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GOVERNOR



**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 COMMITTEE ON FINANCE  
ON HOUSE BILL NO. 2102 HD1

**February 23, 2022**  
**2:00 p.m.**  
**Via Videoconference**

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
MEDICARE PART B PREMIUM REIMBURSEMENT

Chair Luke, Vice Chair Yamashita, and Members of the Committee:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees strongly supports this bill. The EUTF Board believes that this bill is a reasonable long-term cost containment proposal that does not impact current retirees, vested former employees, and current employees.

The intent of this bill is to discontinue Employer reimbursement of Medicare Part B income related monthly adjustment amounts (IRMAA) for higher income retirees (e.g. modified adjusted gross income of greater than \$91,000 for a single filer from their 2020 federal income tax return), hired after June 30, 2022, and their higher income spouses. Chapter 87A-23, Hawaii Revised Statutes (HRS) and EUTF Administrative Rules require that retirees and their dependents enroll in Medicare Part B, if eligible, to enroll in EUTF retiree medical and/or prescription drug plans. HRS 87A-23 and EUTF Administrative Rules also require that the Employers reimburse retirees and their spouses Medicare Part B premiums. Medicare Part B premium reimbursements currently include the IRMAA but exclude penalties.

**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.

The following are the 2022 standard (\$170.10) Medicare Part B premium and the premiums including the IRMAA additions:

<b>Beneficiaries who file individual tax returns with income</b>	<b>Beneficiaries who file joint tax returns with income</b>	
Less than or equal to \$91,000	Less than or equal to \$182,000	\$170.10
Greater than \$91,000 and less than or equal to \$114,000	Greater than \$182,000 and less than or equal to \$228,000	\$238.10
Greater than \$114,000 and less than or equal to \$142,000	Greater than \$228,000 and less than or equal to \$284,000	\$340.20
Greater than \$142,000 and less than or equal to \$170,000	Greater than \$284,000 and less than or equal to \$340,000	\$442.30
Greater than \$170,000 and less than \$500,000	Greater than \$340,000 and less than \$750,000	\$544.30
Greater than or equal to \$500,000	Greater than or equal to \$750,000	\$578.30

Eliminating the Medicare Part B IRMAA reimbursement is consistent with the current practice of Employers not reimbursing Medicare Part D (prescription drug) premiums which ranges from \$12.40 to \$77.90 for 2022 and is only assessed and collected by the Centers for Medicare and Medicaid Services on the same higher income retirees and spouses subject to the IRMAA.

The IRMAA is estimated to be the following amounts for calendar year 2021:

1. All employers – \$8.8 million (\$6.5 million retirees and \$2.3 million spouses).
2. State – \$7.4 million (\$5.4 million retirees and \$2.0 million spouses)

EUTF staff estimate that this change would save the State \$430 million over the next 30 years in lower annual required contributions (ARC) as the cost of the retiree healthcare benefit (normal cost) will be lower for new hires from July 1, 2022. The savings from a lower ARC will be small at the onset but will grow as these new hires replace the higher benefit employees.

Thank you for the opportunity to testify.



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

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The Thirty-First Legislature, State of Hawaii  
House of Representatives  
Committee on Finance

Testimony by  
Hawaii Government Employees Association

February 23, 2022

H.B. 2102, H.D. 1 – RELATING TO THE HAWAII  
EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
MEDICARE PART B PREMIUM REIMBURSEMENT

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO would like to provide comments on H.B. 2102, H.D. 1 which removes the Medicare reimbursement for employee-beneficiaries hired after June 30, 2022.

While we appreciate that the proposed changes to Ch. 87A, Hawaii Revised Statutes will affect prospective employees hired after June 30, 2022, and fully recognize the long-term cost savings to the Employer-Union Health Benefits Trust Fund, it behooves us to comment on the continued, steady erosion of a once-envied retirement benefit package for career government employees. We have been sounding the alarm that without counter measures such as competitive salaries or workplace flexibility, these gradual reductions in benefits – coupled with astronomical health care costs – forecast a bleak future for your government workforce. It is unfortunate that it seems the future is here, as witnessed by the tremendous number of vacancies and the extreme difficulties government is facing in attracting capable employees to provide quality public service.

Policymakers must take a holistic approach: there needs to be balance between fiscal prudence and recruiting and retaining the best and the brightest employees, and our state's immediate needs and our future obligations.

Thank you for the opportunity to provide comments on H.B. 2102, H.D. 1.

Respectfully submitted,

Randy Perreira  
Executive Director