

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 FINANCE**  
**ON HOUSE BILL NO. 2466**

**March 1, 2018**  
**2:30 p.m.**  
**Room 308**

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Chair Luke, Vice Chair Cullen, and Members of the Committee:

The EUTF Board of Trustees opposes this bill. In accordance with HRS 87A-23, all Medicare eligible retirees and their dependents are required to enroll in Medicare Part B if eligible (generally, age 65 and older or with a qualifying disability) to participate in the EUTF retiree medical and prescription drug retiree plans. Additionally under HRS 87A-23, the employers through the EUTF reimburse the retirees and spouses for the Medicare Part B premiums. EUTF Administrative Rules specify that income adjustments to the Medicare Part B premium (began January 1, 2007) are reimbursable up to a two-year retroactive period (effective August 2014) but penalties are not reimbursable. For example, if a retiree forgot to submit a SSA or CMS letter for calendar years 2016 and 2017 (and therefore received the standard monthly \$134 Medicare Part B reimbursement) but later submitted the letter indicating the monthly income adjusted premiums of \$187.50 on May 1, 2018, the retiree would be reimbursed

**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.

the income adjustment of \$53.50 (\$187.50 - \$134) for the period May 1, 2016 – April 30, 2018. The retiree would not be reimbursed the income adjustment amount for the period January 1, 2016 – April 30, 2016. The attached provides information on the total number of retirees and spouses receiving Medicare Part B reimbursement (50,995) and the amount receiving income adjustments in 2017 (3,525), who are the subject of this proposed bill. Since the EUTF Administrative Rule change adding the two-year limit became effective, the EUTF has not received any appeals to the Administrator or Board regarding this limitation and there have been minimal requests submitted to EUTF staff.

New and current retirees who newly enroll in Medicare Part B must submit a copy of their Medicare Part B card, a Direct Deposit Agreement Form and a copy of a letter from the Social Security Administration (SSA) or Centers for Medicare and Medicaid Services (CMS) indicating the amount of their Medicare Part B premium for EUTF to begin their Medicare Part B reimbursements. If a retiree or spouse has an income adjustment, EUTF will reimburse this amount at the onset of their Medicare Part B reimbursements.

At the end of the year, the EUTF will clear all income adjustments and the retiree/spouse Medicare Part B reimbursement will be reset to the standard amount, currently \$134. The EUTF reminds the retirees to submit the SSA or CMS letter the following two ways:

1. All retirees receive an annual Retiree Reference Guide in October that includes in the FAQs a reminder to submit their letter from SSA or CMS within two years to receive the income adjustments.

2. Since 2012, EUTF includes an article in the ERS Winter Quarterly Holomua that is mailed to all ERS retirees reminding retirees to submit their SSA or CMS letter to receive the correct Medicare Part B reimbursement.

Additionally, the retiree should see the lower Medicare Part B reimbursement deposited into their bank account. EUTF staff believe that appropriate measures are being taken to notify the retirees to submit the required information.

Thank you for the opportunity to testify.

**Medicare Part B Premiums**

2017	2018
Medicare	Monthly
Retirees/Spouses	Premium

Standard Medicare Part B Premium	47,470	\$130/\$134*
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Income adjusted premiums (single filers, joint amounts are double) \*\*

Above \$85,000 up to \$107,000	1,707	\$187.50
Above \$107,000 up to \$133,500	1,219	\$267.90
Above \$133,500 up to \$160,000	320	\$348.30
Above \$160,000	279	\$428.60
	<u>3,525</u>	

50,995

Average of \$130 for those enrolled in Medicare Part B prior to 1/1/16 who have their premiums deducted for their social security benefit.

\*

\$134 for those enrolling in Medicare after 12/31/15 or who do not have premiums deducted from social security benefits.

Based on a two year income lookback. For example \*\* the 2018 premium level is based on the 2016 retiree/spouse income.

**Attachment: Testimony Derek Mizuno, EUTF**

**FIN, HB 2466 HD 1**

**1-Mar-18**

**Page 1 of 1**

**HB-2466-HD-1**

Submitted on: 3/1/2018 1:15:04 PM

Testimony for FIN on 3/1/2018 2:30:00 PM

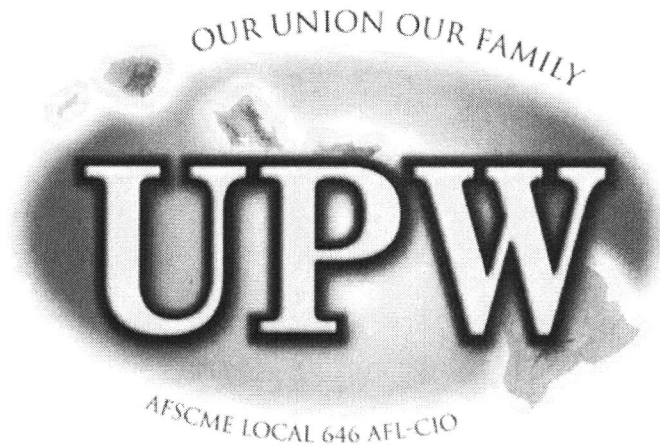
<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Cyndi Apana	Individual	Support	No

Comments:

HB2466 HD1 has my support. Medicare Part B reimbursements are simply returning retirees money. This money belongs to the retiree and should be available whenever the retiree requests it without time restraints.

Mahalo.

Cyndi Apana



The Hawaii State House of Representatives  
The Twenty-Ninth Legislature  
Regular Session of 2018

Committee on Finance

Representative Silvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair

Date of Hearing: Thursday, March 1, 2018  
Time of Hearing: 2:30 p.m.  
Place of Hearing: Conference Room 308

**Testimony in Support of HB2466 HD1 Relating to the  
Hawaii Employer-Union Health Benefits Trust Fund**

By Dayton M. Nakanelua,  
State Director of the United Public Workers,  
AFSCME, Local 646, AFL-CIO

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, and AFL-CIO (UPW). The UPW is the exclusive representative for approximately 12,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and four counties.

HB2466 HD1 addresses a problem for potentially thousands of state and county retirees and their spouses who are being penalized by a rule limiting the amount of income-adjusted Medicare part B reimbursements to them. This bill prohibits the EUTF from withholding any retroactive reimbursements payable after June 30, 2013 to a retired employee –beneficiary and qualified employee-beneficiary’ spouse for income adjusted Medicare part B premium based on the time in which the adjustment request is made to the Fund. EUTF shall also notify the employee-beneficiary and employee beneficiary’s spouse on instructions for making reimbursement requests for an income adjusted Medicare Part B premium. The UPW strongly supports this bill.

Thank you for the opportunity to submit this testimony.