

# H.B. NO. 1062

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## A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
DEFINITION OF "DEPENDENT-BENEFICIARY".

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

1           SECTION 1. The legislature finds that the Hawaii employer-  
2 union health benefits trust fund offers health benefits to the  
3 children of state and county employees and retirees. Due to the  
4 current construction of chapter 87A, Hawaii Revised Statutes,  
5 when an employee or retiree passes away, the employee's or  
6 retiree's surviving spouse's children that are born after the  
7 employee's or retiree's death are eligible to participate in  
8 benefit plans offered by the fund. However, the legislature  
9 finds that a child born or legally adopted after an employee's  
10 or retiree's death who is not the natural or adopted child of  
11 the deceased employee or retiree should not be eligible to  
12 participate in fund benefit plans because the child is not the  
13 child of the state or county employee or retiree.

14           The legislature further finds that the definition of  
15 "dependent-beneficiary" should be amended to be consistent with  
16 the federal Patient Protection and Affordable Care Act of 2010,  
17 which prohibits restricting health insurance coverage to only

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1 unmarried dependents and dependents who live with the employee-  
2 beneficiary, and denying health insurance coverage to married  
3 dependents and dependents who do not live with the employee-  
4 beneficiary.

5 The purposes of this Act are to:

- 6 (1) Amend the definition of "dependent-beneficiary"  
7 contained in chapter 87A, Hawaii Revised Statutes, to  
8 clarify eligibility of children for participation in  
9 fund benefit plans; and
- 10 (2) Bring the definition of "dependent-beneficiary" into  
11 conformance with the federal Patient Protection and  
12 Affordable Care Act of 2010.

13 SECTION 2. Section 87A-1, Hawaii Revised Statutes, is  
14 amended by amending the definition of "dependent-beneficiary" to  
15 read as follows:

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

- 17 (1) Spouse;
- 18 (2) [~~Unmarried child~~] Child deemed eligible by the board,  
19 including a legally adopted child, stepchild, foster  
20 child, or recognized natural child [~~who lives with the~~  
21 ~~employee beneficiary,~~], but excluding a child born or  
22 legally adopted more than ten months after the death

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1           of an employee killed in the performance of duty, born  
2           or legally adopted more than ten months after the  
3           death of an active employee who was eligible to retire  
4           on the date of death, or born or legally adopted more  
5           than ten months after the date of death of a retired  
6           employee-beneficiary; and

7           (3) Unmarried child regardless of age who is incapable of  
8           self-support because of a mental or physical  
9           incapacity, which existed prior to the unmarried  
10          child's reaching the age of nineteen years."

11          SECTION 3. This Act does not affect the rights that  
12          accrued before the effective date of this Act.

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

15          SECTION 5. This Act, upon its approval, shall take effect  
16          on July 1, 2017.

17  
18          INTRODUCED BY:

BY REQUEST

JAN 23 2017

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**Report Title:**

Hawaii Employer-Union Health Benefits Trust Fund

**Description:**

Amends the definition of "dependent-beneficiary" as used in chapter 87A, Hawaii Revised Statutes.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

## JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND DEFINITION OF "DEPENDENT-BENEFICIARY".

PURPOSE: To amend the definition of "dependent-beneficiary."

MEANS: Amend section 87A-1, Hawaii Revised Statutes (HRS).

JUSTIFICATION: The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) has recently discovered that when active employees and retirees pass away and their surviving spouses are covered under EUTF benefit plans, the surviving spouses occasionally add dependent children to the plan that are not natural or adopted children of the deceased employees and retirees. EUTF believes that the Legislature never intended to cover children who are not the natural or adopted children of deceased employees and retirees. This amendment excludes from EUTF plan eligibility children who are not the natural or adopted children of deceased state and county employees and retirees. Additionally, the EUTF has found that the definition of a "dependent-beneficiary" should be amended to be consistent with the federal Patient Protection and Affordable Care Act of 2010.

Impact on the public: The children of surviving spouses of deceased state and county employees and retirees who are born or adopted more than ten months after the deaths of such state or county employees and retirees will not be eligible for participation in fund health benefit plans.

Impact on the department and other agencies: None.

GENERAL FUND: None.  
OTHER FUNDS: None.  
PPBS PROGRAM  
DESIGNATION: None.  
OTHER AFFECTED  
AGENCIES: None.  
EFFECTIVE DATE: July 1, 2017.