

HB 2466

**RELATING TO
THE HAWAII EMPLOYER UNION
HEALTH BENEFITS TRUST
FUND**

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. With the escalation of health care costs and
2 increased life expectancy, it becomes evermore evident that
3 secure retirement benefits are essential to financial security
4 at the end of people's careers. The legislature recognizes the
5 importance of ensuring that public employees retain the
6 retirement benefits they have earned through a lifetime of
7 public service. Retirement benefits provide valuable protection
8 to retirees against outliving their savings and other sources of
9 retirement income.

10 The legislature believes that it is necessary to modify an
11 existing rule that penalizes retirees by limiting the amount of
12 income-adjusted medicare part B premium reimbursements to
13 retirees and qualified spouses based on the time the adjustment
14 request is made to the Hawaii employer-union health benefits
15 trust fund.



1 The purpose of this Act is to prohibit the withholding of
2 any retroactive reimbursement to a retired employee-beneficiary
3 and qualified employee-beneficiary's spouse for an income-
4 adjusted medicare part B premium based on the time in which the
5 adjustment request is made to the Hawaii employer-union health
6 benefits trust fund.

7 SECTION 2. Section 87A-23, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "**§87A-23 Health benefits plan supplemental to medicare.**

10 The board shall establish a health benefits plan, which takes
11 into account benefits available to an employee-beneficiary and
12 spouse under medicare, subject to the following conditions:

13 (1) There shall be no duplication of benefits payable
14 under medicare. The plan under this section, which
15 shall be secondary to medicare, when combined with
16 medicare and any other plan to which the health
17 benefits plan is subordinate under the National
18 Association of Insurance Commissioners' coordination
19 of benefit rules, shall provide benefits that
20 approximate those provided to a similarly situated
21 beneficiary not eligible for medicare;



1 (2) The State, through the department of budget and
2 finance, and the counties, through their respective
3 departments of finance, shall pay to the fund a
4 contribution equal to an amount not less than the
5 medicare part B premium, for each of the following who
6 are enrolled in the medicare part B medical insurance
7 plan: (A) an employee-beneficiary who is a retired
8 employee, (B) an employee-beneficiary's spouse while
9 the employee-beneficiary is living, and (C) an
10 employee-beneficiary's spouse, after the death of the
11 employee-beneficiary, if the spouse qualifies as an
12 employee-beneficiary. For purposes of this section, a
13 "retired employee" means retired members of the
14 employees' retirement system; county pension system;
15 or a police, firefighters, or bandsmen pension system
16 of the State or a county as set forth in chapter 88.
17 If the amount reimbursed by the fund under this
18 section is less than the actual cost of the medicare
19 part B medical insurance plan due to an increase in
20 the medicare part B medical insurance plan rate, the
21 fund shall reimburse each employee-beneficiary and



1 employee-beneficiary's spouse for the cost increase
2 within thirty days of the rate change. Each employee-
3 beneficiary and employee-beneficiary's spouse who
4 becomes entitled to reimbursement from the fund for
5 medicare part B premiums after July 1, 2006, shall
6 designate a financial institution account into which
7 the fund shall be authorized to deposit
8 reimbursements. This method of payment may be waived
9 by the fund if another method is determined to be more
10 appropriate;

11 (3) The benefits available under this plan, when combined
12 with benefits available under medicare or any other
13 coverage or plan to which this plan is subordinate
14 under the National Association of Insurance
15 Commissioners' coordination of benefit rules, shall
16 approximate the benefits that would be provided to a
17 similarly situated employee-beneficiary not eligible
18 for medicare;

19 (4) All employee-beneficiaries or dependent-beneficiaries
20 who are eligible to enroll in the medicare part B
21 medical insurance plan shall enroll in that plan as a



1 condition of receiving contributions and participating
2 in benefits plans under this chapter. This paragraph
3 shall apply to retired employees, their spouses, and
4 the surviving spouses of deceased retirees and
5 employees killed in the performance of duty; ~~and~~

6 (5) The board shall determine which of the employee-
7 beneficiaries and dependent-beneficiaries, who are not
8 enrolled in the medicare part B medical insurance
9 plan, may participate in the plans offered by the
10 fund[-]; and

