

# S.B. NO. 932

JAN 25 2017

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## A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
EXEMPTION FROM THE INSURANCE CODE.

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

1           SECTION 1. The legislature finds that under current law,  
2 the Hawaii employer-union health benefits trust fund (EUTF) is  
3 unable to conduct business in the manner most cost-efficient to  
4 both public employers and employees. A revision to the EUTF's  
5 enabling legislation is necessary to clarify that the EUTF board  
6 of trustees has final authority to design the benefit plans  
7 offered by the EUTF and that health insurance providers who may  
8 contract with the EUTF are exempt from the mandatory benefit  
9 requirements of the insurance code.

10           SECTION 2. Section 87A-16, Hawaii Revised Statutes, is  
11 amended to read as follows:

12           " ~~[+] §87A-16~~ ~~[+]~~ **Health benefits plan; carriers.** (a) The  
13 board shall establish the health benefits plan or plans, which  
14 shall be exempt from the ~~[minimum group]~~ mandatory benefit  
15 requirements of ~~[chapter 431]~~ title 24 unless otherwise  
16 specified. The board may contract with insurers, as defined in  
17 section 431:1-202, mutual benefit societies, as defined in

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1 section 432:1-104, and carriers, as defined in sections 432D-1  
2 and 432G-1, each of which shall be exempt from the mandatory  
3 benefits as required by chapters 431, 432, 432D, and 432G.

4 (b) The board may contract for health benefits plans or  
5 provide health benefits through a noninsured schedule of  
6 benefits."

7 SECTION 3. Section 87A-19, Hawaii Revised Statutes, is  
8 amended by amending subsection (b) to read as follows:

9 "(b) The board shall establish the medical, hospital, or  
10 surgical benefits plan or plans, which shall be exempt from the  
11 [~~minimum group~~] mandatory benefit requirements of [article 10A  
12 of chapter 431] title 24 unless otherwise specified. The board  
13 may contract with insurers, as defined in section 431:1-202,  
14 mutual benefit societies, as defined in section 432:1-104, and  
15 carriers, as defined in section 432D-1 and 432G-1, each of which  
16 shall be exempt from the mandatory benefits as required by  
17 chapters 431, 432, 432D, and 432G. The medical, hospital, or  
18 surgical benefits plan or plans shall provide, pay for, arrange  
19 for, or reimburse the cost of medical, hospital, or surgical  
20 services, and may include prescribed hospital in-patient and  
21 out-patient service and medical benefits."

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1 SECTION 4. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:                     *MUN. M.*                    

6

BY REQUEST

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**Report Title:**

Hawaii Employer-Union Health Benefits Trust Fund (EUTF);  
Insurance

**Description:**

Expands the exemption of the EUTF from the insurance code for  
the design of benefit plans offered by the EUTF.

*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 EXEMPTION FROM THE INSURANCE CODE.

PURPOSE: To clarify that the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) board of trustees has final authority to design the benefit plans offered by the EUTF and that health insurance providers who may contract with the EUTF are exempt from the mandatory benefit requirements of the insurance code.

MEANS: Amend sections 87A-16 and 87A-19(b), Hawaii Revised Statutes (HRS).

JUSTIFICATION: Section 87A-15, Hawaii Revised Statutes, sets forth the purpose of the EUTF as follows: "Administration of the fund. The board shall administer and carry out the purpose of the fund. Health and other benefit plans shall be provided at a cost affordable to both the public employers and public employees." Subjecting the EUTF to the insurance code may make it difficult for the EUTF to meet its mandated purpose.

Impact on the public: None.

Impact on the department and other agencies: None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: None.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.