

ACT 217

H.B. NO. 1686

A Bill for an Act Relating to the Public Employees Health Fund.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that Hawaii has one of the most generous retiree health plans in the nation. While it has always been important to ensure the

health and well-being of Hawaii's citizens, it is also important to maintain the financial integrity of our employee and retiree benefit systems. Currently, our retiree health benefit payouts are increasing by twelve per cent per year, and the State and counties are paying out twice as much for retiree health benefits as for active employee benefits. It is clear that we must take steps to preserve the integrity of the current system while ensuring that no current retirees or employees have the terms of their health benefit contracts altered.

The purpose of this Act is to require employees hired after July 1, 1996 to make a partial contribution to their retiree health benefit premiums.

SECTION 2. Chapter 87, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§87- State and county contributions to fund; employees hired after July 1, 1996, and retired with fewer than twenty-five years of service. (a) This section shall apply to state and county contributions to the fund for employees who were hired after July 1, 1996, and who retire with fewer than twenty-five years of credited service, excluding sick leave.

(b) The State, through the department of budget and finance and the several counties through their respective departments of finance, shall pay to the fund a monthly contribution equal to one-half of the retired employee's monthly medicare or nonmedicare premium for the following benefits for employees with ten or more years but fewer than fifteen years of service; and seventy-five per cent of the retired employee's monthly medicare or nonmedicare premium for the following benefits for employees with at least fifteen but fewer than twenty-five years of service:

- (1) For hospital, medical, and surgical benefits of a health benefits plan for each of their respective employee-beneficiaries or their respective employee-beneficiaries and their dependent-beneficiaries enrolled under this section;
- (2) For prescription drug benefits of a health benefits plan for each of their respective employee-beneficiaries or their respective employee-beneficiaries and their dependent-beneficiaries enrolled under this section;
- (3) For vision care benefits of a health benefits plan for each of their respective employee-beneficiaries or their respective employee-beneficiaries and their dependent-beneficiaries enrolled under this section; and
- (4) For adult dental benefits of a health benefits plan for each of their respective employee-beneficiaries or their respective employee-beneficiaries and their spouses enrolled under this section.

If both husband and wife are employee-beneficiaries, the total contribution by the State or the appropriate county, after an employee's retirement pursuant to this section, shall not exceed the monthly contribution of a family plan for both of them.

(c) The State, through the department of budget and finance and the several counties through their respective departments of finance, after an employee's retirement pursuant to this section, shall pay to the fund a monthly contribution equal to the total monthly premium for each child who has not attained the age of nineteen of all employee-beneficiaries who are enrolled in the fund's dental plan for children under this section.

(d) The State, through the department of budget and finance and the several counties through their respective departments of finance, shall pay to the fund a monthly contribution equal to the total monthly premium for each retired employee enrolled in the fund's group life insurance benefits plan under this section.

(e) For the purpose of this section, the retired employee's monthly medicare and nonmedicare premiums for the hospital, medical, and surgical plan, the prescription drug plan, the vision care plan, and the adult dental plan shall be established annually by the board and shall be equal to the retired employee's medicare and nonmedicare premiums for the hospital, medical, and surgical plan, the prescription drug plan, the vision care plan, and the adult dental plan contracted by the fund with the largest enrollments.

(f) The State, through the department of budget and finance and the several counties through their respective departments of finance, shall advance the amount of their respective employee-beneficiaries' contributions to the fund on or before the first day of each month.

(g) Contributions made by the State or the several counties shall not be considered as wages or salary of an employee-beneficiary, and no employee-beneficiary shall have any vested right in or be entitled to receive any part of any contribution made to the fund."

SECTION 3. Section 87-4.5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) This section shall apply to state and county contributions to the fund for employees specified in section 87-1(5)(A)(v), except those hired after July 1, 1996, under section 87-, who retire after June 30, 1984, with fewer than ten years of credited service, excluding sick leave."

SECTION 4. Section 87-6, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(c) Notwithstanding any other law to the contrary[, the]:

(1) The beneficiary of an employee who is killed in the performance of duty[, an];

(2) An employee-beneficiary who retired after June 30, 1984, due to a disability as defined in sections 88-77, 88-79, and 88-285[, an];

(3) An employee-beneficiary who retired before July 1, 1984[, an];

(4) An employee-beneficiary who [retired]:

(A) Was hired before July 1, 1996;

(B) Retired after June 30, 1984[,]; and [who]

(C) Who had ten years or more of credited service, excluding sick leave[,]; and

(5) An employee-beneficiary who was hired after July 1, 1996, and who had twenty-five or more years of credited service, excluding sick leave;

or upon death their beneficiary, including employees who retired prior to the establishing of the fund and their beneficiaries, or the beneficiary of any employee-beneficiary, as described in section 87-1(6) shall not be required to make any contribution to the fund. The monthly contribution of the persons identified in this subsection shall be financed by the State through the department of budget and finance and the several counties through their respective departments of finance for each of their respective employee-beneficiaries."

SECTION 5. The board of trustees of the employees' retirement system of the State of Hawaii shall study, investigate, and evaluate the impact on the retirement system if the percentage factor of the retirement benefits formula were raised for non-contributory employees from one and one-fourth per cent to one and two-fifths per cent. The board of trustees of the Hawaii employees' retirement system

shall report its findings and recommendations to the legislature twenty days before the convening of the Regular Session of 1996.

SECTION 6. Statutory material to be repealed is bracketed. New statutory material is underscored.¹

SECTION 7. This Act shall take effect on January 1, 1995.

(Approved June 20, 1995.)

Note

1. Edited pursuant to HRS §23G-16.5.