

S.B. NO. 2866

JAN 23 2020

---

---

A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
EMPLOYEE-BENEFICIARY MONTHLY CONTRIBUTIONS.

**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  
3 active and retired employees of the State, city and county of  
4 Honolulu, and counties and their dependents. The fund currently  
5 offers retired employees and surviving employee-beneficiaries  
6 who are responsible for all or a portion of their monthly health  
7 benefit premiums the option to pay through monthly electronic  
8 deductions from their employees' retirement system pension or  
9 their financial institution, or by check. In order to improve  
10 operational efficiency, reduce banking fees and ensure that  
11 retired employees and surviving employee-beneficiaries do not  
12 miss any monthly payments and possibly lose their health  
13 benefits, the legislature finds that retired employees and  
14 surviving employee-beneficiaries should be required to pay their

S.B. NO. 2866

1 share of the health benefits premiums through monthly electronic  
2 deductions.

3 The purpose of this Act is to amend section 87A-40, Hawaii  
4 Revised Statutes, to mandate that new retired employees and  
5 surviving employee beneficiaries pay their share of health  
6 benefits premiums through monthly electronic deduction from  
7 their employees' retirement system pension or their financial  
8 institution.

9 SECTION 2. Section 87A-40, Hawaii Revised Statutes, is  
10 amended to read as follows:

11 **"§87A-40 Employee-beneficiary contributions; health benefit**  
12 **plans.** (a) Each employee-beneficiary shall make a monthly  
13 contribution to the fund amounting to the difference between the  
14 monthly charge of the health benefits plan selected by the  
15 employee-beneficiary and the contribution made by the State or  
16 county for the employee-beneficiary to the fund. Nothing in  
17 this section shall prohibit any employee-beneficiary from  
18 participating in a cafeteria plan authorized under Title 26  
19 United States Code section 125, Internal Revenue Code of 1986,  
20 as amended, and section 78-30.

21 (b) During the period the health benefits plan selected by  
22 an [~~employee-beneficiary~~] active employee is in effect, the

S.B. NO. 2866

1 ~~[employee-beneficiary,]~~ active employee, if allowed by law,  
2 shall authorize the ~~[employee-beneficiary's]~~ active employee's  
3 contribution to be withheld and transmitted to the fund monthly  
4 by the comptroller~~[, employees' retirement system,]~~ or finance  
5 officer who disburses the ~~[employee-beneficiary's]~~ active  
6 employee's compensation~~[, pension, or retirement pay]~~. If the  
7 entire amount of an ~~[employee-beneficiary's]~~ active employee's  
8 contribution to the fund is not withheld and transmitted to the  
9 fund, the ~~[employee-beneficiary]~~ active employee shall pay the  
10 remaining monthly contribution~~[÷]~~ directly to the fund by the  
11 first day of each month.

12 ~~[(1) In the case of an employee-beneficiary who normally~~  
13 ~~receives the employee-beneficiary's compensation from~~  
14 ~~the comptroller or employees' retirement system,~~  
15 ~~directly to the fund by the first day of each month; -~~  
16 ~~or~~

17 ~~(2) In the case of all other employee-beneficiaries,~~  
18 ~~to the respective finance officer from whom the~~  
19 ~~employee-beneficiary normally receives~~  
20 ~~compensation for transmittal to the fund by the~~  
21 ~~first day of each month.]~~

S.B. NO. 2866

1       (c) Each retired employee or surviving employee-  
2 beneficiary, who enrolls as an employee-beneficiary in the  
3 health plans offered by the fund, if allowed by law, shall  
4 authorize the retired employee or surviving employee-  
5 beneficiary's contribution to be electronically withheld or  
6 deducted and transmitted to the fund monthly by the  
7 employees' retirement system or the retired employee or  
8 surviving employee-beneficiary's financial institution.  
9 This method may be waived by the fund if another method is  
10 determined to be more appropriate. If a retired employee  
11 or surviving employee-beneficiary's contribution to the  
12 fund is not electronically withheld or deducted and  
13 transmitted to the fund, the retired employee or surviving  
14 employee-beneficiary shall pay their monthly contribution  
15 directly to the fund by the first day of each month.

16       [e] (d) Notwithstanding subsection (a), an employee-  
17 beneficiary's monthly contribution to the fund shall  
18 include the amount that would have been the employee-  
19 beneficiary's contribution if the employee-beneficiary had  
20 not elected to participate in the cafeteria plan."

S . B . NO . 2866

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

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

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

7

8

INTRODUCED BY:

*M. N. M.*

9

BY REQUEST

S.B. NO. 2866

**Report Title:**

Hawaii Employer-Union Health Benefits Trust Fund

**Description:**

Amends section 87A-40, Hawaii Revised Statutes, to mandate that new retired employees pay their share of health benefits premiums through monthly electronic deductions from their employees' retirement system pension or their financial institution.

*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 EMPLOYEE-BENEFICIARY MONTHLY CONTRIBUTIONS.

PURPOSE: To mandate that new retired employees pay their share of health benefits premiums through monthly electronic deductions from their employees' retirement system pension or their financial institution.

MEANS: Amend section 87A-40, Hawaii Revised Statutes (HRS).

JUSTIFICATION: Monthly electronic deductions from retired employees or surviving employee-beneficiary's employees' retirement system pension or their financial institution as opposed to checks improves operational efficiency, reduces banking fees and ensures that retired employees do not miss any monthly payments and possibly lose their health benefits

Impact on the public: None.

Impact on the department and other agencies: Minimal impact on the employees' retirement system since process has already been established to have retired employee premiums deducted from retired employee pensions.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: None.

OTHER AFFECTED AGENCIES: Employees' Retirement System.

EFFECTIVE DATE: Upon approval.