

S.B. NO. 3070

JAN 26 2022

A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
MEDICARE PART B PREMIUM REIMBURSEMENT.

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

1 SECTION 1. The legislature finds that the State and
2 counties reimburse retirees and their spouses medicare part B
3 premiums including income related monthly adjustment amounts
4 (IRMAA). An IRMAA is added to the monthly medicare part B
5 standard premium amount of \$148.50 for 2021 if the retiree's
6 annual federal tax return income two years prior (e.g., 2019)
7 was over a certain threshold. The following are the income
8 thresholds applied to the 2019 federal tax return income to
9 determine 2021 medicare part B premiums and the number of state
10 retirees and spouses in each group:

State retiree individual (joint) federal tax return income thresholds	Retirees	Spouses	Total	Monthly Premium
Less than or equal to \$88,000 (2X)	30,042	9,841	39,883	\$148.50
Greater than \$88,000 (2X) and less than or equal to \$111,000 (2X)	1,254	410	1,664	\$207.60
Greater than \$111,000 (2X) and less than or equal to \$138,000 (2X)	771	269	1,040	\$297.00

S.B. NO. 3070

Greater than \$138,000 (2X) and less than or equal to \$165,000 (2X)	330	123	453	\$386.10
Greater than \$165,000 (2X) and less than \$500,000 (\$750,000)	505	188	693	\$475.20
Greater than or equal to \$500,000 (\$750,000)	49	34	83	\$504.90
Total IRMAA retirees and spouses	2,909	1,024	3,933	
Estimated annual IRMAA costs	\$5,393,520	\$2,003,274	\$7,396,794	
Total retirees and spouses	32,951	10,865	43,816	
Estimated total annual medicare part B	\$59,125,259	\$20,062,303	\$79,187,562	
Percentage of IRMAA retirees and spouses	8.8%	9.4%	9.0%	
Percentage of IRMAA dollars	9.1%	10.0%	9.3%	

1

2 The Hawaii employer-union health benefits trust fund estimates
 3 elimination of reimbursement of IRMAA for new hires on or after
 4 July 1, 2022, will reduce future state annual required
 5 contributions by \$430 million over a thirty-year period.

6 Current retirees; vested, terminated employees; and current
 7 employees will not be impacted by this Act.

8 SECTION 2. Section 87A-23, Hawaii Revised Statutes, is
 9 amended to read as follows:

10 "§87A-23 Health benefits plan supplemental to medicare.

S.B. NO. 3070

1 The board shall establish a health benefits plan, which takes
2 into account benefits available to an employee-beneficiary and
3 spouse under medicare, subject to the following conditions:

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

13 (2) The State, through the department of budget and
14 finance, and the counties, through their respective
15 departments of finance, shall pay to the fund a
16 contribution equal to an amount not less than the
17 medicare part B premium, excluding medicare income
18 related monthly adjustment amounts for retired
19 employees hired after June 30, 2022, and their
20 spouses, for each of the following who are enrolled in
21 the medicare part B medical insurance plan: (A) an
22 employee-beneficiary who is a retired employee, (B) an

S.B. NO. 3070

1 employee-beneficiary's spouse while the employee-
2 beneficiary is living, and (C) an employee-
3 beneficiary's spouse, after the death of the employee-
4 beneficiary, if the spouse qualifies as an employee-
5 beneficiary. For purposes of this section, a "retired
6 employee" means retired members of the employees'
7 retirement system; county pension system; or a police,
8 firefighters, or bandsmen pension system of the State
9 or a county as set forth in chapter 88. If the amount
10 reimbursed by the fund under this section is less than
11 the actual cost of the medicare part B medical
12 insurance plan, excluding medicare income related
13 monthly adjustment amounts for retired employees hired
14 after June 30, 2022 and their spouses, due to an
15 increase in the medicare part B medical insurance plan
16 rate, the fund shall reimburse each employee-
17 beneficiary and employee-beneficiary's spouse for the
18 cost increase within thirty days of the rate
19 change. Each employee-beneficiary and employee-
20 beneficiary's spouse who becomes entitled to
21 reimbursement from the fund for medicare part B
22 premiums after July 1, 2006, shall designate a

S.B. NO. 3070

1 financial institution account into which the fund
2 shall be authorized to deposit reimbursements. This
3 method of payment may be waived by the fund if another
4 method is determined to be more appropriate;

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

13 (4) All employee-beneficiaries or dependent-beneficiaries
14 who are eligible to enroll in the medicare part B
15 medical insurance plan shall enroll in that plan as a
16 condition of receiving contributions and participating
17 in benefits plans under this chapter. This paragraph
18 shall apply to retired employees, their spouses, and
19 the surviving spouses of deceased retirees and
20 employees killed in the performance of duty; and

21 (5) The board shall determine which of the employee-
22 beneficiaries and dependent-beneficiaries, who are not

S.B. NO. 3070

1 enrolled in the medicare part B medical insurance
2 plan, may participate in the plans offered by the
3 fund."

4 SECTION 3. This Act does not affect rights and duties that
5 matured, penalties that were incurred, and proceedings that were
6 begun before its effective date.

7 SECTION 4. New statutory material is underscored.

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

9

10

INTRODUCED BY: 

11

BY REQUEST

S.B. NO. 3070

Report Title:

Hawaii Employer-Union Health Benefits Trust Fund Medicare Part B
Premium Reimbursement

Description:

Amends section 87A-23, Hawaii Revised Statutes, to exclude
medicare income related monthly adjustment amounts reimbursement
by the State and counties for retired employees hired after June
30, 2022, and their spouses.

*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. 3070

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND MEDICARE PART B PREMIUM REIMBURSEMENT.

PURPOSE: To exclude state and counties medicare income related monthly adjustment amounts reimbursement for retired employees hired after June 30, 2022, and their spouses.

MEANS: Amend section 87A-23, Hawaii Revised Statutes (HRS).

JUSTIFICATION: Medicare part B premium reimbursements paid to retirees and their spouses are a significant cost to the State and counties, \$79.2 million for the State in fiscal year 2020-2021. These reimbursements currently include medicare income related monthly adjustment amounts for retirees and their spouses with 2019 federal tax income greater than \$88,000 and \$176,000 for single and joint filers, respectively. Of the State's total reimbursements, 9 percent or \$7.4 million were due to the medicare income related monthly adjustment amounts. Excluding the medicare income related monthly adjustment amounts would reduce the State's annual required contributions to the other post-employment benefits (OPEB) trust fund by approximately \$430 million over the next 30 years.

Impact on the public: None.

Impact on the department and other agencies: None.

GENERAL FUND: Excluding the medicare income related monthly adjustment amounts would reduce the State's annual required contributions to the other post-employment benefits (OPEB) trust fund by approximately \$430 million over the next 30 years.

SB. NO. 3070

OTHER FUNDS: None .

PPBS PROGRAM
DESIGNATION: None .

OTHER AFFECTED
AGENCIES: None .

EFFECTIVE DATE: Upon approval .