

**ACT 136**

H.B. NO. 2455-74

A Bill for an Act Relating to the Public Employees Health Fund.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 87-1, Hawaii Revised Statutes, is amended to read as follows:

**“Sec. 87-1 Definitions.** As used in this chapter:

- (1) “Board” means the board of trustees as described in section 87-11;
- (2) “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;
- (3) “Contributions” means money payments made to the fund by the State or the several counties or an employee-beneficiary;
- (4) “Dependent-beneficiary” means an employee-beneficiary’s spouse and any unmarried child, including an adopted child, stepchild, foster child, or recognized natural child who lives with the employee-beneficiary, deemed eligible by the board to receive health or dental services of a health benefits plan;
- (5) “Employee” means an employee or officer of the state or county government,
  - (A) Including:
    - (i) A regularly employed member of the faculty of the University of Hawaii, including a research worker, an extension agent, or a person engaged in instructional or administrative work of the university;
    - (ii) A regularly employed administrative officer, principal, vice-principal, teacher, special teacher, cafeteria manager, or cafeteria worker of the public schools;
    - (iii) An apprentice or on-the-job trainee whether or not supported by any federal grant;
    - (iv) 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;
    - (v) A probationary employee;
    - (vi) A per diem employee;
    - (vii) An officer or employee under an authorized leave of absence;
    - (viii) An employee of the Hawaii national guard although paid from federal funds; and
    - (ix) A retired member of the employees retirement system, the county pension system or the police, firemen, or bandsmen pension system of the State or county;
  - (B) But excluding:
    - (i) A designated beneficiary of a retired member of the employees retirement system, the county pension system or the police, firemen, or bandsmen pension system of the State or county;
    - (ii) A person employed temporarily on a fee or contract basis;
    - (iii) A person hired on a part-time, limited-term, or provisional basis;
    - (iv) A member of a board, commission, or agency appointed by the governor, or mayor, or chairman of the State or county, respectively; and

- (v) An employee of the legislature other than a member of the permanent staff;
- (6) "Employee-beneficiary" means an employee, the beneficiary of an employee who is killed in the performance of his duty, an employee who retired prior to the establishment of the fund, 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 the retired member and, which beneficiary, if a child, does not marry, or if a surviving spouse, does not remarry; provided that for the purposes of this subsection, "family member" means the deceased retired member's or employee'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 or employee 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 the employee, his beneficiary, or the beneficiary of the deceased retired member is deemed eligible by the board to receive health or dental services of a health benefits plan;
- (7) "Fund" means the trust fund as described in section 87-2;
- (8) "Health benefits plan" means (A) 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; or (B) a similar schedule of benefits established by the board and provided through the fund on a noninsured basis;
- (9) "Periodic charge" means the periodic payment by the board to a carrier for any health benefits plan; and
- (10) "Trustee" means a trustee of the board of trustees as described in section 87-11."

SECTION 2. Section 87-6, Hawaii Revised Statutes, is amended to read as follows:

**"Sec. 87-6 Contributions by an employee-beneficiary.** Each employee-beneficiary shall make a monthly contribution to the fund amounting to the difference between the monthly charge of the health benefits plan selected by the employee-beneficiary and the State's and county's contributions to the fund.

During the period the health benefits plan selected by an employee-beneficiary is in effect, the employee-beneficiary shall authorize, if allowed under present laws, that his contribution be withheld and transmitted to the fund monthly by the comptroller, county auditor, or finance officer from whom he receives his compensation, pension, or retirement pay. If, however, an employee-beneficiary's contribution to the fund is not withheld and transmitted to the fund, the employee-beneficiary shall pay his monthly contribution (1) directly to the fund by the tenth day of each month, in the case

of an employee-beneficiary who normally receives his compensation from the comptroller of the State, or (2) in the case of all other employee-beneficiaries, to the respective county auditor or finance officer from whom he normally receives his compensation for transmittal to the fund by the tenth day of each month.

Notwithstanding any other law to the contrary, the beneficiary of an employee who is killed in the performance of his duty, an employee-beneficiary who is a retired employee, or upon his death his beneficiary, including employees who retired prior to the establishing of the fund and their beneficiaries, or the beneficiary of any employee-beneficiary, as described in section 87-1(6) shall not be required to make any contribution to the fund. The monthly contribution of the beneficiary of an employee who is killed in the performance of his duty, an employee-beneficiary who is a retired employee, or upon his death his beneficiary, including employees who retired prior to the establishing of the fund and their beneficiaries, or the beneficiary of any employee-beneficiary as described in section 87-1(6), shall be financed by the State through the department of budget and finance and the several counties through their respective departments of finance for each of their respective employee-beneficiaries."

SECTION 3. Section 87-25, Hawaii Revised Statutes, is amended to read as follows:

**"Sec. 87-25 Determine eligibility of employee or dependent.** The board of trustees shall establish and adopt eligibility requirements to determine which employee and dependent may qualify as an employee-beneficiary or dependent-beneficiary, respectively, provided, that a retired member of the employees' retirement system, a county pension system, or a police, firemen, and bandmen pension system of the State or county, or his dependent shall be eligible to qualify as an employee-beneficiary or dependent-beneficiary, whether or not the retired member was actively employed by the State or county at the time of his retirement and whether or not the employee retired before or after the establishing of the public employees health fund. Employees who retired prior to the establishing of the health fund shall be treated as if they were members of the system during their period of employment with the State or county and receive the same benefits as other members. Only an employee-beneficiary or dependent satisfying the eligibility requirements may qualify as an employee-beneficiary or dependent-beneficiary."

SECTION 4. Section 87-27, Hawaii Revised Statutes, is amended to read as follows:

**"Sec. 87-27 Supplemental plan to federal medicare.** Any other provision of this chapter notwithstanding, the board of trustees shall establish, effective July 1, 1966, a health benefit plan which takes into account benefits available to an employee-beneficiary and his spouse under the federal medicare plan, subject to the following conditions:

- (1) There shall be no duplication of benefits payable under federal medicare but the plan so established by the board shall be supplemental to the federal medicare plan.
- (2) The contribution for voluntary medical insurance coverage under federal medicare may be paid by the fund, in such manner as the board shall specify, in the case of an employee-beneficiary who is a retired employee, and his spouse while he is living, including members of the old county pension system and after his death his spouse provided she qualifies as an employee-beneficiary; provided that the counties, through their respective departments of finance, shall reimburse the fund for any contributions made for county employee-beneficiaries under this paragraph.
- (3) The benefits available under the plan, when taken together with the benefits available under the federal medicare plan shall, as nearly as is possible, approximate the benefits available under the plans set forth in section 87-22. If, for any reason, a situation develops where the benefits available under the supplemental plan and the federal medicare plan substantially differ from those that would otherwise be available, the board is authorized to correct this inequity to assure substantial equality of benefits.
- (4) Any employee-beneficiary or dependent-beneficiary who is enrolled in the federal medicare plan shall participate in the supplemental plan to be set up hereunder, and any employee-beneficiary or dependent-beneficiary eligible for, but not enrolled in the federal medicare plan, may participate in such other plans as are set forth in section 87-22."

SECTION 5. Statutory material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes need not include the brackets, the bracketed material, or the underscoring.\*

SECTION 6. This Act shall take effect upon its approval.

(Approved June 3, 1974.)

---

\*Edited accordingly.