

DAVID Y. IGE
GOVERNOR

LATE



**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 COMMITTEES ON LABOR & PUBLIC EMPLOYMENT
ON HOUSE BILL NO. 1358**

**February 5, 2019
9:30 a.m.
Room 309**

RELATING TO MEDICARE PART B

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

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees has not been able to take a position on this bill. Their next meeting is scheduled for February 19, 2019. However last legislative session, the EUTF Board opposed a similar bill relating to employer Medicare Part B premium reimbursements of income-adjustments.

In fiscal year 2018, the EUTF reimbursed, on behalf of employers, retirees and their spouses Medicare Part B premiums including income-adjustments almost \$80 million. Additionally, as of December 31, 2018 there were 53,177 Medicare retirees and spouses receiving Medicare Part B reimbursements. Retirees and their spouses who are eligible for Medicare Part B, in accordance with Section 87A-23, Hawaii Revised Statutes (HRS) and EUTF Administrative Rules (Rules), must enroll in Medicare Part B to be eligible for EUTF medical and prescription drug coverage. The EUTF Medicare

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.

retiree medical and prescription drug plans receive benefits from Medicare through Medicare's primacy in paying medical claims or subsidies for Medicare Advantage and Medicare Part D (prescription drug) plans.

The Medicare retirees and spouses can be split up between those subject to – Group 1) income-adjusted Medicare Part B premiums (4,876 Medicare retirees and spouses) and Group 2) the standard monthly Medicare Part B premium (\$135.50 for 2019) or lower (48,301 Medicare retirees and spouses). Medicare retirees and spouses who earned more than \$85,000 (single filer) or \$170,000 (joint filers) in 2017 must pay an income-adjusted Medicare Part B premium of \$189.60 or up to \$460.50 in 2019. If the Medicare retiree or spouse submits proof of higher income-adjusted premiums, the EUTF will reimburse the income-adjusted amounts, limited to a two-year retroactive period (Rule section 5.03(c)(3)). Based on discussions with EUTF staff, since the new rule went into effect August 18, 2014, they estimate less than five members who were not reimbursed because of the new rule. The EUTF reminds these retirees to submit proof in the Winter and Spring ERS Holomua newsletter and in the Retiree Reference Guide that is mailed to all retirees annually. Additionally, retirees who are subject to income-adjustments normally remember to send their proof in when they receive their notice from the Social Security Administration of their new Social Security benefit (and their Medicare Part B premiums that are deducted from their Social Security benefit) in November or December prior to the beginning of the new year. Requiring EUTF to annually send registered letters to those Medicare retirees and spouses who do not submit income-adjusted proof would be a heavy administrative burden on EUTF staff and could be costly (\$4.80 per registered letter). Additionally, it is unclear whether EUTF would have to send to all 53,177 Medicare retirees and spouse who do not

submit proof or just the previous year's Medicare retirees and spouses subject to income-adjustments. In either case, EUTF staff would be sending registered letters to members who either were never or are no longer subject to income-adjustments.

Prior to 2017, Medicare retirees and spouses in Group 2 would be moved to the new standard Medicare Part B premium at the beginning of each new year. There was no need to require proof documents. However, beginning in 2017, Group 2 member Medicare Part B premiums varied as their Medicare Part B premium increases were limited to their increase in their Social Security benefit. As a result, to avoid over-reimbursing the Medicare retirees and spouse, EUTF required proof of Group 2's Medicare Part B premium amounts. Because of the confusion caused by this change, the EUTF Board has not limited retroactive reimbursements for Group 2 members.

Lastly, amendments to section 87A-31(f), HRS are not appropriate as this section relates to situations in which there is a valid claim including Medicare Part B premium reimbursements and EUTF cannot locate the individual or their estate (also known as unclaimed property) and not to situations where there is no valid claim under the HRS or Rules.

Thank you for the opportunity to testify.

LATE

HB-1358

Submitted on: 2/4/2019 12:56:54 PM

Testimony for LAB on 2/5/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Alfred Lardizabal	UPW	Support	No

Comments:

LATE

February 4, 2019

The Honorable Rep. Aaron Ling Johanson, Chair
Labor & Public Employment Committee
Hawaii State Capitol
415 South Beretania Street, Room 436
Honolulu, HI 96813

Dear Chair Johanson and members of the Committee:

I am in strong support of **House Bill 1358 Relating to Medicare Part B** which will be heard by the Labor & Public Employment Committee on February 5, 2019.

Hawaii's hard-working public workers who are nearing the end of their careers are counting on their retirement benefits for their future financial well-being, especially as health care costs and life expectancy continue to escalate.

It is imperative that state and city public employees retain their retirement benefits as more and more of them are outliving their life savings and other sources of retirement income.

One way of maximizing our retirees' benefits and to ensure that they receive the full value of their entitled benefits, is to see to it that adequate notices are given to individual retirees who may be eligible for reimbursement of cost-adjusted Medicare Part B premiums. All efforts should be exerted to reach out to eligible recipients through direct mail and other means.

Additionally, retirees who are entitled to reimbursements should not be denied for failing to file a claim within a certain time period, nor should their reimbursement claims ever lapse.

In closing, for the sake of the financial security and peace of mind for our hard-working retirees, I respectfully ask that your committee pass **House Bill 1358 Relating to Medicare Part B** to ensure that older Americans get every penny from Medicare Part B that they are entitled to.

Sincerely,
Lorenz-Jo Galvan

February 4, 2019

LATE

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Honolulu, HI 96813

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It is imperative that state and city public employees retain their retirement benefits as more and more of them are outliving their life savings and other sources of retirement income.

One way of maximizing our retirees' benefits and to ensure that they receive the full value of their entitled benefits, is to see to it that adequate notices are given to individual retirees who may be eligible for reimbursement of cost-adjusted Medicare Part B premiums. All efforts should be exerted to reach out to eligible recipients through direct mail and other means.

Additionally, retirees who are entitled to reimbursements should not be denied for failing to file a claim within a certain time period, nor should their reimbursement claims ever lapse.

In closing, for the sake of the financial security and peace of mind for our hard-working retirees, I respectfully ask that your committee pass **House Bill 1358 Relating to Medicare Part B** to ensure our retirees benefit from the Medicare Part B reimbursement program and fully utilize all Part B services they are entitled to.

Sincerely,

Ken Farm