

A Bill for an Act Relating to the Hawaii Employer-Union Health Benefits Trust Fund Definitions.

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

SECTION 1. The legislature finds that the Hawaii employer-union health benefits trust fund offers health benefits to dependents of state and county employees and retirees. Due to the current interpretation of chapter 87A, Hawaii Revised Statutes, when an employee is killed in the performance of the employee's duty, the employee passes away when eligible for retirement, or the retiree passes away, the employee's or retiree's surviving spouse's children that are born after the employee's or retiree's death are eligible to participate in benefit plans offered by the fund. However, the legislature finds that a child born or legally adopted after an employee's or retiree's death who is not the natural or adopted child of the deceased employee or retiree should not be eligible to participate in fund benefit plans because the child is not the child of the state or county employee or retiree.

The legislature further finds that the definition of "employee-beneficiary" limits coverage up to age nineteen for surviving children of employees who pass away when eligible for retirement and retirees who pass away, and that is a lower age than surviving children of employees who are killed in the performance of their duty. The date of coverage termination of surviving children of employees who pass away when eligible for retirement and retirees who pass away should be the same as surviving children of employees who are killed in the performance of their duty.

The legislature also finds that the definition of "dependent-beneficiary" in section 87A-1, Hawaii Revised Statutes, should be amended to be consistent with the federal Patient Protection and Affordable Care Act of 2010, which prohibits restricting health insurance coverage to only unmarried dependents and dependents who live with the employee-beneficiary, and denying health insurance coverage to married dependents and dependents who do not live with the employee-beneficiary. The legislature further finds that chapter 87A, Hawaii Revised Statutes, should be amended to be consistent with chapter 572B, Hawaii Revised Statutes, regarding civil unions.

The purpose of this Act is to:

- (1) Amend the definition of "dependent-beneficiary" in chapter 87A, Hawaii Revised Statutes, to clarify eligibility of children for participation in fund benefit plans;
- (2) Amend the definition of "employee-beneficiary" in chapter 87A, Hawaii Revised Statutes, to distinguish between surviving children and surviving spouses of employees who are killed in the performance of the employee's duty;
- (3) Amend the definition of "employee-beneficiary" in chapter 87A, Hawaii Revised Statutes, to change eligibility of surviving children of employees who pass away when eligible for retirement and retirees who pass away for participation in fund benefit plans;
- (4) Bring the definition of "dependent-beneficiary" into conformance with the federal Patient Protection and Affordable Care Act of 2010; and
- (5) Bring references to marriages into conformance with chapter 572B, Hawaii Revised Statutes.

SECTION 2. Section 87A-1, Hawaii Revised Statutes, is amended as follows:

1. By amending the definition of “dependent-beneficiary” to read:
 ““Dependent-beneficiary” means an employee-beneficiary’s:
 - (1) Spouse;
 - (2) ~~[Unmarried child]~~ Child deemed eligible by the board, including a legally adopted child, stepchild, foster child, or recognized natural child ~~[who lives with the employee-beneficiary];~~ but excluding a child born or legally adopted more than ten months after the date of the death of:
 - (A) An active employee killed in the performance of duty;
 - (B) An active employee who was eligible to retire on the date of death; or
 - (C) A retired employee-beneficiary; and
 - (3) Unmarried child regardless of age who is incapable of self-support because of a mental or physical incapacity, which existed prior to the unmarried child’s reaching the age of nineteen years.”
2. By amending the definition of “employee-beneficiary” to read:
 ““Employee-beneficiary” means:
 - (1) An employee;
 - (2) The beneficiary of an employee who is killed in the performance of the employee’s duty[;], including:
 - (A) The surviving child, if there is no surviving parent who is eligible to be an employee-beneficiary and the child is unmarried and under the limiting age as defined by the board; and
 - (B) The surviving spouse, if the surviving spouse does not subsequently remarry;
 - (3) An employee who retired prior to 1961; and
 - (4) The beneficiary of a retired member of the employees’ retirement system; a county pension system; or a police, firefighters, or bandsmen pension system of the State or a county, upon the death of the retired member[;], including:
 - ~~[(5)]~~ (A) The surviving child [of a deceased retired employee], if there is no surviving parent who is eligible to be an employee-beneficiary and the child is unmarried and under the [age of nineteen; or] limiting age as defined by the board; and
 - ~~[(6)]~~ (B) The surviving spouse [of a deceased retired employee], if the surviving spouse does not subsequently remarry;

provided that the employee, the employee’s beneficiary, or the beneficiary of the deceased retired employee is deemed eligible by the board to participate in a health benefits plan or long-term care benefits plan under this chapter.”

