

JAN 22 2016

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# A BILL FOR AN ACT

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RELATING TO PUBLIC EMPLOYEES.

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

1       SECTION 1. Section 87A-30, Hawaii Revised Statutes, is  
2 amended to read as follows:

3       "§87A-30 Hawaii employer-union health benefits trust fund;  
4 establishment. (a) There is established outside the state  
5 treasury, a trust fund to be known as the "Hawaii Employer-Union  
6 Health Benefits Trust Fund". The fund shall consist of  
7 contributions, interest, income, dividends, refunds, rate  
8 credits, and other returns. It is hereby declared that any and  
9 all sums contributed or paid from any source to the fund created  
10 by this part, and all assets of the fund including any and all  
11 interest and earnings on the same, are and shall be held in  
12 trust by the board for the exclusive use and benefit of the  
13 employee-beneficiaries and dependent-beneficiaries and shall not  
14 be subject to appropriation for any other purpose whatsoever.  
15 The fund shall be under the control of the board and placed  
16 under the department of budget and finance for administrative  
17 purposes.



1        (b) The fund shall also consist of contributions received  
2        on behalf of retirees and beneficiaries from the board of  
3        trustees of the employees' retirement system that represent the  
4        difference between the monthly contributions by the State or  
5        county to the fund and the actual costs of health benefits  
6        plans, under sections 87A-33, 87A-33.5, 87A-34, 87A-35, and 87A-  
7        36. The amounts shall be based upon co-payment billing  
8        information submitted by the trustees to the board of trustees  
9        of the employees' retirement system."

10       SECTION 2. Section 88-6, Hawaii Revised Statutes, is  
11       amended to read as follows:

12       "§88-6 Payment of refunds [and] retirement benefits[-],  
13       and Hawaii employer-union health benefits trust fund

14       contributions. (a) Notwithstanding any other provision of this  
15       chapter:

16       (1) All retirees and beneficiaries of the state retirement  
17       system or county pension funds shall be paid  
18       semimonthly; provided that:

19       (A) All retirees and beneficiaries of the state  
20       retirement system who either retire or become



1 beneficiaries after January 1, 2003, shall be  
2 paid monthly; and

3 (B) Effective July 1, 2011, all retirees and  
4 beneficiaries of the state retirement system  
5 shall be paid monthly; provided that this  
6 subparagraph shall not apply to any retiree or  
7 beneficiary who:

8 (i) Became a retiree or beneficiary prior to  
9 January 1, 2003;

10 (ii) Is eighty years of age or older on January  
11 1, 2011; and

12 (iii) Receives \$800 or less of pension benefits  
13 each month; and

14 (2) Any retiree or beneficiary of the state retirement  
15 system whose benefit commences after June 30, 2001,  
16 shall designate a financial institution account into  
17 which the system shall be authorized to deposit their  
18 retirement benefit; and effective April 1, 2011, all  
19 retirees and beneficiaries of the state retirement  
20 system shall designate a financial institution account  
21 into which the system shall be authorized to deposit



1           their state retirement system benefits. This method  
2           of payment may be waived by the system.

3           (b) Any member, former employee, retirant, or beneficiary  
4           to whom accumulated contributions or a hypothetical account  
5           balance, as defined in section 88-311, is payable after June 30,  
6           2008, shall, if the payment will be greater than \$250 and the  
7           member, former employee, retirant, or beneficiary does not elect  
8           to rollover the payment into an eligible retirement plan,  
9           designate a financial institution account into which the system  
10          shall be authorized to deposit the payment. This method of  
11          payment may be waived by the system if another method is  
12          determined to be more appropriate.

13          (c) Contributions by retirees and beneficiaries to the  
14          Hawaii employer-union health benefits trust fund that represent  
15          the difference between the monthly contributions by the State or  
16          county to the Hawaii employer-union health benefits trust fund  
17          and the actual costs of health benefits plans, under sections  
18          87A-33, 87A-33.5, 87A-34, 87A-35, and 87A-36, shall be paid by  
19          the board through the withholding of the payment amounts to  
20          which retirees and beneficiaries would otherwise be entitled to  
21          receive under this section. The amounts shall be based upon co-



1 payment billing information received from the board of trustees  
2 of the employer-union health benefits trust fund. The board of  
3 trustees of the employees' retirement system shall submit an  
4 annual report to the legislature on the contribution amounts  
5 paid to the Hawaii employer-union health benefits trust fund  
6 under this section.

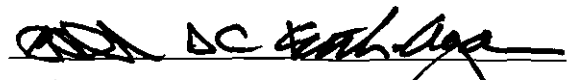
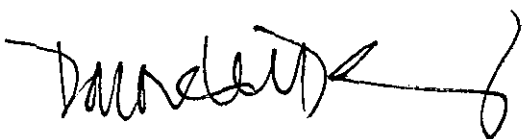


7 A retiree or beneficiary may make a one-time election to  
8 opt out of the requirement that the board withhold and pay over  
9 health benefits co-payment amounts to the board of trustees of  
10 the employer-union health benefits trust fund established under  
11 this subsection. Any opt out election made pursuant to this  
12 subsection shall be final and irrevocable."

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

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

18 SECTION 5. This Act shall take effect on July 1, 2016.

19 INTRODUCED BY:

# S.B. NO. 2428

**Report Title:**

ERS; EUTF; Retiree Co-payments

**Description:**

Requires public retiree contributions to the EUTF to be paid through withholdings of retirement benefit amounts from the ERS.

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