



JOSH GREEN, M.D.
GOVERNOR
SYLVIA LUKE
LIEUTENANT GOVERNOR

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

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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 SENATE COMMITTEE ON WAYS AND MEANS
ON HOUSE BILL NO. 1639 H.D.1 S.D.1

April 4, 2024
10:15 a.m.
Conference Room 211 & Videoconference

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

Chair Dela Cruz, Vice Chair Moriwaki, 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 Chapter 87A, 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 updated on July 1, 2014, in 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.

2023. In some years, publication of the next year's 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, 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	Oct/Nov 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.

HB-1639-SD-1

Submitted on: 4/3/2024 7:36:18 AM

Testimony for WAM on 4/4/2024 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
cheryl burghardt	Individual	Support	Written Testimony Only

Comments:

I SUPPORT HB 1639 HD1 SD1 which Increases the employer base composite monthly contribution effective 1/1/2025 by 5.2 per cent of the 2024 employer base. Provides that effective 1/1/2026, the 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. As a EUTF member, I appreciate your consideration of this bill.