

A BILL FOR AN ACT

RELATING TO EMPLOYEES.

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

PART I

SECTION 1. The purpose of this part is to make an appropriation for collective bargaining cost items to facilitate the transition of affected Maui region hospital employees to employment with Maui Health System, a Kaiser Foundation Hospitals LLC. The transition of the operations of the Maui region hospitals was approved by the legislature pursuant to Act 103, Session Laws of Hawaii 2015, and a subsequent transfer agreement approved by the governor, Maui region board of directors, Hawaii health systems corporation, and Kaiser Foundation Hospitals LLC on January 14, 2016.

Pursuant to section 89-10, Hawaii Revised Statutes, requests for appropriations for collective bargaining cost items negotiated between the employer and exclusive representatives are to be presented to the legislature for their consideration. This part is requesting a general fund

appropriation to make payments to affected Maui region hospital employees pursuant to supplemental agreements negotiated between the employer and exclusive representatives after the transfer agreement was approved.

The appropriation for these respective supplemental agreements will ensure that operations will not be negatively impacted and the health care of the community will not be compromised.

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii, the sum of \$30,637,298 or so much thereof as may be necessary for fiscal year 2017-2018 for collective bargaining cost items to facilitate the transition of affected Maui region hospital employees from employment with the Maui region hospitals to Maui Health System, a Kaiser Foundation Hospitals LLC.

The sum appropriated shall be expended by the department of budget and finance for the purposes of this part.

SECTION 3. The appropriation made under section 2 shall not lapse at the end of the fiscal year for which the appropriation is made; provided that all moneys from the appropriation unencumbered as of June 30, 2018, shall lapse as of that date.

PART II

SECTION 4. Purchase of employer-union health benefits by Hawaii health system corporation employees separated pursuant to Act 103, Session Laws of Hawaii 2015. (a) This part shall apply to contributions to the Hawaii employer-union health benefits trust fund purchased by Hawaii health systems corporation employees hired after June 30, 1996, and who were separated from service as a result of Act 103, Session Laws of Hawaii 2015.

(b) Hawaii health systems corporation employees hired after June 30, 1996, and who were separated from service as a result of Act 103, Session Laws of Hawaii 2015, may purchase credited service for the sole purpose of qualifying for, or increasing the percentage of, the base monthly contributions that the State pays to the Hawaii employer-union health benefits trust fund for retired employees under sections 87A-35 and 87A-36, Hawaii Revised Statutes; provided that Hawaii health systems corporation employees who may otherwise qualify under this part but choose to retire from the State prior to separation shall not be eligible to purchase additional credited service under this part.

(c) The maximum number of years of credited service that a separated employee may purchase under subsection (b) shall be:

- (1) One year, if the employee has at least nine, fourteen, or twenty-four years of credited service; or

(2) Two years, if the employee has at least eight, thirteen, or twenty-three years of credited service.

(d) The Hawaii employer-union health benefits trust fund shall determine the cost for the purchase of credited service under subsection (b). Until June 30, 2018, the separated employee may purchase credited service upon application to the Hawaii employer-union health benefits trust fund within one year after the employee's separation from service. The purchase shall be made by a lump sum payment equal to the actuarial cost of the purchased service to be credited.

(e) The amounts paid by the employee to purchase credited service under subsection (b) shall only be creditable to health benefits provided by the Hawaii employer-union health benefits trust fund pursuant to chapter 87A, Hawaii Revised Statutes, and shall not be considered employee contributions to the employees' retirement system under section 88-45 or 88-325, Hawaii Revised Statutes. The authorization to purchase credits pursuant to this part shall not be used for the purchase of membership service credit, credited service, or any other benefit provided by the employees' retirement system pursuant to chapter 88, Hawaii Revised Statutes. The credited service purchased by an employee under subsection (b) shall not:

- (1) Increase or affect the amount of membership service or credited service that the employee has with the employees' retirement system; or
- (2) Be used to determine the employee's eligibility for a service retirement, ordinary disability retirement, or any other benefit under chapter 88, Hawaii Revised Statutes, or to calculate the retirement allowance, return of contributions, or any benefit available to the employee under chapter 88, Hawaii Revised Statutes.

PART III

SECTION 5. Chapter 89E, Hawaii Revised Statutes, is repealed.

SECTION 6. Act I, Second Special Session, Session Laws of Hawaii 2016, is repealed.

PART IV

SECTION 7. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the Act that can be given effect without the

invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 8. This Act shall take effect on July 1, 2017; provided that sections 5 and 6 shall take effect retroactively to July 20, 2016.

Report Title:

Appropriation; Collective Bargaining Cost Items; Maui Region Hospitals Transfer; Credited Service; EUTF; Separation Benefits; Repeal

Description:

Makes an appropriation to the Department of Budget and Finance for collective bargaining cost items related to the transition of affected Maui region hospital employees to employment with Maui Health System, a Kaiser Foundation Hospitals LLC. Authorizes the affected employees to purchase credited service to qualify or increase the percentage of the base monthly contributions that the State pays to the EUTF. Repeals chapter 89E, HRS, and Act I, Second Special Session, Session Laws of Hawaii 2016. (Proposed HD2)

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