A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. With the escalation of health care costs and increased life expectancy, it becomes evermore evident that secure retirement benefits are essential to financial security at the end of people's careers. The legislature recognizes the importance of ensuring that public employees retain the retirement benefits they have earned through a lifetime of public service. Retirement benefits provide valuable protection to retirees against outliving their savings and other sources of retirement income.

The legislature believes that it is necessary to modify an existing rule that penalizes retirees by limiting the amount of income-adjusted medicare part B premium reimbursements to retirees and qualified spouses based on the time the adjustment request is made to the Hawaii employer-union health benefits trust fund.
The purpose of this Act is to prohibit the withholding of any retroactive reimbursement to a retired employee-beneficiary and qualified employee-beneficiary's spouse for an income-adjusted medicare part B premium based on the time in which the adjustment request is made to the Hawaii employer-union health benefits trust fund.

SECTION 2. Section 87A-23, Hawaii Revised Statutes, is amended to read as follows:

"§87A-23 Health benefits plan supplemental to medicare.

The board shall establish a health benefits plan, which takes into account benefits available to an employee-beneficiary and spouse under medicare, subject to the following conditions:

(1) There shall be no duplication of benefits payable under medicare. The plan under this section, which shall be secondary to medicare, when combined with medicare and any other plan to which the health benefits plan is subordinate under the National Association of Insurance Commissioners' coordination of benefit rules, shall provide benefits that approximate those provided to a similarly situated beneficiary not eligible for medicare;
(2) The State, through the department of budget and finance, and the counties, through their respective departments of finance, shall pay to the fund a contribution equal to an amount not less than the medicare part B premium, for each of the following who are enrolled in the medicare part B medical insurance plan: (A) an employee-beneficiary who is a retired employee, (B) an employee-beneficiary's spouse while the employee-beneficiary is living, and (C) an employee-beneficiary's spouse, after the death of the employee-beneficiary, if the spouse qualifies as an employee-beneficiary. For purposes of this section, a "retired employee" means retired members of the employees' retirement system; county pension system; or a police, firefighters, or bandsmen pension system of the State or a county as set forth in chapter 88. If the amount reimbursed by the fund under this section is less than the actual cost of the medicare part B medical insurance plan due to an increase in the medicare part B medical insurance plan rate, the fund shall reimburse each employee-beneficiary and
employee-beneficiary's spouse for the cost increase within thirty days of the rate change. Each employee-beneficiary and employee-beneficiary's spouse who becomes entitled to reimbursement from the fund for medicare part B premiums after July 1, 2006, shall designate a financial institution account into which the fund shall be authorized to deposit reimbursements. This method of payment may be waived by the fund if another method is determined to be more appropriate;

(3) The benefits available under this plan, when combined with benefits available under medicare or any other coverage or plan to which this plan is subordinate under the National Association of Insurance Commissioners' coordination of benefit rules, shall approximate the benefits that would be provided to a similarly situated employee-beneficiary not eligible for medicare;

(4) All employee-beneficiaries or dependent-beneficiaries who are eligible to enroll in the medicare part B medical insurance plan shall enroll in that plan as a
condition of receiving contributions and participating in benefits plans under this chapter. This paragraph shall apply to retired employees, their spouses, and the surviving spouses of deceased retirees and employees killed in the performance of duty; [and]

(5) The board shall determine which of the employee-beneficiaries and dependent-beneficiaries, who are not enrolled in the medicare part B medical insurance plan, may participate in the plans offered by the fund[.]; and

(6) Notwithstanding any law to the contrary, the fund shall not withhold, based on the time in which an employee-beneficiary or employee-beneficiary's spouse submits a request for and proof of an income-adjusted medicare part B premium to the fund, any retroactive reimbursement that would otherwise have been payable at any time after June 30, 2013, to an employee-beneficiary or qualified employee-beneficiary's spouse for an income-adjusted medicare part B premium. The board shall notify the employee-beneficiary and employee-beneficiary's spouse in cases where no
reimbursement request for and proof of an income-
adjusted medicare part B premium is received by the
fund from the employee-beneficiary or employee-
beneficiary's spouse. Notification to the employee-
beneficiary and employee-beneficiary's spouse shall
include instructions for making a reimbursement
request for an income-adjusted medicare part B
premium."

SECTION 3. If any provision of this Act, or the
application thereof to any person or circumstance, is held
invalid, the invalidity does not affect other provisions or
applications of the Act that can be given effect without the
invalid provision or application, and to this end the provisions
of this Act are severable.

SECTION 4. Statutory material to be repealed is bracketed
and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval.

INTRODUCED BY: __________________________
Report Title:
Medicare Part B Premium; Income-Adjusted Reimbursements

Description:
Prohibits the Hawaii Employer-Union Health Benefits Trust Fund (Fund) from withholding any retroactive reimbursement payable after June 30, 2013, to a retired employee-beneficiary and qualified employee-beneficiary's spouse for an income-adjusted Medicare Part B premium based on the time in which the adjustment request is made to the Fund. Establishes notice requirements.

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