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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 & GOVERNMENT OPERATIONS
ON HOUSE BILL NO. 1639

January 30, 2024
9:30 a.m.
Conference Room 309 & Videoconference

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
BASE MONTHLY CONTRIBUTION

Chair Matayoshi, Vice Chair Garrett, 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 administrative change will be beneficial to current and future retirees.

In accordance with Section 87A-33, Hawaii Revised Statutes (HRS), the State and counties' (Employers) contribution to retiree healthcare benefits (i.e. medical, prescription drug, dental and vision premiums) is based on a percentage of the Base Composite Monthly Contribution (BMC). The BMC was most recently established on July 1, 2014, under HRS 87A-33, as separate dollar amounts for non-Medicare and Medicare retirees and by tier (i.e. self, two-party and family). The BMC changes each calendar year based on the change in Medicare Part B premiums which is a measure of national healthcare inflation.

The intent of this bill is to correct a timing issue. The 2024 BMC was based on the change in the Medicare Part B premiums from 2023 to 2024. The 2024 Medicare Part B premium was published by the Centers for Medicare and Medicaid Services in mid-October

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.

2024. In some years, publication of the next year Medicare Part B premium occurs in early November. The EUTF conducts retiree open enrollment during the last two weeks of October. As a result, in some years the retirees do not know the Employers' contribution to their retiree healthcare premiums during open enrollment. The EUTF is not able to move open enrollment back because of deadlines to report changes to the insurance carriers to be effective January 1st.

The proposed bill would create a lag so that retirees would have the BMC almost a year before open enrollment as follows:

| BMC Year | BMC Available | Change |
|------------------|----------------------|---------------------------------------|
| <u>Current</u> | | |
| 2024 | October 2023 | 2023 to 2024 Medicare Part B premiums |
| 2025 | Oct/Nov 2024 | 2024 to 2025 Medicare Part B premiums |
| 2026 | Oct/Nov 2025 | 2025 to 2026 Medicare Part B premiums |
| <u>Proposed</u> | | |
| 2024 (no change) | October 2023 | 2023 to 2024 Medicare Part B premiums |
| 2025 | Passage of bill | 5.2%* |
| 2026 | October 2024 | 2024 to 2025 Medicare Part B premiums |

**5.2% represents the 5 and 10-year annualized growth in Medicare Part B premiums.*

Thank you for the opportunity to testify.