

JAN 19 2007

A BILL FOR AN ACT

RELATING TO UNMARRIED COUPLES.

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 deemed eligible by the board,
13 including a legally adopted child, stepchild, foster
14 child, or recognized natural child who lives with the
15 employee-beneficiary; and
- 16 (3) Unmarried child regardless of age who is incapable of
17 self-support because of a mental or physical
18 incapacity, which existed prior to the unmarried
19 child's reaching the age of nineteen years.

20 "Employee-beneficiary" means:

- 21 (1) An employee;



- 1 (2) The beneficiary of an employee who is killed in the
2 performance of the employee's duty;
- 3 (3) An employee who retired prior to 1961;
- 4 (4) The beneficiary of a retired member of the employees'
5 retirement system; a county pension system; or a
6 police, firefighters, or bandsmen pension system of
7 the State or a county, upon the death of the retired
8 member;
- 9 (5) The surviving child of a deceased retired employee, if
10 the child is unmarried and under the age of nineteen;
11 or
- 12 (6) The surviving spouse or reciprocal beneficiary of a
13 deceased retired employee, if the surviving spouse or
14 reciprocal beneficiary does not subsequently
15 remarry[+] or enter into a new reciprocal beneficiary
16 relationship;
- 17 provided that the employee, the employee's beneficiary, or the
18 beneficiary of the deceased retired employee is deemed eligible
19 by the board to participate in a health benefits plan or long-
20 term care benefits plan under this chapter.

21 "Qualified-beneficiary" means, for purposes of the long-
22 term care benefits plan, a former employee or an employee who is



1 not eligible for benefits due to a reduction in work hours,
2 including the spouse[7] or reciprocal beneficiary, divorced
3 spouse, parents, grandparents, in-law parents, and in-law
4 grandparents of an employee or retiree; provided that the
5 beneficiary was enrolled in the plan before the employee or
6 former employee became ineligible for benefits."

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

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

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

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



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

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

5 **"§87A-23 Health benefits plan supplemental to medicare.**

6 The board shall establish a health benefits plan, which takes
7 into account benefits available to an employee-beneficiary and
8 spouse or reciprocal beneficiary under medicare, subject to the
9 following conditions:

10 (1) There shall be no duplication of benefits payable
11 under medicare. The plan under this section, which
12 shall be secondary to medicare, when combined with
13 medicare and any other plan to which the health
14 benefits plan is subordinate under the National
15 Association of Insurance Commissioners' coordination
16 of benefit rules, shall provide benefits that
17 approximate those provided to a similarly situated
18 beneficiary not eligible for medicare;

19 (2) The State, through the department of budget and
20 finance, and the counties, through their respective
21 departments of finance, shall pay to the fund a
22 contribution equal to an amount not less than the



1 medicare part B premium, for each of the following who
2 are enrolled in the medicare part B medical insurance
3 plan: (A) an employee-beneficiary who is a retired
4 employee, (B) an employee-beneficiary's spouse or
5 reciprocal beneficiary while the employee-beneficiary
6 is living, and (C) an employee-beneficiary's spouse[7]
7 or reciprocal beneficiary, after the death of the
8 employee-beneficiary, if the spouse or reciprocal
9 beneficiary qualifies as an employee-beneficiary. For
10 purposes of this section, a "retired employee" means
11 retired members of the employees' retirement system;
12 county pension system; or a police[7] officers,
13 firefighters, or bandsmen pension system of the State
14 or a county as set forth in chapter 88. If the amount
15 reimbursed by the fund under this section is less than
16 the actual cost of the medicare part B medical
17 insurance plan due to an increase in the medicare part
18 B medical insurance plan rate, the fund shall
19 reimburse each employee-beneficiary and employee-
20 beneficiary's spouse or reciprocal beneficiary for the
21 cost increase within thirty days of the rate change.
22 Each employee-beneficiary and employee-beneficiary's



1 spouse or reciprocal beneficiary who becomes entitled
2 to reimbursement from the fund for medicare part B
3 premiums after July 1, 2006, shall designate a
4 financial institution account into which the fund
5 shall be authorized to deposit reimbursements. This
6 method of payment may be waived by the fund if another
7 method is determined to be more appropriate;

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

16 (4) All employee-beneficiaries or dependent-beneficiaries
17 who are eligible to enroll in the medicare part B
18 medical insurance plan shall enroll in that plan as a
19 condition of receiving contributions and participating
20 in benefits plans under this chapter. This paragraph
21 shall apply to retired employees, their spouses~~[r]~~ or
22 reciprocal beneficiaries, and the surviving spouses or



1 reciprocal beneficiaries of deceased retirees and
2 employees killed in the performance of duty; and
3 (5) The board shall determine which of the employee-
4 beneficiaries and dependent-beneficiaries, who are not
5 enrolled in the medicare part B medical insurance
6 plan, may participate in the plans offered by the
7 fund."

