

STAND. COM. REP. NO. 3135

Honolulu, Hawaii

MAR 24 2016

RE: H.B. No. 2016
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred
H.B. No. 2016, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC EMPLOYEES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require public retiree contributions to the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) to be paid through withholdings of retirement benefit amounts from the Employees' Retirement System;
- (2) Require the Board of Trustees of the EUTF to submit an annual report to the Legislature on the contribution amounts paid to the EUTF; and
- (3) Authorize a retiree or beneficiary to make an annual election to opt out of the withholding requirement.

Your Committee received testimony in support of this measure from the Hawaii Employer-Union Health Benefits Trust Fund and three individuals. Your Committee received comments on this measure from the Employees' Retirement System.

Your Committee finds that health insurance premiums are automatically deducted for state and county employees. However, typically, once an employee retires, the employer does not pay a



portion of the health insurance premium, and the payment of insurance premiums becomes an added burden for retirees. If the retiree fails to make the required payment, due to various reasons including but not limited to illness, vacation, or a delay in postal service, the retiree is at risk of losing health insurance coverage.

Your Committee notes that according to the testimony of the Hawaii Employer-Union Health Benefits Trust Fund, the fund should be able to accept credit card payments by July 1, 2016, and process automatic electronic payments by January 1, 2017. Implementation of this measure will streamline public retiree contributions to the EUTF and provide better assurance that public retirees maintain health insurance coverage.

Your Committee has amended this measure by:

- (1) Deleting its contents and inserting the contents of S.B. No. 2428, S.D. 2, Regular Session of 2016, a substantially similar measure, which:
 - (A) Requires public retiree contributions to the EUTF to be paid through withholdings of retirement benefit amounts from the Employees' Retirement System;
 - (B) Requires the Board of Trustees of the Employees' Retirement System to submit an annual report to the Legislature on the contribution amounts paid to the EUTF;
 - (C) Authorizes a retiree or beneficiary to make a one-time election to opt out of the withholding requirement;
 - (D) Requires the EUTF to authorize automatic electronic payments in lieu of withholdings beginning after January 1, 2017; and
 - (E) Has an effective date of July 1, 2016;
- (2) Inserting language to require the Board of Trustees of the EUTF, which is subject to the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA), to ensure that the Employees' Retirement System



is not subject to HIPAA as a result of the receipt and possession of copayment billing information from the EUTF; and

- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2016, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2016, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,

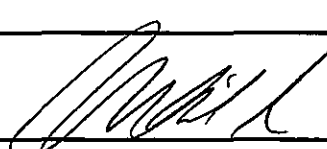


GILBERT S.C. KEITH-AGARAN, Chair



The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary and Labor
JDL

Bill / Resolution No.:* HB 2016 HD1	Committee Referral: JDL, WAM	Date: 3/23/16		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended <small>2312</small> <input checked="" type="checkbox"/> Pass, with amendments <small>2311</small> <input type="checkbox"/> Hold <small>2310</small> <input type="checkbox"/> Recommit <small>2313</small>				
Members	Aye	Aye (WR)	Nay	Excused
KEITH-AGARAN, Gilbert S.C. (C)	/			
SHIMABUKURO, Maile S.L. (VC)	/			
GABBARD, Mike	/			
KAHELE, Kaiali'i				/
KIM, Donna Mercado	/			
THIELEN, Laura H.	/			
SLOM, Sam	/			
TOTAL	6			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:	Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy

*Only one measure per Record of Votes