

S.B. NO. 2761

JAN 24 2018

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 is killed in the performance of the employee's
6 duty, the employee passes away when eligible for retirement or
7 retiree passes away, the employee's or retiree's surviving
8 spouse's children that are born after the employee's or
9 retiree's death are eligible to participate in benefit plans
10 offered by the fund. However, the legislature finds that a
11 child born or legally adopted after an employee's or retiree's
12 death who is not the natural or adopted child of the deceased
13 employee or retiree should not be eligible to participate in
14 fund benefit plans because the child is not the child of the
15 state or county employee or retiree.

16 The legislature further finds that the definition of
17 "dependent-beneficiary" should be amended to be consistent with

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1 the federal Patient Protection and Affordable Care Act of 2010,
2 which prohibits restricting health insurance coverage to only
3 unmarried dependents and dependents who live with the employee-
4 beneficiary, and denying health insurance coverage to married
5 dependents and dependents who do not live with the employee-
6 beneficiary.

7 The purposes of this Act are to:

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

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

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

- 19 (1) Spouse;
20 (2) ~~[Unmarried child]~~ Child deemed eligible by the board,
21 including a legally adopted child, stepchild, foster
22 child, or recognized natural child ~~[who lives with the~~

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

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

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

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

17 SECTION 5. This Act, upon its approval, shall take effect
18 on July 1, 2018.

19
20 INTRODUCED BY:



21 BY REQUEST
22

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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

SB. NO. 2761

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 are killed in the performance of their duties, active employees pass away when eligible for retirement 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.

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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, 2018.