

ACT 62

S.B. NO. 2866

A Bill for an Act Relating to the Hawaii Employer-Union Health Benefits Trust Fund Employee-Beneficiary Monthly Contributions.

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

SECTION 1. The legislature finds that the Hawaii employer-union health benefits trust fund offers health benefits to active and retired employees of the State, counties, and their dependents. The fund currently offers retired employees and surviving employee-beneficiaries who are responsible for all or a portion of their monthly health benefit premiums the option to pay through monthly electronic deductions from their employees' retirement system pension or financial institution, or by check. In order to improve operational efficiency, reduce banking fees, and ensure that retired employees and surviving employee-beneficiaries do not miss any monthly payments and possibly lose their health benefits, the legislature finds that retired employees and surviving employee-beneficiaries should be required to pay their share of the health benefit premiums through monthly electronic deductions.

The purpose of this Act is to amend section 87A-40, Hawaii Revised Statutes, to mandate that newly retired employees and surviving employee-beneficiaries pay their share of health benefits premiums through monthly electronic deduction from their employees' retirement system pension or their financial institution.

SECTION 2. Section 87A-40, Hawaii Revised Statutes, is amended to read as follows:

“~~[[~~§87A-40~~]]~~ Employee-beneficiary contributions; health benefit plans.

(a) Each employee-beneficiary shall make a monthly contribution to the fund amounting to the difference between the monthly charge of the health benefits plan selected by the employee-beneficiary and the contribution made by the State or county for the employee-beneficiary to the fund. Nothing in this section shall prohibit any employee-beneficiary from participating in a cafeteria plan authorized under Title 26 United States Code section 125, Internal Revenue Code of 1986, as amended, and section 78-30.

(b) ~~[During]~~ Except as provided in subsection (c), during the period the health benefits plan selected by an employee-beneficiary is in effect, the employee-beneficiary, if allowed by law, shall authorize the employee-beneficiary's contribution to be withheld and transmitted to the fund monthly by the comptroller, employees' retirement system, or finance officer who disburses the employee-beneficiary's compensation, pension, or retirement pay. If an employee-beneficiary's contribution to the fund is not withheld and transmitted to the fund, the employee-beneficiary shall pay the monthly contribution[:

- (1) ~~In the case of an employee-beneficiary who normally receives the employee-beneficiary's compensation from the comptroller or employees' retirement system, directly to the fund by the first day of each month; or~~
- (2) ~~In the case of all other employee-beneficiaries, to the respective finance officer from whom the employee-beneficiary normally receives compensation for transmittal to the fund by the first day of each month.]~~

directly to the fund by the first day of each month.

(c) Each employee-beneficiary who retires after June 30, 2020, and each surviving spouse or surviving child who enrolls in a health plan offered by the fund as an employee-beneficiary after June 30, 2020, shall authorize their contribution to the fund to be electronically withheld or deducted and transmitted to the fund monthly by the employees' retirement system or the financial institution of the retirant or retirant's surviving beneficiary. This method may be waived by the fund if another method is determined to be more appropriate. If the contribution by the retirant or the retirant's surviving beneficiary is not electronically withheld, deducted, or transmitted to the fund, the retirant or the retirant's surviving beneficiary shall pay their monthly contribution directly to the fund by the first day of each month.

~~[(e)]~~ (d) Notwithstanding subsection (a), an employee-beneficiary's monthly contribution to the fund shall include the amount that would have been the employee-beneficiary's contribution if the employee-beneficiary had not elected to participate in the cafeteria plan.”

SECTION 3. Section 88-95, Hawaii Revised Statutes, is amended to read as follows:

“§88-95 Withholding of dues and insurance premiums. A ~~[retired member, if the retired member requests in writing, may]~~ retirant or the retirant's surviving beneficiary shall have withheld from the ~~[retired member's]~~ retirant's or the retirant's surviving beneficiary's pension, annuity, or retirement allowance, payments to the employer-union health benefits trust fund and employee organizations for dues and insurance premiums.”

SECTION 4. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 5. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 6. This Act shall take effect upon its approval.

(Approved September 15, 2020.)