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## A BILL FOR AN ACT

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RELATING TO EMPLOYEE-UNION HEALTH BENEFITS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds the State's growing  
2 unfunded liabilities of \$88,000,000,000 threatens the State's  
3 credit rating and long-term financial sustainability. Of the  
4 \$88,000,000,000 in unfunded liabilities, the employer-union  
5 health benefits trust fund (EUTF) accounts for \$12,200,000,000.

6           The legislature further finds that governor David Ige  
7 indefinitely suspended payment toward paying down the EUTF's  
8 unfunded liabilities to address critical budget shortfalls from  
9 the economic impacts of the global COVID-19 pandemic. In  
10 response to the governor's suspension, Moody's Investors  
11 Services downgraded the State's credit rating from Aa1 to Aa2.

12           While understanding the suspension is temporary, the State  
13 must further commit its efforts to pursuing responsible fiscal  
14 policies to relieve future generations of the financial burden  
15 from the State's unfunded liabilities.

16           Accordingly, the purpose of this Act is to reduce the  
17 growth of actuarial accrued liability by limiting employer



contributions to premiums for a lower benefit plan for new hires after June 30, 2021.

SECTION 2. Chapter 87A, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**"§87A- State and county contributions; employees hired after June 30, 2021, and retired.** (a) This section shall apply to state and county contributions to the fund for employees hired after June 30, 2021, and who retired, except that this section shall not apply to the following employees, for whom state and county contributions shall be made as provided by section 87A-36:

(1) An employee hired after June 30, 2001, and prior to July 1, 2021, who transfers employment after June 30, 2021, and who cumulatively accrues at least ten years of credited service; and

(2) An employee hired after June 30, 2001, and prior to July 1, 2021, who has at least ten years of credited service prior to a break in service.



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1        (b) For purposes of this section:

2        "Break in service" means to leave state or county  
3 employment for more than ninety calendar days before returning  
4 to state or county employment.

5        "Transfer" means to leave state or county employment and  
6 return to state or county employment within ninety calendar  
7 days.

8        (c) The State, through the department of budget and  
9 finance, and the counties, through their respective departments  
10 of finance, shall pay to the fund:

11        (1) For retired employees based on the self plan with ten  
12 or more years but fewer than fifteen years of service,  
13 a monthly contribution equal to one-half of the base  
14 medicare or non-medicare monthly contribution set  
15 forth under section 87A-33(b);

16        (2) For retired employees based on the self plan with at  
17 least fifteen years but fewer than twenty-five years  
18 of service, a monthly contribution equal to seventy-  
19 five per cent of the base medicare or non-medicare  
20 monthly contribution set forth under section 87A-  
21 33(b);



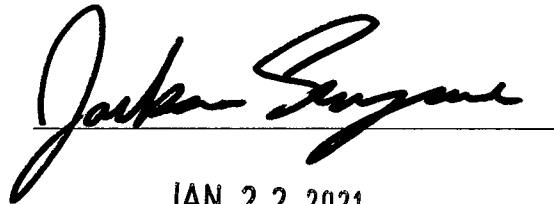
- 1        (3) For retired employees based on the self plan with  
2        twenty-five or more years of service, a monthly  
3        contribution equal to ninety per cent of the base  
4        medicare or non-medicare monthly contribution set  
5        forth under section 87A-33(b); and  
6        (4) One-half of the monthly contributions for the  
7        employee-beneficiary or employee-beneficiary with  
8        dependent-beneficiaries upon the death of the employee;  
9        provided that for purposes of this paragraph,  
10       "employee" means those persons who fall within the  
11       definition of "employee" in paragraph (1) (D) of  
12       section 87A-1.

13       If both spouses are employee-beneficiaries, the total  
14       contribution by the State or county shall not exceed the monthly  
15       contribution for two supplemental medicare self or non-medicare  
16       self plans, as appropriate."

17       SECTION 3. New statutory material is underscored.

18       SECTION 4. This Act shall take effect on July 1, 2021.

19       INTRODUCED BY:



JAN 22 2021



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**Report Title:**

EUTF; Health Benefits; State and County Contributions

**Description:**

Establishes State and county contributions to the Hawaii employer-union health benefits trust fund for employees hired after June 30, 2021, with certain exclusions.

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