11 (6) Notwithstanding any law to the contrary, the fund
12 shall not withhold, based on the time in which an
13 employee-beneficiary or employee-beneficiary's spouse
14 submits a request for and proof of an income-adjusted
15 medicare part B premium to the fund, any retroactive
16 reimbursement that would otherwise have been payable
17 at any time after June 30, 2013, to an employee-
18 beneficiary or qualified employee-beneficiary's spouse
19 for an income-adjusted medicare part B premium. The
20 board shall notify the employee-beneficiary and
21 employee-beneficiary's spouse in cases where no



1 reimbursement request for and proof of an income-
 2 adjusted medicare part B premium is received by the
 3 fund from the employee-beneficiary or employee-
 4 beneficiary's spouse. Notification to the employee-
 5 beneficiary and employee-beneficiary's spouse shall
 6 include instructions for making a reimbursement
 7 request for an income-adjusted medicare part B
 8 premium."

9 SECTION 3. If any provision of this Act, or the
 10 application thereof to any person or circumstance, is held
 11 invalid, the invalidity does not affect other provisions or
 12 applications of the Act that can be given effect without the
 13 invalid provision or application, and to this end the provisions
 14 of this Act are severable.

15 SECTION 4. Statutory material to be repealed is bracketed
 16 and stricken. New statutory material is underscored.

17 SECTION 5. This Act shall take effect upon its approval.

18 INTRODUCED BY:

Rony M. Sahib
Robert M. ...
[Signature]
[Signature]
[Signature]



H.B. NO. 2466

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JAN 23 2018



H.B. NO. 2466

Report Title:

Medicare Part B Premium; Income-Adjusted Reimbursements

Description:

Prohibits the Hawaii Employer-Union Health Benefits Trust Fund (Fund) from withholding any retroactive reimbursement payable after June 30, 2013, to a retired employee-beneficiary and qualified employee-beneficiary's spouse for an income-adjusted Medicare Part B premium based on the time in which the adjustment request is made to the Fund. Establishes notice requirements.

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



HB 2466

TESTIMONY



STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

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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. 2466

February 1, 2018
9:00 a.m.
Room 309

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

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

The EUTF Board of Trustees has not had an opportunity to take a position on this bill. The EUTF Board's next meeting is February 27, 2018. At this time, EUTF staff would like to provide comments on the 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 the submit SSA or CMS letter for calendar years 2016 and 2017 (and therefore received 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.

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 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.

HB-2466

Submitted on: 1/30/2018 6:56:53 PM

Testimony for LAB on 2/1/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Cyndi Apana		Support	No

Comments:

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND.

I am a retired State Employee and I support passage of HB2466. This bill addresses a very important issue to state retirees.

Under this bill, If I forget or if I am not capable of notifying the EUTF of the change in my Medicare Part B premiums, I will lose the ability to be reimbursed for the increased premiums that I have paid beyond a two year period. A retiree could lose years of premiums that rightfully belong to the retiree.

As an example.

I also have a friend who retired in 1992 that did not know about this and has not filed for change in premium reimbursement in Medicare Part B. Who knows how much he has lost to date because of this.

Giving notice to retirees before the two years is up, will help the retirees to file the changes.

Also this bill will guarantee that no money will be withheld from any retirees.

These are the reasons why I support passage of HB 2466.

This must be corrected. Mahalo.

Cynthia Apana

HB-2466

Submitted on: 1/30/2018 7:06:02 PM

Testimony for LAB on 2/1/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
James Kimo Apana		Support	No

Comments:

I am a retiree. I am testifying in support of HB 2466.

This bill is very good.

1. This bill will guarantee that no retirees will lose any Medicare Part B reimbursement.
2. Most if not all retirees, need financial help during their golden years.
3. Prior notice or reminder for retirees to give Medicare Part B reimbursement is a good policy.
4. Quite a few retirees go back to their native land i.e. Philippines and sometimes they are not full aware that they need to file changes in Medicare Part B Premiums.

For these reasons that I urge passage of HB2466.

James "Kimo" Apana

HB-2466

Submitted on: 1/31/2018 8:05:22 AM

Testimony for LAB on 2/1/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
amy agbayani	Filipina Advocacy Network FAN	Support	No

Comments:

As a retiree I support hb2466 which wil allow retroactive reimbursement for an income-adjusted Medicare Part B premium based on the time in which the adjustment request is made to the Fund and requires notice to the retirees.

HB-2466

Submitted on: 1/31/2018 8:22:23 AM

Testimony for LAB on 2/1/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Alfred Lardizabal	UPW	Support	Yes

Comments:

HB 2466

**LATE
TESTIMONY**