

STAND. COM. REP. NO.

1973

Honolulu, Hawaii

APR 04 , 2023

RE: S.B. No. 1315  
S.D. 2  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 1315, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to eliminate the reimbursements for income-related monthly adjustment amounts for new hires on or after July 1, 2023, and their spouses.

Your Committee received testimony in support of this measure from the Department of Budget and Finance. Your Committee received testimony in opposition to this measure from the State of Hawaii Organization of Police Officers. Your Committee received comments on this measure from the Hawaii Employer-Union Health Benefits Trust Fund Board of Trustees and Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO.

Your Committee finds that the State and counties reimburse retirees and their spouses for Medicare Part B premiums, including income-related monthly adjustment amounts. An income-related monthly adjustment amount is added to the monthly Medicare Part B standard premium amount if the retiree's annual federal tax return

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income two years prior was over a certain threshold. The income-related monthly adjustment amount is assessed on retirees with 2020 federal tax return modified adjusted gross income of greater than \$91,000 and \$182,000 for single and joint filers, respectively, with the threshold adjusted annually.

Your Committee further finds that the State's approximate annual Medicare Part B premium reimbursement is \$98,000,000, of which approximately \$8,500,000 is the income-related monthly adjustment amount. The Hawaii Employer-Union Health Benefits Trust Fund estimates elimination of reimbursement of the income-related monthly adjustment amount for new hires on or after July 1, 2023, and their spouses, will reduce future state annual required contributions by \$400,000,000 over a thirty-year period.

Your Committee has amended this measure by changing the effective date to July 1, 2023.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1315, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1315, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Finance,



KYLE T. YAMASHITA, Chair



