

HOUSE OF REPRESENTATIVES

AMENDMENT TO: H.B. NO. 1290

OFFERED BY: Representative Sylvia Luke

DATE: March 6, 2007

SECTION 1. House Bill No. 1290 (RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND) is amended to read as follows:

"SECTION 1. The legislature finds that there are many individuals living in Hawaii who have significant personal, emotional, and economic relationships with another individual, yet are prohibited from marrying. Therefore, in 1997, the legislature passed legislation that recognizes that the benefits and rights hitherto available only to married couples should be made available to couples in a reciprocal beneficiary relationship.

The State's employees' retirement system has since recognized the rights of state employees in reciprocal beneficiary relationships. However, when the State's Hawaii employer-union health benefits trust fund was created in 2001, the law omitted reference to reciprocal beneficiaries.

The purpose of this Act is to ensure parity between unmarried couples and married couples by extending the benefits provided

under the State's employer-union health benefits trust fund to reciprocal beneficiaries."

SECTION 2. Section 87A-1, Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted and to read as follows:

"Reciprocal beneficiaries" or "reciprocal beneficiary" shall have the meaning ascribed to them in section 572C-3."

SECTION 3. Section 87A-1, Hawaii Revised Statutes, is amended by amending the definitions of "dependent-beneficiary", "employee-beneficiary", and "qualified-beneficiary" to read as follows:

"Dependent-beneficiary" means an employee-beneficiary's:

- (1) Spouse[+] or reciprocal beneficiary;
- (2) Unmarried child who has not entered into a reciprocal beneficiary relationship deemed eligible by the board, including a legally adopted child, stepchild, foster child, or recognized natural child who lives with the employee-beneficiary; and
- (3) Unmarried child who has not entered into a reciprocal beneficiary relationship 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.

"Employee-beneficiary" means:

- (1) An employee;

- (2) The [~~beneficiary~~] spouse or reciprocal beneficiary of an employee who is killed in the performance of the employee's duty[+], until the spouse or reciprocal beneficiary marries or enters into a reciprocal beneficiary relationship;
- (3) [~~An employee who retired prior to 1961;~~] The child of an employee who is killed in the performance of the employee's duty, until the child marries, enters into a reciprocal beneficiary relationship, or reaches the age of nineteen, whichever occurs first;
- (4) The [~~beneficiary~~] spouse or reciprocal 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[+] until the spouse or reciprocal beneficiary marries or enters into a reciprocal beneficiary relationship; or
- (5) The [~~surviving~~] child of a [~~deceased retired employee, if the child is unmarried and under the age of nineteen;~~] 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 and until the child marries, enters into a reciprocal beneficiary

relationship, or reaches the age of nineteen, whichever occurs first;

~~(6) 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~~] spouse, child, or reciprocal beneficiary, or the retired member's spouse, child, or reciprocal beneficiary is deemed eligible by the board to participate in a health benefits plan or long-term care benefits plan under this chapter.

"Qualified-beneficiary" means, for purposes of the long-term care benefits plan, a former employee or an employee who is not eligible for benefits due to a reduction in work hours, including the spouse[~~7~~] or reciprocal beneficiary, divorced spouse, parents, grandparents, in-law parents, and in-law grandparents of an employee or retiree; provided that the beneficiary was enrolled in the plan before the employee or former employee became ineligible for benefits."

SECTION 4. Section 87A-18, Hawaii Revised Statutes, is amended by amending subsections (a) and (b) to read as follows:

"(a) The board may establish a long-term care benefits plan or plans for employee-beneficiaries; the spouses[~~7~~] or reciprocal beneficiaries, parents, grandparents, in-law parents, and in-law grandparents of employee-beneficiaries; and qualified-

beneficiaries. The plan or plans shall be at no cost to employers and shall comply with article 10H of chapter 431.

(b) Notwithstanding any other law to the contrary, long-term care benefits shall be available only to:

- (1) Employee-beneficiaries and their spouses~~[7]~~ or reciprocal beneficiaries, parents, and grandparents;
- (2) Employee-beneficiary in-law parents and grandparents; and
- (3) Qualified-beneficiaries who enroll between the ages of twenty and eighty-five,

who comply with the plan's age, enrollment, medical underwriting, and contribution requirements."

