

THE HAWAII STATE HOUSE OF REPRESENTATIVES

The Thirtieth Legislature
Regular Session of 2020

COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

Representative Aaron Ling Johanson, Chair
Representative Staceylynn K. M. Eli, Vice Chair

Date of Hearing: Tuesday, February 11, 2020
Time of Hearing: 9:10 a.m.
Place of Hearing: Conference Room 309
State Capitol
415 South Beretania Street

TESTIMONY IN SUPPORT OF HB1899 RELATING TO MEDICARE PART B

By DAYTON M. NAKANELUA,
State Director of the United Public Workers,
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO. The UPW is the exclusive bargaining representative for approximately 13,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and four counties. The UPW also represents about 1,500 members in the private sector

HB1899 requires the board to send actual individual notice via board approved method of delivery to EUTF members that they may be eligible for reimbursement of income-related monthly adjustment amount (IRMAA) medicare part B premium payments.

The UPW supports this measure. Thank you for the opportunity to submit this testimony.

February 10, 2020

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 1899 Relating to Medicare Part B which will be heard by the Labor & Public Employment Committee on February 11, 2020.

Public workers who are reaching retirement age are depending on their retirement benefits for their future and their well-being, as health care costs and life expectancy continue to increase.


It is critical that state and public employees retain their retirement benefits as many of the current retirees are outliving their life savings and other sources of retirement income.

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 mail and other means, this will ensure maximizing our retiree's benefits and ensuring they receive the full value of their entitled benefits.

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

For the sake of financial security and peace of mind for our hard-working retirees, I ask that your committee pass House Bill 1899 Relating to Medicare Part B to ensure that older Social Security Retirees get everything they deserve from Medicare Part B.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steven Pak', written in a cursive style.

Steven Pak

Late Testimonies

DAVID Y. IGE
GOVERNOR

LATE



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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. 1899

February 11, 2020
9:10 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 18, 2020. 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 2019, the EUTF reimbursed (on behalf of employers) retirees and their spouse's Medicare Part B premiums including income-adjustments of approximately \$90 million. As of December 31, 2019, there were 54,442 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'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.

EUTF Medicare 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 (4,680 Medicare retirees and spouses) and Group 2) the standard monthly Medicare Part B premium (\$144.60 for 2020) or lower (49,762 Medicare retirees and spouses). Medicare retirees and spouses who earned more than \$87,000 (single filer) or \$174,000 (joint filers) in 2018 must pay an income-adjusted Medicare Part B premium of \$202.40 or up to \$491.60 in 2020. If the Medicare retiree or spouse submits proof of higher income-adjusted premiums to the EUTF, the EUTF will reimburse the income-adjusted amounts, limited to a two-year retroactive period (Rule section 5.03(c)(3)). EUTF staff estimate that since the new Rule went into effect August 18, 2014 there have been less than ten members who were not reimbursed because of the Rule. The EUTF reminds these retirees to submit proof via the Winter and Spring ERS Holomua newsletter mailed to all retirees and in the annual Retiree Reference Guide that is mailed to all retirees and surviving spouses. 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 the 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 letters (the EUTF has very few email addresses on file and there is no automated way to send emails to those on file) to

those Medicare retirees who do not submit income-adjusted proof would be a heavy administrative burden on EUTF staff and could cost over \$25,000 annually in postage alone. The bill would even require the EUTF to send letters to retirees and spouses who did not earn \$87,000 (single filer) or \$174,000 (joint filers) in 2018 and are not subject to income-adjusted Medicare Part B premiums which likely comprise over 90% of the entire group. Such a letter would cause significant disruption and confusion amongst the retiree group since it would only apply to a small portion of the group.

Lastly, the bill also attempts to annul the two-year retroactive limitation on income-adjusted Medicare Part premiums. The retiree and/or spouse will still be reimbursed the standard Medicare Part B premiums (\$144.60 for 2020) but would not be entitled to the difference between the actual income-adjusted Medicare Part B premium and the standard amount. The EUTF Board implemented this Rule as retirees should assume some responsibility for timely submitting requests since they are reminded when they receive the Social Security letter and through various EUTF communication methods.

Thank you for the opportunity to testify.