

JAN 25 2023

A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
SPOUSAL 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 spouses of retirees hired after June 30,
4 2001. Employers do not receive any benefit from enrollment of
5 self only retiree spouses in medicare part B since they do not
6 contribute to the spouse's premiums. The Hawaii employer-union
7 health benefits trust fund estimates elimination of medicare
8 part B premium reimbursement of spouses for new hires on or
9 after July 1, 2023, will reduce future state annual required
10 contributions by \$1.2 billion over a thirty-year period.
11 Current retirees; vested, terminated employees; and current
12 employees will not be impacted by this Act.

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

15 "§87A-23 Health benefits plan supplemental to medicare.

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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, for each of the following who
18 are enrolled in the medicare part B medical insurance
19 plan: (A) an employee-beneficiary who is a retired
20 employee, (B) ~~[employee-beneficiary's spouse]~~ a spouse
21 of an employee-beneficiary hired prior to July 1,
22 2023, while the employee-beneficiary is living, and

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1 (C) an employee-beneficiary's spouse, after the death.
2 of the employee-beneficiary, if the spouse qualifies
3 as an employee-beneficiary. For purposes of this
4 section, a "retired employee" means retired members of
5 the employees' retirement system; county pension
6 system; or a police, firefighters, or bandsmen pension
7 system of the State or a county as set forth in
8 chapter 88. If the amount reimbursed by the fund
9 under this section is less than the actual cost of the
10 medicare part B medical insurance plan due to an
11 increase in the medicare part B medical insurance plan
12 rate, the fund shall reimburse each employee-
13 beneficiary and [~~employee-beneficiary's spouse~~] spouse
14 of an employee-beneficiary hired prior to July 1,
15 2023, for the cost increase within thirty days of the
16 rate change. Each employee-beneficiary and employee-
17 beneficiary's spouse who becomes entitled to
18 reimbursement from the fund for medicare part B
19 premiums after July 1, 2006, shall designate a
20 financial institution account into which the fund
21 shall be authorized to deposit reimbursements. This

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1 method of payment may be waived by the fund if another
2 method is determined to be more appropriate;

3 (3) The benefits available under this plan, when combined
4 with benefits available under medicare or any other
5 coverage or plan to which this plan is subordinate
6 under the National Association of Insurance

7 Commissioners' coordination of benefit rules, shall
8 approximate the benefits that would be provided to a
9 similarly situated employee-beneficiary not eligible
10 for medicare;

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

19 (5) The board shall determine which of the employee-
20 beneficiaries and dependent-beneficiaries, who are not
21 enrolled in the medicare part B medical insurance

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Report Title:

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

Description:

Amends section 87A-23, Hawaii Revised Statutes, to exclude
medicare reimbursement by the State and counties for the spouses
of retired employees hired after June 30, 2023.

*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. 1314

DEPARTMENT: Budget and Finance

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

PURPOSE: To exclude state and counties reimbursement for the spouses of retired employees hired after June 30, 2023.

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

JUSTIFICATION: Medicare part B premium reimbursements paid to the spouses of retirees are a significant cost to the State and counties, approximately \$24.5 million for the State in fiscal year 2021-2022. Excluding the medicare reimbursement for the spouses of retired employees hired after June 30, 2023, was projected by the fund's actuary to reduce the State's annual required contributions to the other post-employment benefits (OPEB) trust fund by approximately \$1.2 billion over the next 30 years.

Impact on the public: None.

Impact on the department and other agencies: None.

GENERAL FUND: Excluding the medicare reimbursement of retired employees hired after June 30, 2023, would reduce the State's annual required contributions to the other post-employment benefits (OPEB) trust fund by approximately \$1.2 billion over the next 30 years.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: None.

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OTHER AFFECTED
AGENCIES:

None.

EFFECTIVE DATE:

Upon approval.