SECTION 5. 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 or reciprocal beneficiary 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, 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 or reciprocal beneficiary while the employee-beneficiary is living, and (C) an employee-beneficiary's spouse~~[7]~~ or reciprocal beneficiary, after the death of the employee-beneficiary, if the spouse or reciprocal beneficiary 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~~[7]~~ officers, 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 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 or reciprocal beneficiary for the cost increase

within thirty days of the rate change. Each employee-beneficiary and employee-beneficiary's spouse or reciprocal beneficiary 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;

- (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~~[7]~~ or reciprocal beneficiaries, and the surviving spouses or reciprocal beneficiaries 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 6. 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 or reciprocal beneficiaries are employee-beneficiaries, 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 [~~part II of chapter 78,~~] 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 7. Section 87A-33, Hawaii Revised Statutes, is amended to read as follows:

"§87A-33 State and county contributions; retired employees.

(a) Notwithstanding any law to the contrary, this section shall apply to state and county contributions to the fund for:

- (1) The dependent-beneficiary of an employee who is killed in the performance of duty;
- (2) A dependent-beneficiary, upon the death of the employee-beneficiary, except as provided in section 87A-36;
- (3) An employee-beneficiary who retired after June 30, 1984, due to a disability falling within sections 88-79 and 88-285;
- (4) An employee-beneficiary who retired before July 1, 1984;
- (5) An employee-beneficiary who:
 - (A) Was hired before July 1, 1996;
 - (B) Retired after June 30, 1984; and

- (C) Who has ten years or more of credited service, excluding sick leave;
- (6) An employee-beneficiary who:
 - (A) Was hired after June 30, 1996; and
 - (B) Retired with twenty-five or more years of credited service, excluding sick leave, except as provided in section 87A-36; and
- (7) Employees who retired prior to 1961 and their dependent-beneficiaries.

~~[(b) Effective July 1, 2003, 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) \$218 for each employee-beneficiary enrolled in supplemental medicare self plans;~~
- ~~(2) \$671 for each employee-beneficiary enrolled in supplemental medicare family plans;~~
- ~~(3) \$342 for each employee-beneficiary enrolled in non-medicare self plans; and~~
- ~~(4) \$928 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 benefits plan or plans. If both husband and wife are employee-beneficiaries, 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.~~

~~(e)]~~ (b) Effective July 1, 2004, there is established a base monthly contribution for health [~~benefit~~] benefits 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) \$254 for each employee-beneficiary enrolled in supplemental medicare self plans;
- (2) \$787 for each employee-beneficiary enrolled in supplemental medicare family plans;
- (3) \$412 for each employee-beneficiary enrolled in non-medicare self plans; and
- (4) \$1,089 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~~] benefits 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 or reciprocal beneficiaries are employee-beneficiaries, 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.

[~~(d)~~] (c) The base composite monthly contribution shall be adjusted annually, beginning July 1, 2005. The adjusted base composite monthly contribution for each new plan year (July 1 until June 30) shall be calculated by increasing or decreasing the base composite monthly contribution in effect through the end of the previous plan year by the percentage increase or decrease in the medicare part B premium rate for those years, which percentage shall be calculated by dividing the medicare part B premium rate in effect at the beginning of the new plan year by the rate in effect at the beginning of the previous plan year.

For the plan year beginning July 1, 2005, the adjusted base monthly contribution shall be computed using the actual contracted premium rate as of July 1, 2004, for medicare and non-medicare, self and family health [~~benefit~~] benefits plans with the highest actual contracted premium rate as of July 1, 2004.

As used in this subsection, "medicare part B premium rate" means the rate published in the Federal Register each year on November 1 or on the business day closest to November 1 of each year after the medicare part B premium rate has been established by the Secretary of Health and Human Services and approved by the United States Congress."

SECTION 8. 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 or reciprocal beneficiaries are employee-beneficiaries, 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 9. 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]~~ benefits 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]~~ benefits 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 or reciprocal beneficiaries are employee-beneficiaries, 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 10. 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:

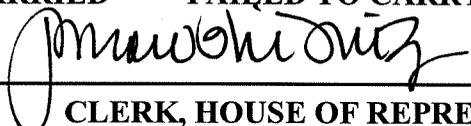
- (1) For retired employees based on the self plan with ten or more years but fewer than fifteen years of service, a monthly contribution equal to one-half of the base medicare or non-medicare monthly contribution set forth under section 87A-33(b);
- (2) For retired employees based on the self plan with 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)(E) of the definition of "employee" in section 87A-1.

If both husband and wife or reciprocal beneficiaries are employee-beneficiaries, 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 11. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 12. This Act shall take effect upon its approval.

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CARRIED	FAILED TO CARRY	WITHDRAWN
		
CLERK, HOUSE OF REPRESENTATIVES		