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

10 "(a) 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 a monthly contribution equal
13 to the amount established under chapter 89C or specified in the
14 applicable public sector collective bargaining agreements,
15 whichever is appropriate, for each of their respective employee-
16 beneficiaries and employee-beneficiaries with dependent-
17 beneficiaries, which shall be used toward the payment of costs
18 of a health benefits plan; provided that:

19 (1) The monthly contribution shall be a specified dollar
20 amount;

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



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

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

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

18 "**§87A-33 State and county contributions; retired**
19 **employees.** (a) Notwithstanding any law to the contrary, this
20 section shall apply to state and county contributions to the
21 fund for:



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



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

6 ~~(1) \$218 for each employee beneficiary enrolled in~~
7 ~~supplemental medicare self plans;~~

8 ~~(2) \$671 for each employee beneficiary enrolled in~~
9 ~~supplemental medicare family plans;~~

10 ~~(3) \$342 for each employee beneficiary enrolled in non-~~
11 ~~medicare self plans; and~~

12 ~~(4) \$928 for each employee beneficiary enrolled in non-~~
13 ~~medicare family plans.~~

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

20 ~~(e)]~~ (b) Effective July 1, 2004, there is established a
21 base monthly contribution for health [~~benefit~~] benefits plans
22 that the State, through the department of budget and finance,



1 and the counties, through their respective departments of
2 finance, shall pay to the fund, up to the following:

- 3 (1) \$254 for each employee-beneficiary enrolled in
4 supplemental medicare self plans;
- 5 (2) \$787 for each employee-beneficiary enrolled in
6 supplemental medicare family plans;
- 7 (3) \$412 for each employee-beneficiary enrolled in non-
8 medicare self plans; and
- 9 (4) \$1,089 for each employee-beneficiary enrolled in non-
10 medicare family plans.

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

20 [~~(d)~~] (c) The base composite monthly contribution shall be
21 adjusted annually, beginning July 1, 2005. The adjusted base
22 composite monthly contribution for each new plan year (July 1



1 until June 30) shall be calculated by increasing or decreasing
2 the base composite monthly contribution in effect through the
3 end of the previous plan year by the percentage increase or
4 decrease in the medicare part B premium rate for those years,
5 which percentage shall be calculated by dividing the medicare
6 part B premium rate in effect at the beginning of the new plan
7 year by the rate in effect at the beginning of the previous plan
8 year.

9 For the plan year beginning July 1, 2005, the adjusted base
10 monthly contribution shall be computed using the actual
11 contracted premium rate as of July 1, 2004, for medicare and
12 non-medicare, self and family health [~~benefit~~] benefits plans
13 with the highest actual contracted premium rate as of July 1,
14 2004.

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

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



1 "(b) The State, through the department of budget and
2 finance, and the counties, through their respective departments
3 of finance, shall pay to the fund a monthly contribution equal
4 to one-half of the base monthly contribution set forth under
5 section 87A-33(b) for retired employees enrolled in medicare or
6 non-medicare health benefits plans. If both husband and wife or
7 reciprocal beneficiaries are employee-beneficiaries, the total
8 contribution by the State or county shall not exceed the monthly
9 contribution for supplemental medicare family or non-medicare
10 family plan, as appropriate."

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

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

16 (1) For retired employees enrolled in medicare or non-
17 medicare health [~~benefit~~] benefits plans with ten or
18 more years but fewer than fifteen years of service, a
19 monthly contribution equal to one-half of the base
20 monthly contribution set forth under section 87A-
21 33(b); and



1 (2) For retired employees enrolled in medicare or non-
2 medicare health [~~benefit~~] benefits plans with at least
3 fifteen but fewer than twenty-five years of service, a
4 monthly contribution of seventy-five per cent of the
5 base monthly contribution set forth under section 87A-
6 33(b).

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

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

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

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



- 1 (2) For retired employees based on the self plan with at
2 least fifteen but fewer than twenty-five years of
3 service, a monthly contribution equal to seventy-five
4 per cent of the base medicare or non-medicare monthly
5 contribution set forth under section 87A-33(b);
- 6 (3) For retired employees based on the self plan with
7 twenty-five or more years of service, a monthly
8 contribution equal to one-hundred per cent of the base
9 medicare or non-medicare monthly contribution set
10 forth under section 87A-33(b); and
- 11 (4) One-half of the monthly contributions for the
12 employee-beneficiary or employee-beneficiary with
13 dependent-beneficiaries upon the death of the
14 employee, as defined in paragraph (1)(E) of the
15 definition of "employee" in section 87A-1.

16 If both husband and wife or reciprocal beneficiaries are
17 employee-beneficiaries, the total contribution by the State or
18 county shall not exceed the monthly contribution for two
19 supplemental medicare self or non-medicare self plans, as
20 appropriate."

21 SECTION 11. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.



1 SECTION 12. This Act shall take effect on July 1, 2007.

2

INTRODUCED BY: *Shianne Chun Cleveland*



Report Title:

Employer-Union Health Benefits Trust Fund

Description:

Ensures 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.

