

STAND. COM. REP. NO.

3195

Honolulu, Hawaii

MAR 21 2024

RE: H.B. No. 1639
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Labor and Technology, to which was referred H.B. No. 1639, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND BASE COMPOSITE MONTHLY CONTRIBUTION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Effective January 1, 2025, increase the Hawaii Employer-Union Health Benefits Trust Fund employer base composite monthly contribution by 5.2 percent; and
- (2) Effective January 1, 2026, provide that the Hawaii Employer-Union Health Benefits Trust Fund employer base composite monthly contribution will be based on the change in Medicare Part B premiums from 2024 to 2025 and at a two-year lag thereafter.

Your Committee received testimony in support of this measure from the Hawaii Employer-Union Health Benefits Trust Fund.

Your Committee finds that the State's and counties' contribution to retiree health care benefits as an employer is based on a percentage of the Base Composite Monthly Contribution



(BMC). The BMC changes each calendar year based on the change in Medicare Part B Premiums, which is a measure of national health care inflation. Your Committee further finds that in some years, the publication of the next year's Medicare Part B premium occurs in early November, while the Hawaii Employer-Union Health Benefits Trust Fund's retiree open enrollment period occurs during the last two weeks of October. As a result, in some years, retirees may need to determine whether to enroll in the program without knowing the amount of their employer's contribution. This measure will correct this problem by requiring the employer contribution amounts to be calculated based on the Medicare Part B premium publications from the previous two years and creating a lag between the BMC changes and the open enrollment period.

Your Committee has amended this measure by inserting an effective date of July 1, 2024.

As affirmed by the record of votes of the members of your Committee on Labor and Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1639, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1639, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Labor and
Technology,


HENRY J.C. AQUINO, Chair



