is discharged. Prompt notice upon [~~such~~] forms and in
13 [~~such~~] a manner as may be required shall be given by the
14 department head of any action taken under this provision.

15 [~~(e)~~] (h) Payments of vacation allowance paid pursuant to
16 [~~subsections (e)~~] subsection (f) or [~~(d)~~] (g) shall be subject
17 to the provisions of chapter 88D."

18 SECTION 3. Section 78-23.5, Hawaii Revised Statutes, is
19 amended by amending subsection (a) to read as follows:

20 "(a) The governor or mayor or their respective designees
21 may grant a state or county employee who is a certified American



1 Red Cross disaster volunteer up to thirty days paid leave of
2 absence to perform disaster relief services for the American Red
3 Cross, a federally chartered nongovernmental disaster relief
4 organization, when a disaster has been:

5 (1) Designated as level III or higher by American Red
6 Cross regulations;

7 (2) Officially declared by the President of the United
8 States; or

9 (3) Declared a state of emergency by the governor;

10 provided that the employee has prior authorization from the
11 governor or mayor, or their respective designee, as applicable,
12 and the leave of absence imposes no undue hardship on state or
13 county operations[-]; provided further that no leave shall be
14 authorized in excess of the maximum amount allowed pursuant to
15 section 78-23."

16 SECTION 4. Section 78-23.6, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "[+]§78-23.6[+] **Leave of absence to serve as bone marrow**
19 **donor or organ donor.** Any officer or employee in the service of
20 the State or any of the several counties shall be entitled to:



1 2015, and who cumulatively accrues at least ten years
2 of credited service; and

3 (2) An employee hired after June 30, 2001, and prior to
4 July 1, 2015, who has at least ten years of credited
5 service prior to a break in service.

6 (b) Neither the State nor a county shall make a
7 contribution to the fund for a retired employee to whom this
8 section applies."

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

11 "**§87A-23 Health benefits plan supplemental to medicare.**

12 (a) The board shall establish a health benefits plan, which
13 takes into account benefits available to an employee-beneficiary
14 and spouse under medicare, subject to the following conditions:

15 (1) There shall be no duplication of benefits payable
16 under medicare. The plan under this section, which
17 shall be secondary to medicare, when combined with
18 medicare and any other plan to which the health
19 benefits plan is subordinate under the National
20 Association of Insurance Commissioners' coordination
21 of benefit rules, shall provide benefits that



1 approximate those provided to a similarly situated
2 beneficiary not eligible for medicare;

3 (2) The State, through the department of budget and
4 finance, and the counties, through their respective
5 departments of finance, shall pay to the fund a
6 contribution equal to an amount not less than the
7 medicare part B premium, for each of the following who
8 are enrolled in the medicare part B medical insurance
9 plan:

10 (A) ~~[an]~~ An employee-beneficiary who is a retired
11 employee,

12 (B) ~~[an]~~ An employee-beneficiary's spouse while the
13 employee-beneficiary is living, and

14 (C) ~~[an]~~ An employee-beneficiary's spouse, after the
15 death of the employee-beneficiary, if the spouse
16 qualifies as an employee-beneficiary.

17 ~~[For purposes of this section, a "retired employee"~~
18 ~~means retired members of the employees' retirement~~
19 ~~system; county pension system; or a police,~~
20 ~~firefighters, or bandsmen pension system of the State~~
21 ~~or a county as set forth in chapter 88. If the amount~~



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

- 16 (3) The benefits available under this plan, when combined
17 with benefits available under medicare or any other
18 coverage or plan to which this plan is subordinate
19 under the National Association of Insurance
20 Commissioners' coordination of benefit rules, shall
21 approximate the benefits that would be provided to a



1 similarly situated employee-beneficiary not eligible
2 for medicare;

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

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

16 (b) Subsection (a) (2) and (3) shall not apply to:

17 (1) An employee-beneficiary hired prior to July 1, 2015,
18 who elects to be subject to section 87A-32(b);

19 (2) An employee-beneficiary hired after June 30, 2015; or

20 (3) The spouse of an employee-beneficiary described in
21 paragraph (1) or (2).



1 (c) For purposes of this section, "retired employee" means
2 a retired member of the employees' retirement system; county
3 pension system; or a police, firefighters, or bandsmen pension
4 system of the State or a county as set forth in chapter 88."

