

HB 1062

**RELATING TO THE HAWAII EMPLOYER-
UNION HEALTH BENEFITS TRUST FUND
DEFINITION OF "DEPENDENT-BENFICIARY".**

LAB, FIN

HB1062



Submit Testimony

Measure Title: RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND DEFINITION OF "DEPENDENT-BENFICIARY".

Report Title: Hawaii Employer-Union Health Benefits Trust Fund

Description: Amends the definition of "dependent-beneficiary" as used in chapter 87A, Hawaii Revised Statutes.

Companion: [SB928](#)

Package: Governor

Current Referral: LAB, FIN

Introducer(s): SOUKI (Introduced by request of another party)

Sort by Date		Status Text
1/23/2017	H	Pending introduction.
1/25/2017	H	Pass First Reading
1/27/2017	H	Referred to LAB, FIN, referral sheet 5
2/6/2017	H	Bill scheduled to be heard by LAB on Thursday, 02-09-17 11:00AM in House conference room 309.

S = Senate | **H** = House | **D** = Data Systems | **\$** = Appropriation measure | **ConAm** = Constitutional Amendment
Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

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A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEFINITION OF "DEPENDENT-BENEFICIARY".

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

1 SECTION 1. The legislature finds that the Hawaii employer-
2 union health benefits trust fund offers health benefits to the
3 children of state and county employees and retirees. Due to the
4 current construction of chapter 87A, Hawaii Revised Statutes,
5 when an employee or retiree passes away, the employee's or
6 retiree's surviving spouse's children that are born after the
7 employee's or retiree's death are eligible to participate in
8 benefit plans offered by the fund. However, the legislature
9 finds that a child born or legally adopted after an employee's
10 or retiree's death who is not the natural or adopted child of
11 the deceased employee or retiree should not be eligible to
12 participate in fund benefit plans because the child is not the
13 child of the state or county employee or retiree.

14 The legislature further finds that the definition of
15 "dependent-beneficiary" should be amended to be consistent with
16 the federal Patient Protection and Affordable Care Act of 2010,
17 which prohibits restricting health insurance coverage to only

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1 unmarried dependents and dependents who live with the employee-
2 beneficiary, and denying health insurance coverage to married
3 dependents and dependents who do not live with the employee-
4 beneficiary.

5 The purposes of this Act are to:

- 6 (1) Amend the definition of "dependent-beneficiary"
7 contained in chapter 87A, Hawaii Revised Statutes, to
8 clarify eligibility of children for participation in
9 fund benefit plans; and
- 10 (2) Bring the definition of "dependent-beneficiary" into
11 conformance with the federal Patient Protection and
12 Affordable Care Act of 2010.

13 SECTION 2. Section 87A-1, Hawaii Revised Statutes, is
14 amended by amending the definition of "dependent-beneficiary" to
15 read as follows:

16 "Dependent-beneficiary" means an employee-beneficiary's:

- 17 (1) Spouse;
- 18 (2) [~~Unmarried child~~] Child deemed eligible by the board,
19 including a legally adopted child, stepchild, foster
20 child, or recognized natural child [~~who lives with the~~
21 ~~employee beneficiary,~~], but excluding a child born or
22 legally adopted more than ten months after the death

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1 of an employee killed in the performance of duty, born
2 or legally adopted more than ten months after the
3 death of an active employee who was eligible to retire
4 on the date of death, or born or legally adopted more
5 than ten months after the date of death of a retired
6 employee-beneficiary; and

7 (3) Unmarried child regardless of age who is incapable of
8 self-support because of a mental or physical
9 incapacity, which existed prior to the unmarried
10 child's reaching the age of nineteen years."

11 SECTION 3. This Act does not affect the rights that
12 accrued before the effective date of this Act.

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

15 SECTION 5. This Act, upon its approval, shall take effect
16 on July 1, 2017.

17

18

INTRODUCED BY:



19

BY REQUEST

20

JAN 23 2017

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Report Title:

Hawaii Employer-Union Health Benefits Trust Fund

Description:

Amends the definition of "dependent-beneficiary" as used in chapter 87A, Hawaii Revised Statutes.

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

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND DEFINITION OF "DEPENDENT-BENEFICIARY".

PURPOSE: To amend the definition of "dependent-beneficiary."

MEANS: Amend section 87A-1, Hawaii Revised Statutes (HRS).

JUSTIFICATION: The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) has recently discovered that when active employees and retirees pass away and their surviving spouses are covered under EUTF benefit plans, the surviving spouses occasionally add dependent children to the plan that are not natural or adopted children of the deceased employees and retirees. EUTF believes that the Legislature never intended to cover children who are not the natural or adopted children of deceased employees and retirees. This amendment excludes from EUTF plan eligibility children who are not the natural or adopted children of deceased state and county employees and retirees. Additionally, the EUTF has found that the definition of a "dependent-beneficiary" should be amended to be consistent with the federal Patient Protection and Affordable Care Act of 2010.

Impact on the public: The children of surviving spouses of deceased state and county employees and retirees who are born or adopted more than ten months after the deaths of such state or county employees and retirees will not be eligible for participation in fund health benefit plans.

Impact on the department and other agencies: None.

GENERAL FUND: None.
OTHER FUNDS: None.
PPBS PROGRAM
DESIGNATION: None.
OTHER AFFECTED
AGENCIES: None.
EFFECTIVE DATE: July 1, 2017.



DAVID Y. IGE
GOVERNOR

STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

P.O. BOX 2121
HONOLULU, HAWAII 96805-2121
Oahu (808) 586-7390
Toll Free 1(800) 295-0089
www.eutf.hawaii.gov

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TESTIMONY BY DEREK MIZUNO
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
ON HOUSE BILL NO. 1062

February 9, 2017
11:00 a.m.
Room 309

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEFINITION OF "DEPENDENT-BENEFICIARY"

Chair Johanson, Vice Chair Holt, and Members of the Committee:

The EUTF Board of Trustees strongly supports this Administration bill. Currently when an employee passes away while actively employed and eligible to retire at the time of his/her death, or when an employee is killed in the performance of duty, the EUTF covers the surviving spouse and the surviving spouse's dependent children. Similarly, when a retiree passes away, EUTF covers the surviving spouse and the surviving spouse's children. In most cases, surviving spouses pay \$-0- for their coverages as their premiums are paid entirely by the State or counties. If the surviving spouse remarries, however, they are no longer eligible for coverage.

EUTF has identified a few situations in which surviving spouses added dependents to their plans more than 10 months after the death of the retiree, without getting married or entering into a domestic partnership. The estimated cost to the

EUTF's Mission: We care for the health and well being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide informed service that is excellent, courteous, and compassionate.

employer is \$225,000 based on coverage of the dependents up to age 19 (if the dependent was a full-time student coverage would be up to age 24 adding another \$60,000).

Currently, the premium for self coverage of a non-Medicare retiree enrolled in the EUTF PPO medical, drug, dental and vision plans is approximately \$763 per month, whereas the premium for two-party coverage is approximately \$1,486 per month. That's a difference of \$723 per month or \$8,676 per year that the State or counties are paying which we believe the Legislature never contemplated or intended to cover. This additional cost is borne principally by the State and counties as the vast majority of retirees still receive 100% of their premiums paid by the State and counties. This additional expense also adds to the actuarial accrued liability of the State and counties to pay other post-employment benefits.

The other change this bill will accomplish is to remove the requirement that a "child" must be unmarried and live with the employee since the Affordable Care Act has no such requirements for coverage of children up to age 26 for active employee medical and prescription drug plans.

Thank you for the opportunity to testify.

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Late testimony