ACT 269

H.B. NO. 2642

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 87-3, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) The fund shall be used for the purpose of providing employee-beneficiaries and dependent-beneficiaries with a health benefits plan and a long-term care benefits plan; provided that the fund, with the exception of rate credits or reimbursements from any carrier or self-insured plan or any earning or interest derived therefrom, may be used for other expenses necessary to effectuate these purposes[; and provided further that]. Notwithstanding any law to the contrary, any rate credit or reimbursement from any carrier or self-insured plan or any earning or interest derived therefrom shall be returned to the State or the county for deposit into the appropriate general fund [if the moneys are returned from a plan that provides health benefits to retirees or the surviving spouses of deceased retirees or employees killed in the performance of their duty whose coverage is financed in whole or in part by the State or by a county].''

SECTION 2. Section 87-4.5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

''(a) This section shall apply to state and county contributions to the fund for employees specified in section 87-1(5)(A)(v), except those hired after [July 1,] June 30, 1996, under section 87-4.6, who retire after June 30, 1984, with fewer than ten years of credited service, excluding sick leave.''

SECTION 3. Section 87-4.6, Hawaii Revised Statutes, is amended to read as follows:

"[[]§87-4.6[]] State and county contributions to fund; employees hired after [July 1,] June 30, 1996, and retired with fewer than twenty-five years of service. (a) This section shall apply to state and county contributions to the fund for employees who were hired after [July 1,] June 30, 1996, and who retire with fewer than twenty-five years of credited service, excluding sick leave[.]; provided that this section shall not apply if an employee is hired prior to July 1, 1996, and transfers employment after June 30, 1996. For purposes of this section ''transfer'' means to leave state or county employment and return to state or county employment within seven calendar days.

(b) For purposes of this section, if an employee leaves state or county employment and returns to state or county employment after June 30, 1996, when the employee retires, the employee's years of service shall be computed in the same manner as set forth in chapter 88.

[(b)] (c) The State, through the department of budget and finance and the several counties through their respective departments of finance, shall pay to the fund a monthly contribution equal to one-half of the retired employee's monthly medicare or nonmedicare premium for the following benefits for retired employees with ten or more years but fewer than fifteen years of service; [and] seventy-five per cent of the retired employee's monthly medicare or nonmedicare premium for the following benefits for retired employees with at least fifteen but fewer than twenty-five years of service:

(1) For hospital, medical, and surgical benefits of a health benefits plan for each of their respective employee-beneficiaries or their respective employee-beneficiaries and their dependent-beneficiaries enrolled under this section;
(2) For prescription drug benefits of a health benefits plan for each of their respective employee-beneficiaries or their respective employee-beneficiaries and their dependent-beneficiaries enrolled under this section;
(3) For vision care benefits of a health benefits plan for each of their respective employee-beneficiaries or their respective employee-beneficiaries and their dependent-beneficiaries enrolled under this section; and
(4) For adult dental benefits of a health benefits plan for each of their respective employee-beneficiaries or their respective employee-beneficiaries and their spouses enrolled under this section.

If both husband and wife are employee-beneficiaries, the total contribution by the State or the appropriate county, after an employee's retirement pursuant to this section, shall not exceed the monthly contribution of a family plan for both of them.

[(c)] (d) The State, through the department of budget and finance and the several counties through their respective departments of finance, after an employee's retirement pursuant to this section, shall pay to the fund a monthly contribution equal to the total monthly premium for each child who has not attained the age of nineteen of all employee-beneficiaries who are enrolled in the fund's dental plan for children under this section.

[(d)] (e) The State, through the department of budget and finance and the several counties through their respective departments of finance, shall pay to the fund a monthly contribution equal to the total monthly premium for each retired employee enrolled in the fund's group life insurance benefits plan under this section.

[(e)] (f) For the purpose of this section, the retired employee's monthly medicare and nonmedicare premiums for the hospital, medical, and surgical plan, the prescription drug plan, the vision care plan, and the adult dental plan shall be established annually by the board and shall be equal to the retired employee's medicare and nonmedicare premiums for the hospital, medical, and surgical plan, the prescription drug plan, the vision care plan, and the adult dental plan contracted by the fund with the largest enrollments.

[(f)] (g) The State, through the department of budget and finance and the several counties through their respective departments of finance, shall advance the amount of their respective employee-beneficiaries' contributions to the fund on or before the first day of each month.

[(g)] (h) Contributions made by the State or the several counties 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.''

SECTION 4. Section 87-6, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

''(c) Notwithstanding any other law to the contrary:

(1) The beneficiary of an employee who is killed in the performance of duty;

(2) An employee-beneficiary who retired after June 30, 1984, due to a disability as defined in sections 88-77, 88-79, and 88-285;

(3) An employee-beneficiary who retired before July 1, 1984;

(4) An employee-beneficiary who:

    (A) Was hired before July 1, 1996;

    (B) Retired after June 30, 1984; and

    (C) Who had ten years or more of credited service, excluding sick leave;

    and

(5) An employee-beneficiary who was hired after [July 1,] June 30, 1996, and who [had] retired with twenty-five or more years of credited service, excluding sick leave;

or upon death their 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 persons identified in this subsection 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 5. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 6. This Act shall take effect on June 30, 1996.

(Approved June 18, 1996.)