SECTION 3. Section 87A-32, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) The State, through the department of budget and finance, and the counties, through their respective departments of finance, shall pay to the fund a monthly contribution equal to the amount established under chapter 89C or specified in the applicable public sector collective bargaining agreements, whichever is appropriate, for each of their respective employee-beneficiaries and employee-beneficiaries with dependent-beneficiaries, which shall be used toward the payment of costs of a health benefits plan; provided that:

- (1) The monthly contribution shall be a specified dollar amount;
- (2) The monthly contribution shall not exceed the actual cost of a health benefits plan;

- (3) If [~~both husband and wife are~~] two employee-beneficiaries[.] are married or in a civil union, the total contribution by the State or the county shall not exceed the monthly contribution for a family plan; and
- (4) If the State or any of the counties establish cafeteria plans in accordance with Title 26, United States Code section 125, the Internal Revenue Code of 1986, as amended, and section 78-30, the monthly contribution for those employee-beneficiaries who participate in a cafeteria plan shall be made through the cafeteria plan, and the payments made by the State or counties shall include their respective contributions to the fund and their employee-beneficiary's share of the cost of the employee-beneficiary's health benefits plan."

SECTION 4. Section 87A-33, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) Effective January 1, 2014, there is established a base monthly contribution for health benefit plans that the State, through the department of budget and finance, and the counties, through their respective departments of finance, shall pay to the fund, up to the following:

- (1) \$524.73 for each employee-beneficiary enrolled in supplemental medicare self plans;
- (2) \$1,051.70 for each employee-beneficiary enrolled in supplemental medicare two-party plans;
- (3) \$1,531.78 for each employee-beneficiary enrolled in supplemental medicare family plans;
- (4) \$736.60 for each employee-beneficiary enrolled in non-medicare self plans;
- (5) \$1,484.72 for each employee-beneficiary enrolled in non-medicare two-party plans; and
- (6) \$2,173.06 for each employee-beneficiary enrolled in non-medicare family plans.

The monthly contribution by the State or county shall not exceed the actual cost of the health benefit plan or plans and shall not be required to cover increased benefits above those initially contracted for by the fund for plan year 2004-2005. If [~~both husband and wife are~~] two employee-beneficiaries[.] are married or in a civil union, the total contribution by the State or county shall not exceed the monthly contribution for a supplemental medicare family or non-medicare family plan, as appropriate."

SECTION 5. Section 87A-34, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) The State, through the department of budget and finance, and the counties, through their respective departments of finance, shall pay to the fund a monthly contribution equal to one-half of the base monthly contribution set forth under section 87A-33(b) for retired employees enrolled in medicare or non-medicare health benefits plans. If [~~both husband and wife are~~] two employee-beneficiaries[.] are married or in a civil union, the total contribution by the State or county shall not exceed the monthly contribution for supplemental medicare family or non-medicare family plan, as appropriate."

SECTION 6. Section 87A-35, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(c) The State, through the department of budget and finance, and the counties, through their respective departments of finance, shall pay to the fund:

- (1) For retired employees enrolled in medicare or non-medicare health benefit plans with ten or more years but fewer than fifteen years of service, a monthly contribution equal to one-half of the base monthly contribution set forth under section 87A-33(b); and
- (2) For retired employees enrolled in medicare or non-medicare health benefit plans with at least fifteen but fewer than twenty-five years of service, a monthly contribution of seventy-five per cent of the base monthly contribution set forth under section 87A-33(b).

If ~~[both husband and wife are]~~ two employee-beneficiaries~~;~~ are married or in a civil union, the total contribution by the State or county shall not exceed the monthly contribution for a supplemental medicare family or non-medicare family plan, as appropriate.”

SECTION 7. Section 87A-36, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

“(c) The State, through the department of budget and finance, and the counties, through their respective departments of finance, shall pay to the fund:

- (1) For retired employees based on the self plan with ten or more years but fewer than fifteen years of service, a monthly contribution equal to one-half of the base medicare or non-medicare monthly contribution set forth under section 87A-33(b);
- (2) For retired employees based on the self plan with at least fifteen but fewer than twenty-five years of service, a monthly contribution equal to seventy-five per cent of the base medicare or non-medicare monthly contribution set forth under section 87A-33(b);
- (3) For retired employees based on the self plan with twenty-five or more years of service, a monthly contribution equal to one hundred per cent of the base medicare or non-medicare monthly contribution set forth under section 87A-33(b); and
- (4) One-half of the monthly contributions for the employee-beneficiary or employee-beneficiary with dependent-beneficiaries upon the death of the employee, as defined in paragraph (1)(D) of the definition of “employee” in section 87A-1;

If ~~[both husband and wife are]~~ two employee-beneficiaries~~;~~ are married or in a civil union, the total contribution by the State or county shall not exceed the monthly contribution for two supplemental medicare self or non-medicare self plans, as appropriate.”

SECTION 8. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 9. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 10. This Act shall take effect upon its approval.

(Approved June 7, 2019.)