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



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

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

9           "**§87A-40 Employee-beneficiary contributions; health benefit**  
10 **plans.** (a) Each employee-beneficiary shall make a monthly  
11 contribution to the fund amounting to the difference between the  
12 monthly charge of the health benefits plan selected by the  
13 employee-beneficiary and the contribution made by the State or  
14 county for the employee-beneficiary to the fund. Nothing in  
15 this section shall prohibit any employee-beneficiary from  
16 participating in a cafeteria plan authorized under Title 26  
17 United States Code section 125, Internal Revenue Code of 1986,  
18 as amended, and section 78-30.

19           (b) [~~During~~] Except as provided in subsection (c), during  
20 the period the health benefits plan selected by an employee-  
21 beneficiary is in effect, the employee-beneficiary, if allowed



1 by law, shall authorize the employee-beneficiary's contribution  
2 to be withheld and transmitted to the fund monthly by the  
3 comptroller, employees' retirement system, or finance officer  
4 who disburses the employee-beneficiary's compensation, pension,  
5 or retirement pay. If an employee-beneficiary's contribution to  
6 the fund is not withheld and transmitted to the fund, the  
7 employee-beneficiary shall pay the monthly contribution directly  
8 to the fund by the first day of each month.

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

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

19 (c) Each employee-beneficiary who retires after June 30,  
20 2020, and each surviving spouse or child of a retired employee-  
21 beneficiary who enrolls in the health plan offered by the fund



1 after June 30, 2020, shall authorize their contribution to the  
2 fund to be electronically withheld or deducted and transmitted  
3 to the fund monthly by the employees' retirement system or the  
4 financial institution of the retirant or retirant's surviving  
5 beneficiary. This method may be waived by the fund if another  
6 method is determined to be more appropriate. If the  
7 contribution by the retirant or the retirant's surviving  
8 beneficiary is not electronically withheld, deducted, or  
9 transmitted to the fund, the retirant or the retirant's  
10 surviving beneficiary shall pay their monthly contribution  
11 directly to the fund by the first day of each month.

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

17        SECTION 3. Section 88-95, Hawaii Revised Statutes, is  
18 amended to read as follows:

19        "**§88-95 Withholding of dues and insurance premiums.** A  
20 ~~[retired member,~~ retirant, or the retirant's surviving  
21 beneficiary, if the ~~[retired member]~~ retirant, or the surviving



1 beneficiary, requests in writing, may have withheld from the  
2 retired member's pension, annuity, or retirement allowance,  
3 payments to the employer-union health benefits trust fund and  
4 employee organizations for dues and insurance premiums."

5 SECTION 4. This Act does not affect rights and duties that  
6 matured, penalties that were incurred, and proceedings that were  
7 begun before its effective date.

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

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



**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. (SD1)

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

