
A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
BASE COMPOSITE MONTHLY CONTRIBUTION.

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

1 SECTION 1. Section 87A-33, Hawaii Revised Statutes, is
2 amended by amending subsection (c) to read as follows:
3 "(c) The base composite monthly contribution shall be
4 adjusted annually, beginning January 1, [~~2015.—The~~] 2026, by
5 increasing the base composite monthly contribution in effect on
6 January 1, 2025, by 5.2 per cent. Thereafter, the adjusted base
7 composite monthly contribution for each new plan year (January 1
8 until December 31) shall be calculated by increasing or
9 decreasing the base composite monthly contribution in effect
10 through the end of the previous plan year by the percentage
11 increase or decrease in the medicare part B premium rate for
12 [~~those years,~~] the previous plan year, which percentage shall be
13 calculated by dividing the medicare part B premium rate in
14 effect at the beginning of the [~~new~~] previous plan year by the
15 rate in effect at the beginning of the year prior to the
16 previous plan year.

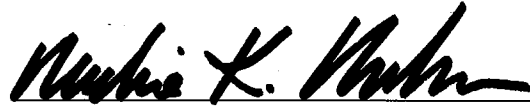
H.B. NO. 1040

1 As used in this subsection, "medicare part B premium rate"
2 means the rate published in the Federal Register each year on
3 November 1 or on the business day closest to November 1 of each
4 year after the medicare part B premium rate has been established
5 by the United States Secretary of Health and Human Services and
6 approved by the United States Congress."

7 SECTION 2. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 3. This Act shall take effect upon its approval.

10
11 INTRODUCED BY:



12 BY REQUEST

JAN 21 2025

H.B. NO. 1040

Report Title:

EUTF; Employer Base Composite Monthly Contribution

Description:

Effective 1/1/2026, increases the employer base composite monthly contribution to the Hawaii Employer-Union Health Benefits Trust Fund by 5.2 percent of the 2025 employer base composite monthly contribution. Effective 1/1/2027, requires that the employer base composite monthly contribution be calculated based on the change in Medicare Part B premiums from 2025 to 2026 and at a two-year lag thereafter.

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

HB. No. 1040

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND BASE COMPOSITE MONTHLY CONTRIBUTION.

PURPOSE: To allow for timely adjustments to the base composite monthly contribution (BMC) for the accurate determination of the employers' contribution to retirees' healthcare premiums before annual open enrollment, enabling retirees to make informed choices when selecting or modifying their health benefit plans.

MEANS: Amend section 87A-33(c), Hawaii Revised Statutes (HRS).

JUSTIFICATION: In accordance with section 87A-33, HRS, the State and counties' (Employers) contribution to retiree healthcare benefits (i.e. medical, prescription drug, dental and vision premiums) is based on a percentage of the BMC. The BMC changes each calendar year based on the change in Medicare Part B premiums, which is a measure of national healthcare inflation. This bill corrects a timing issue. The 2025 BMC was based on the change in the Medicare Part B premiums from 2024 to 2025. The 2025 Medicare Part B premium was published by the Centers for Medicare and Medicaid Services in mid-October 2025. In some years, publication of the next year's Medicare Part B premium occurs in early November. The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) conducts retiree open enrollment during the last two weeks of October. As a result, in some years retirees do not know the Employers' contribution to their retiree healthcare premiums during open enrollment. The EUTF is unable to delay open enrollment because of deadlines to report changes taking effect on January 1 to the insurance carriers.

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Impact on the public: No fiscal or discernible impact on the public. This bill will allow retirees to receive timely notice of changes in the BMC to allow retirees to make informed decisions when choosing their health benefit plans.

Impact on the department and other agencies:
None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: None.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.