
A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

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

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

14 The purpose of this Act is to ensure parity between
15 unmarried couples and married couples by extending the benefits
16 provided under the State's employer-union health benefits trust
17 fund to reciprocal beneficiaries."



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

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

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

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

- 11 (1) Spouse[+] or reciprocal beneficiary;
12 (2) Unmarried child who has not entered into a reciprocal
13 beneficiary relationship deemed eligible by the board,
14 including a legally adopted child, stepchild, foster
15 child, or recognized natural child who lives with the
16 employee-beneficiary; and
17 (3) Unmarried child who has not entered into a reciprocal
18 beneficiary relationship regardless of age who is
19 incapable of self-support because of a mental or
20 physical incapacity, which existed prior to the
21 unmarried child's reaching the age of nineteen years.

22 "Employee-beneficiary" means:



- 1 (1) An employee;
- 2 (2) The [~~beneficiary~~] spouse or reciprocal beneficiary of
3 an employee who is killed in the performance of the
4 employee's duty[+], until the spouse or reciprocal
5 beneficiary marries or enters into a reciprocal
6 beneficiary relationship;
- 7 (3) [~~An employee who retired prior to 1961;~~] The child of
8 an employee who is killed in the performance of the
9 employee's duty, until the child marries, enters into
10 a reciprocal beneficiary relationship, or reaches the
11 age of nineteen, whichever occurs first;
- 12 (4) The [~~beneficiary~~] spouse or reciprocal beneficiary of
13 a retired member of the employees' retirement
14 system[+], a county pension system[+], or a police,
15 firefighters, or bandsmen pension system of the State
16 or a county, upon the death of the retired member[+]
17 until the spouse or reciprocal beneficiary marries or
18 enters into a reciprocal beneficiary relationship; or
- 19 (5) The [~~surviving~~] child of a [~~deceased retired employee,~~
20 ~~if the child is unmarried and under the age of~~
21 ~~nineteen;~~] retired member of the employees' retirement
22 system, a county pension system, or a police,



1 firefighters, or bandsmen pension system of the State
2 or a county, upon the death of the retired member and
3 until the child marries, enters into a reciprocal
4 beneficiary relationship, or reaches the age of
5 nineteen, whichever occurs first;

6 ~~(6) The surviving spouse of a deceased retired employee,~~
7 ~~if the surviving spouse does not subsequently~~
8 ~~remarry;]~~

9 provided that the employee, the employee's [~~beneficiary, or the~~
10 ~~beneficiary of the deceased retired employee]~~ spouse, child, or
11 reciprocal beneficiary, or the retired member's spouse, child,
12 or reciprocal beneficiary is deemed eligible by the board to
13 participate in a health benefits plan or long-term care benefits
14 plan under this chapter.

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



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

3 "(a) The board may establish a long-term care benefits
4 plan or plans for employee-beneficiaries; the spouses[7] or
5 reciprocal beneficiaries, parents, grandparents, in-law parents,
6 and in-law grandparents of employee-beneficiaries; and
7 qualified-beneficiaries. The plan or plans shall be at no cost
8 to employers and shall comply with article 10H of chapter 431.

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

11 (1) Employee-beneficiaries and their spouses[7] or
12 reciprocal beneficiaries, parents, and grandparents;

13 (2) Employee-beneficiary in-law parents and grandparents;
14 and

15 (3) Qualified-beneficiaries who enroll between the ages of
16 twenty and eighty-five,

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

19 SECTION 5. Section 87A-23, Hawaii Revised Statutes, is
20 amended to read as follows:

21 "**§87A-23 Health benefits plan supplemental to medicare.**

22 The board shall establish a health benefits plan, which takes



1 into account benefits available to an employee-beneficiary and
2 spouse or reciprocal beneficiary under medicare, subject to the
3 following conditions:

- 4 (1) There shall be no duplication of benefits payable
5 under medicare. The plan under this section, which
6 shall be secondary to medicare, when combined with
7 medicare and any other plan to which the health
8 benefits plan is subordinate under the National
9 Association of Insurance Commissioners' coordination
10 of benefit rules, shall provide benefits that
11 approximate those provided to a similarly situated
12 beneficiary not eligible for medicare;
- 13 (2) The State, through the department of budget and
14 finance, and the counties, through their respective
15 departments of finance, shall pay to the fund a
16 contribution equal to an amount not less than the
17 medicare part B premium, for each of the following who
18 are enrolled in the medicare part B medical insurance
19 plan: (A) an employee-beneficiary who is a retired
20 employee, (B) an employee-beneficiary's spouse or
21 reciprocal beneficiary while the employee-beneficiary
22 is living, and (C) an employee-beneficiary's spouse[7]



