

ACT 235

A Bill for an Act Relating to Health and Dental Care for Public Officials, Employees, Retired Employees, and Their Dependents.

Be it Enacted by the Legislature of the State of Hawaii:

SECTION 1. Amend Chapter 5A, Revised Laws of Hawaii 1955, as amended, as follows:

A. Amend Sec. 5A-1(b) to read:

“(b) ‘Carrier’ means a voluntary association, corporation, partnership or organization engaged in providing, paying for, arranging for or reimbursing the cost of health services under group insurance contract or medical, hospital, or dental services agreements;”

B. Amend Sec. 5A-1(d) to read:

“(d) ‘dependent-beneficiary’ means the spouse and legal children of an employee beneficiary deemed eligible by the board to receive health or dental services of a health benefits plan;”

C. Amend Sec. 5A-1(e) (4) to read:

“(4) an elective officer, including a member of the legislature

during his term of office, or a person who has served as a member of the legislature for at least a total of ten years;”

D. Amend Sec. 5A-1(e) (9), (v) to read:

“(v) an employee of the legislature;”

E. Amend Sec. 5A-1(f) to read:

“(f) ‘employee-beneficiary’ means an employee or the beneficiary of a retired member of the employees’ retirement system, a county pension system, or a police, firemen and bandsmen pension system of the State or county upon the death of such retired member as long as the beneficiary receives a monthly benefit from any such system and, if a child, does not marry, or if a widow, does not remarry; provided that (i) the deceased retired member was enrolled in a family plan at the time of his death, and (ii) the beneficiary was covered as a family member under the enrollment of the deceased retired member at the time of his death; and provided further that for the purposes of this subsection, ‘family member’ means the deceased retired member’s spouse and unmarried child under the age of nineteen years (including a legally adopted child and a stepchild or recognized natural child who lives with the deceased retired member in a regular parent-child relationship), or unmarried child regardless of age who is incapable of self-support because of a mental or physical incapacity which existed prior to his reaching the age of nineteen years; and provided further that such employee or beneficiary of such deceased retired member is deemed eligible by the board to receive health or dental services of a health benefits plan;”

F. Amend Sec. 5A-1(h) to read:

“(h) ‘health benefits plan’ means a group insurance contract or medical, hospital or dental service agreement in which a carrier agrees to provide, pay for, arrange for or reimburse the cost of health or dental services as determined by the board;”

G. Amend Sec. 5A-3 to read:

“**Sec. 5A-3. Purpose of the fund.** The fund shall be used for the purpose of providing employee-beneficiaries and dependent-beneficiaries with a health benefits plan, provided that the fund may be used for other expenses necessary to effectuate such purpose and provided further that any rate credit or reimbursement from any carrier or any earning or interest derived therefrom shall be used in addition to such purposes to (1) finance the State’s contribution for the dental benefits plan for children under the age of 19, as described in section 5A-4; and (2) finance the employees’ portion of the monthly contribution of a health benefits plan for a retired employee, as described in section 5A-1(e) (9), or upon his death his beneficiary as described in section 5A-1(f).”

H. Amend Sec. 5A-4 to read:

“**Sec. 5A-4. State contributions to the fund.** Effective January 1, 1962 and every month thereafter, the State through the department of budget and finance shall pay to the fund a monthly contribution of \$3.00 for each employee-beneficiary and \$10.00 for each employee-beneficiary with a dependent-beneficiary, such contributions to be

used towards the payment of costs of hospital, medical and surgical benefits of a health benefits plan. If both husband and wife are employee-beneficiaries, the total contribution by the State shall be \$10.00 for both of them.

"Effective January 1, 1966 and every month thereafter, the State shall make a monthly contribution of \$1.40 for each child who has not attained the age of 19 of all employee-beneficiaries who are enrolled for dental benefits. Such contributions shall be used towards the payment of costs of dental benefits of a health benefits plan. Notwithstanding any provision to the contrary, no part of the fund shall be used to finance such contributions except a rate credit or reimbursement or earnings or interest therefrom received by the fund, or general revenues appropriated for that purpose.