5 SECTION 7. Section 87A-33, Hawaii Revised Statutes, is
6 amended by amending subsection (a) to read as follows:

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

- 9 (1) The dependent-beneficiary of an employee who is killed
10 in the performance of duty;
- 11 (2) A dependent-beneficiary, upon the death of the
12 employee-beneficiary, except as provided in section
13 87A-36;
- 14 (3) An employee-beneficiary who retired after June 30,
15 1984, due to a disability falling within sections 88-
16 79 and 88-285;
- 17 (4) An employee-beneficiary who retired before July 1,
18 1984;
- 19 (5) An employee-beneficiary who:
- 20 (A) Was hired before July 1, 1996;
- 21 (B) Retired after June 30, 1984; and



- 1 (C) Who has ten years or more of credited service,
- 2 excluding sick leave;
- 3 (6) An employee-beneficiary who:
 - 4 (A) Was hired after June 30, 1996 [?], and before
 - 5 July 1, 2015, and does not make an election to be
 - 6 subject to section 87A-32(b); 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 SECTION 8. Section 87A-33.5, Hawaii Revised Statutes, is
 13 amended to read as follows:

14 "[+]§87A-33.5[+] **State and county contribution;**
 15 **reimbursement for retired employees.** (a) Effective July 1,
 16 2007, an employee-beneficiary who retires and relocates outside
 17 of the State shall be reimbursed for the premiums paid by the
 18 employee-beneficiary for a personal health insurance policy;
 19 provided that the board shall determine which employee-
 20 beneficiaries and what types of personal health insurance
 21 policies shall be eligible for reimbursement and may set other



1 conditions consistent with this section that shall be met for
2 the employee-beneficiary to receive the reimbursements provided
3 under this section.

4 (b) No personal health insurance policy shall be eligible
5 for reimbursement under this section for the following
6 employees:

7 (1) An employee who makes an election to be subject to
8 section 87A-32(b); and

9 (2) An employee first hired after June 30, 2015.

10 (c) The reimbursement under this section shall be the
11 lesser of:

12 (1) The actual cost of the personal health insurance
13 policy; or

14 (2) The amount of the state or county contribution for the
15 most comparable health benefits plan.

16 Reimbursements shall be paid by the fund on a quarterly
17 basis upon the presentation of documentation that the premiums
18 for the personal health insurance policy have been paid by the
19 employee-beneficiary.



1 (d) This section shall apply to all employee-beneficiaries
2 who retire and relocate outside of the State, regardless of
3 their date of retirement."

4 SECTION 9. Section 87A-36, Hawaii Revised Statutes, is
5 amended as follows:

6 1. By amending the title to read:

7 "**§87A-36 State and county contributions; employees hired**
8 **after June 30, 2001, and before July 1, 2015, and retired."**

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

10 "(a) This section shall apply to state and county
11 contributions to the fund for employees hired after June 30,
12 2001, and before July 1, 2015, except for those employees hired
13 before July 1, 2015, who elect to be subject to section 87A-
14 32(b), and who retired, except that this section shall not apply
15 to the following employees, for whom state and county
16 contributions shall be made as provided by section 87A-35:

17 (1) An employee hired after June 30, 1996, and prior to
18 July 1, 2001, who transfers employment after June 30,
19 2001, and who cumulatively accrues at least ten years
20 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, except
12 for an employee hired prior to July 1, 2015, who elects to be
13 subject to section 87A-32(b), leaves state or county employment
14 and returns to state or county employment after July 1, 2001,
15 and before July 1, 2015, upon retirement, the employee's years
16 of service shall be computed in the same manner as set forth in
17 chapter 88."

18 PART IV

19 SECTION 10. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 11. This Act shall take effect on July 1, 2015;
 2 provided that for public employees hired prior to the effective
 3 date of this Act who are subject to a collective bargaining
 4 agreement, the provisions of this Act shall take effect upon the
 5 expiration of the respective collective bargaining agreement in
 6 effect on the effective date of this Act.

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INTRODUCED BY:

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JAN 23 2015



H.B. NO. 669

Report Title:

Hawaii Employer-Union Health Benefits Trust Fund; New Employees; Leaves of Absence; Election

Description:

Sets state and county contributions for health plans equal to the cost of the most popular self plan for public employees hired after 6/30/2015. Allows current active employees to make a one-time election to receive the same contributions for health plans that are offered to public employees hired after 6/30/2015. Limits vacation and sick leave to 480 hours each for public employees hired after 6/30/2015. Eliminates retirement health benefits for public employees hired after 6/30/2015.

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

