

Honolulu, Hawaii

APR 26 2013

RE: S.B. No. 867  
S.D. 2  
H.D. 1  
C.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 867, S.D. 2, H.D. 1, entitled:

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

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to amend the law relating to state and county contributions to the Hawaii Employer-Union Health Benefits Trust Fund. Specifically, this measure:

- (1) Repeals provisions relating to the base monthly contributions for health benefit plans paid by the State and counties for retired public employees;
- (2) Repeals the requirement that the base monthly composite monthly contributions be adjusted annually and the method for calculating the contributions; and



- (3) Makes conforming amendments to applicable sections of the law relating to the Hawaii Employer-Union Health Benefits Trust Fund to reflect the amendments under this measure.

Your Committee on Conference finds that under existing law, retired state and county employees receive a base monthly contribution health premium benefit, the amount of which depends on the date that the retired employee entered the public employment system. The base monthly contribution formula provides an upper threshold parameter used by the Hawaii Employer-Union Health Benefits Trust Fund Board of Trustees to determine the health benefit plans for retired state and county employees. This base monthly contribution serves as a cap on the amount that the public employers are required to pay for medical, prescription drug, dental, and vision premiums. This cap could potentially become a problem if a carrier exceeds the base monthly contribution premium for non-Medicare retirees, which could cause the out-of-pocket costs to the non-Medicare retirees to increase thereby diminishing the accrued retirees' health benefits, which violates article XVI, section 2, of the Hawaii State Constitution. This measure eliminates this cap to address the potential diminishment of accrued benefits of retired public employees.

Your Committee on Conference has amended this measure by adopting the S.D. 2 version, which provides an unspecified base monthly contribution amount for supplemental Medicare and non-Medicare two-party plans and sets forth the required state and county base monthly contribution for other retiree health benefit plans as unspecified amounts beginning January 1, 2014, and amending it further by:

- (1) Adding specified base monthly contribution amounts for each employee-beneficiary enrolled in supplemental Medicare self plans, supplemental Medicare two-party plans, supplemental Medicare family plans, non-Medicare self plans, non-Medicare two-party plans, and non-Medicare family plans based on one hundred percent of the employer contribution amounts for these plans as of January 1, 2013, plus five percent; and
- (2) Changing the effective date to January 1, 2014.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of



S.B. No. 867, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 867, S.D. 2, H.D. 1, C.D. 1.

Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



MARK M. NAKASHIMA, Co-Chair



MARK J. HASHEM, Co-Chair



CLAYTON HEE, Chair



DAVID Y. SZE, Co-Chair



Record of Votes of a Conference Committee

Bill / Concurrent Resolution No.: <b>SB 867, SD 2, HD 1</b>	Date/Time: <b>4/26/13 10:30 am</b>
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The recommendation of the House and Senate managers is to pass with amendments (CD).

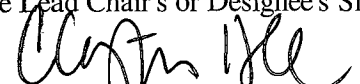
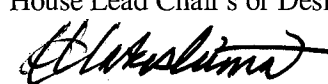
The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
HEE, Clayton, Chr.	/				NAKASHIMA, Mark M., Co-Chr.	/			
IGE, David Y., Co-Chr.	/				HASHEM, Mark J., Co-Chr.	/			
KOUCHI, Ronald D.	/				YAMASHITA, Kyle T.	/			
THIELEN, Laura H.	/			act	JOHANSON, Aaron Ling	/			
SLOM, Sam				act					
<b>TOTAL</b>	<b>4</b>			<b>1</b>	<b>TOTAL</b>	<b>4</b>			

4 A = Aye      WR = Aye with Reservations      N = Nay      E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature: 
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 File with Conference Committee Report      House Clerk's Office      Senate Clerk's Office      Drafting Agency