1 or reciprocal beneficiary, after the death of the
2 employee-beneficiary, if the spouse or reciprocal
3 beneficiary qualifies as an employee-beneficiary. For
4 purposes of this section, a "retired employee" means
5 retired members of the employees' retirement system;
6 county pension system; or a police~~[7]~~ officers,
7 firefighters, or bandsmen pension system of the State
8 or a county as set forth in chapter 88. If the amount
9 reimbursed by the fund under this section is less than
10 the actual cost of the medicare part B medical
11 insurance plan due to an increase in the medicare part
12 B medical insurance plan rate, the fund shall
13 reimburse each employee-beneficiary and employee-
14 beneficiary's spouse or reciprocal beneficiary for the
15 cost increase within thirty days of the rate change.
16 Each employee-beneficiary and employee-beneficiary's
17 spouse or reciprocal beneficiary who becomes entitled
18 to reimbursement from the fund for medicare part B
19 premiums after July 1, 2006, shall designate a
20 financial institution account into which the fund
21 shall be authorized to deposit reimbursements. This



1 method of payment may be waived by the fund if another
2 method is determined to be more appropriate;

3 (3) The benefits available under this plan, when combined
4 with benefits available under medicare or any other
5 coverage or plan to which this plan is subordinate
6 under the National Association of Insurance
7 Commissioners' coordination of benefit rules, shall
8 approximate the benefits that would be provided to a
9 similarly situated employee-beneficiary not eligible
10 for medicare;

11 (4) All employee-beneficiaries or dependent-beneficiaries
12 who are eligible to enroll in the medicare part B
13 medical insurance plan shall enroll in that plan as a
14 condition of receiving contributions and participating
15 in benefits plans under this chapter. This paragraph
16 shall apply to retired employees, their spouses~~[7]~~ or
17 reciprocal beneficiaries, and the surviving spouses or
18 reciprocal beneficiaries of deceased retirees and
19 employees killed in the performance of duty; and

20 (5) The board shall determine which of the employee-
21 beneficiaries and dependent-beneficiaries, who are not
22 enrolled in the medicare part B medical insurance



1 plan, may participate in the plans offered by the
2 fund."

3 SECTION 6. Section 87A-32, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

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

14 (1) The monthly contribution shall be a specified dollar
15 amount;

16 (2) The monthly contribution shall not exceed the actual
17 cost of a health benefits plan;

18 (3) If both husband and wife or reciprocal beneficiaries
19 are employee-beneficiaries, the total contribution by
20 the State or the county shall not exceed the monthly
21 contribution for a family plan; and



1 (4) If the State or any of the counties establish
2 cafeteria plans in accordance with Title 26, United
3 States Code section 125, the Internal Revenue Code of
4 1986, as amended, and [~~part II of chapter 78,~~] section
5 78-30, the monthly contribution for those employee-
6 beneficiaries who participate in a cafeteria plan
7 shall be made through the cafeteria plan, and the
8 payments made by the State or counties shall include
9 their respective contributions to the fund and their
10 employee-beneficiary's share of the cost of the
11 employee-beneficiary's health benefits plan."

12 SECTION 7. Section 87A-33, Hawaii Revised Statutes, is
13 amended to read as follows:

14 **"§87A-33 State and county contributions; retired**
15 **employees.** (a) Notwithstanding any law to the contrary, this
16 section shall apply to state and county contributions to the
17 fund for:

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

20 (2) A dependent-beneficiary, upon the death of the
21 employee-beneficiary, except as provided in section
22 87A-36;



- 1 (3) An employee-beneficiary who retired after June 30,
2 1984, due to a disability falling within sections 88-
3 79 and 88-285;
- 4 (4) An employee-beneficiary who retired before July 1,
5 1984;
- 6 (5) An employee-beneficiary who:
7 (A) Was hired before July 1, 1996;
8 (B) Retired after June 30, 1984; and
9 (C) Who has ten years or more of credited service,
10 excluding sick leave;
- 11 (6) An employee-beneficiary who:
12 (A) Was hired after June 30, 1996; and
13 (B) Retired with twenty-five or more years of
14 credited service, excluding sick leave, except as
15 provided in section 87A-36; and
- 16 (7) Employees who retired prior to 1961 and their
17 dependent-beneficiaries.

18 ~~[(b) Effective July 1, 2003, there is established a base~~
19 ~~monthly contribution for health benefit plans that the State,~~
20 ~~through the department of budget and finance, and the counties,~~
21 ~~through their respective departments of finance, shall pay to~~
22 ~~the fund, up to the following:~~



- 1 ~~(1) \$218 for each employee-beneficiary enrolled in~~
2 ~~supplemental medicare self plans;~~
- 3 ~~(2) \$671 for each employee-beneficiary enrolled in~~
4 ~~supplemental medicare family plans;~~
- 5 ~~(3) \$342 for each employee-beneficiary enrolled in non-~~
6 ~~medicare self plans; and~~
- 7 ~~(4) \$928 for each employee-beneficiary enrolled in non-~~
8 ~~medicare family plans.~~

9 ~~The monthly contribution by the State or county shall not exceed~~
10 ~~the actual cost of the health benefits plan or plans. If both~~
11 ~~husband and wife are employee-beneficiaries, the total~~
12 ~~contribution by the State or county shall not exceed the monthly~~
13 ~~contribution for a supplemental medicare family or non-medicare~~
14 ~~family plan, as appropriate.~~

