

SB 2761

SD-2

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

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 is killed in the performance of the employee's
6 duty, the employee passes away when eligible for retirement, or
7 the retiree passes away, the employee's or retiree's surviving
8 spouse's children that are born after the employee's or
9 retiree's death are eligible to participate in benefit plans
10 offered by the fund. However, the legislature finds that a
11 child born or legally adopted after an employee's or retiree's
12 death who is not the natural or adopted child of the deceased
13 employee or retiree should not be eligible to participate in
14 fund benefit plans because the child is not the child of the
15 state or county employee or retiree.



1 The legislature further finds that the definition of
2 "dependent-beneficiary" should be amended to be consistent with
3 the federal Patient Protection and Affordable Care Act of 2010,
4 which prohibits restricting health insurance coverage to only
5 unmarried dependents and dependents who live with the employee-
6 beneficiary, and denying health insurance coverage to married
7 dependents and dependents who do not live with the employee-
8 beneficiary.

9 The purposes of this Act are to:

- 10 (1) Amend the definition of "dependent-beneficiary" in
11 chapter 87A, Hawaii Revised Statutes, to clarify
12 eligibility of children for participation in fund
13 benefit plans; and
- 14 (2) Conform the definition of "dependent-beneficiary" to
15 the federal Patient Protection and Affordable Care Act
16 of 2010.

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

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

- 21 (1) Spouse;



1 (2) ~~[Unmarried child]~~ Child deemed eligible by the board,
2 including a legally adopted child, stepchild, foster
3 child, or recognized natural child ~~[who lives with the~~
4 ~~employee beneficiary,~~], but excluding a child born or
5 legally adopted more than ten months after the date of
6 death of:

7 (A) An employee killed in the performance of duty;

8 (B) An active employee who was eligible to retire on
9 the date of death; or

10 (C) A retired employee-beneficiary; and

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

15 SECTION 3. This Act does not affect rights and duties that
16 matured, penalties that were incurred, and proceedings that were
17 begun before its effective date.

18 SECTION 4. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 5. This Act shall take effect on January 1, 2050.



Report Title:

Hawaii Employer-union Health Benefits Trust Fund

Description:

Amends the definition of "dependent-beneficiary" as used in chapter 87A, HRS. Effective 1/1/2050. (SD2)

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



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TESTIMONY



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 AND PUBLIC EMPLOYMENT
ON SENATE BILL NO. 2761 S.D. 2

March 20, 2018
9:00 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 health benefits as their premiums are paid entirely by the State or counties. If the surviving spouse remarries or enters into a domestic partnership, 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

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.

getting married or entering into a domestic partnership. The estimated cost to the 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 \$746 per month, whereas the premium for two-party coverage is approximately \$1,454 per month. That's a difference of \$708 per month or \$8,496 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 95% 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.

I would like to recommend a minor wording change to add "active" between "An" and "employee" in Section 2, (2)(A) for consistency with (2)(B).

Thank you for the opportunity to testify.



The House Committee on Labor & Public Employment
March 20, 2018
10:00 AM, Conference Room 309

RE: **SB 2761 SD2, Relating to the Hawaii Employer-Union Health Benefits Trust Fund Definition of “Dependent-Beneficiary”**

Attention: Chair Aaron Johanson, Vice Chair Daniel Holt and members of the Committee

The University of Hawaii Professional Assembly (UHPA) urges the committee to **support passage of SB 2761 SD2**, that amends the definition of “Dependent-Beneficiary” under Section 87A of the Hawai‘i Revised Statutes, to clarify the eligibility of children in fund benefit plans, and to bring the definition of “dependent-beneficiary” in conformance with the federal Patient Protection Affordable Care Act of 2010.

The current ambiguity in the statute allows for dependent beneficiaries adopted or born **after** the fund eligible employee or retiree death to have access to fund benefits through the employee’s or retiree’s surviving spouse, which we believe is not the intent, and outside of normal dependent-beneficiary eligibility practices.

This measure will also change the definition of “dependent-beneficiary” from “Unmarried Child” to “Child” and remove the requirement of the living with the employee beneficiary, which will conform the statute with the federal Patient Protection Affordable Care Act of 2010.

Thank you for the opportunity to provide testimony on this measure. **UHPA supports the passage of SB 2761 SD2.**

Respectfully submitted,

Kristeen Hanselman
Executive Director

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LATE

TESTIMONY