"No contribution shall be made by the State for any employee who is entitled to receive health benefits under any federal medical care program for the aged if such health benefits are equivalent to or better than benefits of the health benefits plan under this chapter.

"Such contributions shall not be considered as wages or salary of an employee-beneficiary, and no employee-beneficiary shall have any vested right in or be entitled to receive any part of any contribution made to the fund."

I. Amend Sec. 5A-5 by adding the following paragraphs at the end of the section:

"Notwithstanding any other law to the contrary, no employee-beneficiary who is a retired employee shall be required to make any contribution to the fund.

"Effective January 1, 1966, and every month thereafter, the monthly contribution of an employee-beneficiary who is a retired employee, or upon his death his beneficiary as described in section 5A-1(f), shall be financed from any rate credit or reimbursement received by the fund or from any earning or interest therefrom or from any appropriation from the State general fund for that purpose."

J. Amend Sec. 5A-7 to read:

"Sec. 5A-7. Appointment and removal of trustees. Each trustee shall be appointed by the governor, provided that no person who is a medical physician, dentist nor any employee, officer or agent of any hospital, medical association, medical society, dental association, dental society, carrier, potential carriers, or any insurance company or association, or board of insurance underwriters shall be appointed.

"Each trustee shall accept his appointment in writing."

"A trustee may be removed by the governor for good cause."

K. Amend Section 5A-13 to read:

"Sec. 5A-13. Determine health benefits plan; contract with carriers. The board shall determine the health benefits plans, which shall be excepted from the minimum group requirements of chapter 181. Such health benefits plan shall provide, pay for, arrange for or reimburse the cost of hospitalization, surgery, medical, dental treat-

ment and care, and may include prescribed drugs, medicines, prosthetic appliances, hospital in-patient and out-patient service benefits and medical and dental indemnity benefits.

"If in the judgment of the board, after negotiations with carriers, it is not to the benefit of employee-beneficiaries and their families to contract for any of the plans described in this section, the board shall have the right to eliminate any of these plans for a period of one year. At the end of a year, they shall again attempt to negotiate a satisfactory plan.

"The board may contract for the following health benefits plans; provided that benefits provided under any respective plan shall be equally available to all employee-beneficiaries and dependent-beneficiaries selecting such plan regardless of age, as provided for below:

"(a) a state-wide indemnity benefit plan under which a carrier agrees to pay certain sums of money not in excess of the actual expenses incurred for health services;

"(b) a state-wide service benefit plan under which payment is made by a carrier under contracts with physicians, hospitals or other providers of health services, or, under certain conditions, payment is made by a carrier to an employee-beneficiary;

"(c) Comprehensive group-practice prepayment plans which offer health benefits, in whole or in substantial part on a prepaid and community rated basis, with professional services provided by physicians practicing as a group in a common center or centers. Such a group shall include physicians representing at least three major medical specialties who receive all or a substantial part of their professional income from the prepaid funds.

"(d) A plan to offer dental benefits to those children of employee-beneficiaries who have not attained the age of 19 through either an indemnity, state-wide service benefit plan, or a comprehensive group-practice prepayment plan."

L. Amend Sec. 5A-16(b) to read:

"(b) The board shall establish conditions under which employee-beneficiaries may transfer enrollment from one health benefits plan to another."

SECTION 2. Implementation of dental plan benefits. The dental plan benefits shall be made available to children of employee-beneficiaries who have not attained the age of 19 by January 1, 1966. The board shall make a written report to the members of the legislature of the State of Hawaii setting forth its progress in implementing this Act.

SECTION 3. Effective date. Section 1C and D of this Act, upon its approval shall take effect on January 1, 1967 and the remainder of the Act shall take effect upon its approval.

(Approved July 8, 1965.) H.B. 1155.