

A Bill for an Act Relating to the Hawaii Employer-Union Health Benefits Trust Fund Medicare Part B Premium Reimbursement.

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

SECTION 1. The legislature finds that the State and counties reimburse retirees and their spouses medicare part B premiums including income-related monthly adjustment amounts (IRMAA). An IRMAA is added to the monthly medicare part B standard premium amount of \$170.10 for 2022 if the retiree's annual federal tax return income two years prior was over a certain threshold. The IRMAA is assessed on retirees with 2020 federal tax return modified adjusted gross income of greater than \$91,000 and \$182,000 for single and joint filers, respectively. This threshold is adjusted annually for inflation. The State's approximate annual medicare part B premium reimbursement is \$98,000,000 of which approximately \$8,500,000 is the IRMAA.

The Hawaii employer-union health benefits trust fund estimates elimination of reimbursement of IRMAA for new hires on or after July 1, 2023, will reduce future state annual required contributions by \$400,000,000 over a thirty-year period. Current retirees; vested, terminated employees; and current employees will not be impacted by this Act.

Accordingly, the purpose of this Act is to eliminate the reimbursements for income-related monthly adjustment amounts for new hires on or after July 1, 2023, and their spouses.

SECTION 2. Section 87A-23, Hawaii Revised Statutes, is amended to read as follows:

“§87A-23 Health benefits plan supplemental to medicare. The board shall establish a health benefits plan, which takes into account benefits available to an employee-beneficiary and spouse under medicare, subject to the following conditions:

- (1) There shall be no duplication of benefits payable under medicare. The plan under this section, which shall be secondary to medicare, when combined with medicare and any other plan to which the health benefits plan is subordinate under the National Association of Insurance Commissioners' coordination of benefit rules, shall provide benefits that approximate those provided to a similarly situated beneficiary not eligible for medicare;
- (2) The State, through the department of budget and finance, and the counties, through their respective departments of finance, shall pay to the fund a contribution equal to an amount not less than the medicare part B premium, excluding medicare income-related monthly adjustment amounts for a retired employee hired after June 30, 2023, and their spouse, for each of the following who are enrolled in the medicare part B medical insurance plan: (A) an employee-beneficiary who is a retired employee, (B) an employee-beneficiary's spouse while the employee-beneficiary is living, and (C) an employee-beneficiary's spouse, after the death of the employee-beneficiary, if the spouse qualifies as an employee-beneficiary. ~~[For purposes of this section, a “retired employee” means retired members of the employees' retirement system; county pension system; or a police, firefighters, or bandsmen pension system of the State or a county as set forth in chapter 88.]~~ If the amount reimbursed by the

fund under this section is less than the actual cost of the medicare part B medical insurance plan, excluding medicare income-related monthly adjustment amounts for a retired employee hired after June 30, 2023, and their spouse, due to an increase in the medicare part B medical insurance plan rate, the fund shall reimburse each employee-beneficiary and employee-beneficiary's spouse for the cost increase within thirty days of the rate change. Each employee-beneficiary and employee-beneficiary's spouse who becomes entitled to reimbursement from the fund for medicare part B premiums after July 1, 2006, shall designate a financial institution account into which the fund shall be authorized to deposit reimbursements. This method of payment may be waived by the fund if another method is determined to be more appropriate[;]. For purposes of this section, a "retired employee" means retired members of the employees' retirement system; county pension system; or a police, firefighters, or bandmen pension system of the State or a county as set forth in chapter 88;

- (3) The benefits available under this plan, when combined with benefits available under medicare or any other coverage or plan to which this plan is subordinate under the National Association of Insurance Commissioners' coordination of benefit rules, shall approximate the benefits that would be provided to a similarly situated employee-beneficiary not eligible for medicare;
- (4) All employee-beneficiaries or dependent-beneficiaries who are eligible to enroll in the medicare part B medical insurance plan shall enroll in that plan as a condition of receiving contributions and participating in benefits plans under this chapter. This paragraph shall apply to retired employees, their spouses, and the surviving spouses of deceased retirees and employees killed in the performance of duty; and
- (5) The board shall determine which of the employee-beneficiaries and dependent-beneficiaries, who are not enrolled in the medicare part B medical insurance plan, may participate in the plans offered by the fund."

SECTION 3. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect on July 1, 2023.

(Approved June 1, 2023.)