15 ~~(e)]~~ (b) Effective July 1, 2004, there is established a
16 base monthly contribution for health [~~benefit~~] benefits plans
17 that the State, through the department of budget and finance,
18 and the counties, through their respective departments of
19 finance, shall pay to the fund, up to the following:

- 20 (1) \$254 for each employee-beneficiary enrolled in
21 supplemental medicare self plans;



- 1 (2) \$787 for each employee-beneficiary enrolled in
2 supplemental medicare family plans;
- 3 (3) \$412 for each employee-beneficiary enrolled in non-
4 medicare self plans; and
- 5 (4) \$1,089 for each employee-beneficiary enrolled in non-
6 medicare family plans.

7 The monthly contribution by the State or county shall not
8 exceed the actual cost of the health [~~benefit~~] benefits plan or
9 plans and shall not be required to cover increased benefits
10 above those initially contracted for by the fund for plan year
11 2004-2005. If both husband and wife or reciprocal beneficiaries
12 are employee-beneficiaries, the total contribution by the State
13 or county shall not exceed the monthly contribution for a
14 supplemental medicare family or non-medicare family plan, as
15 appropriate.

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



1 which percentage shall be calculated by dividing the medicare
2 part B premium rate in effect at the beginning of the new plan
3 year by the rate in effect at the beginning of the previous plan
4 year.

5 For the plan year beginning July 1, 2005, the adjusted base
6 monthly contribution shall be computed using the actual
7 contracted premium rate as of July 1, 2004, for medicare and
8 non-medicare, self and family health [~~benefit~~] benefits plans
9 with the highest actual contracted premium rate as of July 1,
10 2004.

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

17 SECTION 8. Section 87A-34, Hawaii Revised Statutes, is
18 amended by amending subsection (b) to read as follows:

19 "(b) The State, through the department of budget and
20 finance, and the counties, through their respective departments
21 of finance, shall pay to the fund a monthly contribution equal
22 to one-half of the base monthly contribution set forth under



1 section 87A-33(b) for retired employees enrolled in medicare or
2 non-medicare health benefits plans. If both husband and wife or
3 reciprocal beneficiaries are employee-beneficiaries, the total
4 contribution by the State or county shall not exceed the monthly
5 contribution for supplemental medicare family or non-medicare
6 family plan, as appropriate."

7 SECTION 9. Section 87A-35, Hawaii Revised Statutes, is
8 amended by amending subsection (c) to read as follows:

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

12 (1) For retired employees enrolled in medicare or non-
13 medicare health [~~benefit~~] benefits plans with ten or
14 more years but fewer than fifteen years of service, a
15 monthly contribution equal to one-half of the base
16 monthly contribution set forth under section 87A-
17 33(b); and

18 (2) For retired employees enrolled in medicare or non-
19 medicare health [~~benefit~~] benefits plans with at least
20 fifteen but fewer than twenty-five years of service, a
21 monthly contribution of seventy-five per cent of the



1 base monthly contribution set forth under section 87A-
2 33(b).

3 If both husband and wife or reciprocal beneficiaries are
4 employee-beneficiaries, the total contribution by the State or
5 county shall not exceed the monthly contribution for a
6 supplemental medicare family or non-medicare family plan, as
7 appropriate."

8 SECTION 10. Section 87A-36, Hawaii Revised Statutes, is
9 amended by amending subsection (c) to read as follows:

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

13 (1) For retired employees based on the self plan with ten
14 or more years but fewer than fifteen years of service,
15 a monthly contribution equal to one-half of the base
16 medicare or non-medicare monthly contribution set
17 forth under section 87A-33(b);

18 (2) For retired employees based on the self plan with at
19 least fifteen but fewer than twenty-five years of
20 service, a monthly contribution equal to seventy-five
21 per cent of the base medicare or non-medicare monthly
22 contribution set forth under section 87A-33(b);



1 (3) For retired employees based on the self plan with
2 twenty-five or more years of service, a monthly
3 contribution equal to one-hundred per cent of the base
4 medicare or non-medicare monthly contribution set
5 forth under section 87A-33(b); and

6 (4) One-half of the monthly contributions for the
7 employee-beneficiary or employee-beneficiary with
8 dependent-beneficiaries upon the death of the
9 employee, as defined in paragraph (1)(E) of the
10 definition of "employee" in section 87A-1.

11 If both husband and wife or reciprocal beneficiaries are
12 employee-beneficiaries, the total contribution by the State or
13 county shall not exceed the monthly contribution for two
14 supplemental medicare self or non-medicare self plans, as
15 appropriate."

16 SECTION 11. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

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



Report Title:

EUTF employee beneficiaries.

Description:

Eliminates confusion or misinterpretations regarding which "beneficiaries" of an employee killed in the performance of duty or of a deceased retiree are eligible to become EUTF employee-beneficiaries by including reciprocal beneficiaries. (HB1290 HD1)

