
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 legislature finds that moneys held in trust
2 by the Hawaii employer-union health benefits trust fund for
3 other post-employment benefits (OPEB) will continue to grow as
4 both state and county employers make contributions to the fund
5 to prefund their OPEB obligations as employers. In light of
6 what will be ongoing and large increases in trust fund moneys,
7 the legislature finds that allowing the fund to invest in asset
8 classes mirroring those of the employees' retirement system will
9 allow the fund to best manage these trust fund moneys in order
10 to maximize returns on investments.

11 The legislature further finds that continued viability of
12 the EUTF necessitates the imposition of an enhancement of
13 benefits moratorium to control health benefit costs.

14 The purposes of this Act are to:

15 (1) Provide a moratorium on benefit enhancements that
16 increase other post-employment benefits liability;



1 (2) Repeal certain restrictions on the fund to invest in
2 certain asset classes, thereby allowing the fund to
3 invest in asset classes mirroring those of the
4 employees' retirement system; and

5 (3) Make housekeeping amendments to sections 87A-34 and
6 87A-36, Hawaii Revised Statutes.

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

10 "§87A- Moratorium on benefit enhancements that increase
11 other post-employment benefits liability. There shall be no
12 benefit enhancements under this chapter for retired employee-
13 beneficiaries and their eligible dependents until such time as
14 the actuarial value of the separate trust fund for other post-
15 employment benefits' assets equals one hundred per cent of the
16 separate trust fund's actuarial accrued liability; except that
17 benefit enhancements that do not increase other post-employment
18 benefits liability or that decrease other post-employment
19 benefits liability shall be allowed."

20 SECTION 3. Section 87A-24, Hawaii Revised Statutes, is
21 amended to read as follows:



- 1 "§87A-24 Other powers. In addition to the power to
2 administer the fund, the board may:
- 3 (1) Collect, receive, deposit, and withdraw money on
4 behalf of the fund;
- 5 (2) Invest moneys in the same manner specified in section
6 ~~[88-119(1)(A), (1)(B), (1)(C), (2), (3), (4), (5),~~
7 ~~(6), and (7);]~~ 88-119;
- 8 (3) Hold, purchase, sell, assign, transfer, or dispose of
9 any securities or other investments of the fund, as
10 well as the proceeds of those investments and any
11 money belonging to the fund;
- 12 (4) Appoint, and at pleasure dismiss, an administrator and
13 other fund staff. The administrator and staff shall
14 be exempt from chapter 76 and shall serve under and at
15 the pleasure of the board;
- 16 (5) Make payments of periodic charges and pay for
17 reasonable expenses incurred in carrying out the
18 purposes of the fund;
- 19 (6) Contract for the performance of financial audits of
20 the fund and claims audits of its insurance carriers;



- 1 (7) Retain auditors, actuaries, investment firms and
2 managers, benefit plan consultants, or other
3 professional advisors to carry out the purposes of
4 this chapter, including the retaining of an actuary to
5 determine the annual required public employer
6 contribution for the separate trust fund established
7 under section 87A-42;
- 8 (8) Establish health benefits plan and long-term care
9 benefits plan rates that include administrative and
10 other expenses necessary to effectuate the purposes of
11 the fund; and
- 12 (9) Require any department, agency, or employee of the
13 State or counties to furnish information to the board
14 to carry out the purposes of this chapter."

15 SECTION 4. Section 87A-34, Hawaii Revised Statutes, is
16 amended by amending subsection (a) to read as follows:

17 "(a) This section shall apply to state and county
18 contributions to the fund for employees specified in paragraph
19 [~~(1)(E)~~] (1)(D) of the definition of "employee" in section 87A-1
20 who:

- 21 (1) Were hired on or before June 30, 1996; and



1 (2) Retired after June 30, 1984, with fewer than ten years
2 of credited service, excluding sick leave."

3 SECTION 5. Section 87A-36, Hawaii Revised Statutes, is
4 amended by amending subsection (c) to read as follows:

5 "(c) The State, through the department of budget and
6 finance, and the counties, through their respective departments
7 of finance, shall pay to the fund:

8 (1) For retired employees based on the self plan with ten
9 or more years but fewer than fifteen years of service,
10 a monthly contribution equal to one-half of the base
11 medicare or non-medicare monthly contribution set
12 forth under section 87A-33(b);

13 (2) For retired employees based on the self plan with at
14 least fifteen but fewer than twenty-five years of
15 service, a monthly contribution equal to seventy-five
16 per cent of the base medicare or non-medicare monthly
17 contribution set forth under section 87A-33(b);

18 (3) For retired employees based on the self plan with
19 twenty-five or more years of service, a monthly
20 contribution equal to one-hundred per cent of the base



1 medicare or non-medicare monthly contribution set
2 forth under section 87A-33(b); and
3 (4) One-half of the monthly contributions for the
4 employee-beneficiary or employee-beneficiary with
5 dependent-beneficiaries upon the death of the
6 employee, as defined in paragraph [~~(1)(E)~~] (1)(D) of
7 the definition of "employee" in section 87A-1.

8 If both husband and wife are employee-beneficiaries, the
9 total contribution by the State or county shall not exceed the
10 monthly contribution for two supplemental medicare self or non-
11 medicare self plans, as appropriate."

12 SECTION 6. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 7. This Act shall take effect upon its approval.



Report Title:

Hawaii Employer-Union Health Benefits Trust Fund

Description:

Provides a moratorium on benefit enhancements that increase other post-employment benefits liability. Repeals certain restrictions on investments that can be made by the Hawaii employer-union health benefits trust fund and makes housekeeping amendments. (HB916 HD1)

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