



STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
201 MERCHANT STREET, SUITE 1700
HONOLULU, HAWAII 96813
Oahu (808) 586-7390
Toll Free 1(800) 295-0089
www.eutf.hawaii.gov

BOARD OF TRUSTEES
CHRISTIAN FERN, CHAIRPERSON
JAMES WATARU, VICE-CHAIRPERSON
RODERICK BECKER
DAMIEN ELEFANTE
JACQUELINE FERGUSON-MIYAMOTO
AUDREY HIDANO
SCOTT KAMI
WESLEY MACHIDA
CELESTE Y.K. NIP
OSA TUI

ADMINISTRATOR
DEREK M. MIZUNO

ASSISTANT ADMINISTRATOR
DONNA A. TONAKI

TESTIMONY BY DEREK MIZUNO
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON LABOR & TOURISM
ON HOUSE BILL NO. 2102

February 8, 2022
8:30 a.m.
Via Videoconference

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

Chair Onishi, Vice Chair Sayama, and Members of the Committee:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees strongly supports this bill. The EUTF Board believes that this bill is a reasonable long-term cost containment proposal that does not impact current retirees, vested former employees, and current employees.

The intent of this bill is to discontinue Employer reimbursement of Medicare Part B income related monthly adjustment amounts (IRMAA) for higher income retirees (e.g. modified adjusted gross income of greater than \$91,000 for a single filer from their 2020 federal income tax return), hired after June 30, 2022, and their higher income spouses. Chapter 87A-23, Hawaii Revised Statutes (HRS) and EUTF Administrative Rules require that retirees and their dependents enroll in Medicare Part B, if eligible, to enroll in EUTF retiree medical and/or prescription drug plans. HRS 87A-23 and EUTF Administrative Rules also require that the Employers reimburse retirees and their spouses Medicare Part B premiums. Medicare Part B premium reimbursements currently include the IRMAA but exclude penalties.

EUTF's Mission: We care for the health and well being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide informed service that is excellent, courteous, and compassionate.

The following are the 2022 standard (\$170.10) Medicare Part B premium and the premiums including the IRMAA additions:

Beneficiaries who file individual tax returns with income	Beneficiaries who file joint tax returns with income	
Less than or equal to \$91,000	Less than or equal to \$182,000	\$170.10
Greater than \$91,000 and less than or equal to \$114,000	Greater than \$182,000 and less than or equal to \$228,000	\$238.10
Greater than \$114,000 and less than or equal to \$142,000	Greater than \$228,000 and less than or equal to \$284,000	\$340.20
Greater than \$142,000 and less than or equal to \$170,000	Greater than \$284,000 and less than or equal to \$340,000	\$442.30
Greater than \$170,000 and less than \$500,000	Greater than \$340,000 and less than \$750,000	\$544.30
Greater than or equal to \$500,000	Greater than or equal to \$750,000	\$578.30

Eliminating the Medicare Part B IRMAA reimbursement is consistent with the current practice of Employers not reimbursing Medicare Part D (prescription drug) premiums which ranges from \$12.40 to \$77.90 for 2022 and is only assessed and collected by the Centers for Medicare and Medicaid Services on the same higher income retirees and spouses subject to the IRMAA.

The IRMAA is estimated to be the following amounts for calendar year 2021:

1. All employers – \$8.8 million (\$6.5 million retirees and \$2.3 million spouses).
2. State – \$7.4 million (\$5.4 million retirees and \$2.0 million spouses)

EUTF staff estimate that this change would save the State \$430 million over the next 30 years in lower annual required contributions (ARC) as the cost of the retiree healthcare benefit (normal cost) will be lower for new hires from July 1, 2022. The savings from a lower ARC will be small at the onset but will grow as these new hires replace the higher benefit employees.

Thank you for the opportunity to testify.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-First Legislature, State of Hawaii
House of Representatives
Committee on Labor and Tourism

Testimony by
Hawaii Government Employees Association

February 8, 2022

H.B. 2102 – RELATING TO THE HAWAII EMPLOYER-UNION
HEALTH BENEFITS TRUST FUND MEDICARE PART B PREMIUM
REIMBURSEMENT

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO would like to provide comments on H.B. 2102 which removes the Medicare reimbursement for employee-beneficiaries hired after June 30, 2022.

While we appreciate that the proposed changes to Ch. 87A, Hawaii Revised Statutes will affect prospective employees hired after June 30, 2022, and fully recognize the long-term cost savings to the Employer-Union Health Benefits Trust Fund, it behooves us to comment on the continued, steady erosion of a once-envied retirement benefit package for career government employees. We have been sounding the alarm that without counter measures such as competitive salaries or workplace flexibility, these gradual reductions in benefits – coupled with astronomical health care costs – forecast a bleak future for your government workforce. It is unfortunate that it seems the future is here, as witnessed by the tremendous number of vacancies and the extreme difficulties government is facing in attracting capable employees to provide quality public service.

Policymakers must take a holistic approach: there needs to be balance between fiscal prudence and recruiting and retaining the best and the brightest employees, and our state's immediate needs and our future obligations.

Thank you for the opportunity to provide comments on H.B. 2102.

Respectfully submitted,

Randy Perreira
Executive Director