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 HAWAI'I:

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, city and county of
Honolulu, and 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
their 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 benefits premiums through monthly electronic deductions.

The purpose of this Act is to amend section 87A-40, Hawaii Revised Statutes, to mandate that new 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 the period the health benefits plan selected by an [employee-beneficiary] active employee is in effect, the
[employee beneficiary's] active employee, if allowed by law,
shall authorize the [employee beneficiary's] active employee'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] active
employee's compensation[ , pension, or retirement pay]. If the
total amount of an [employee beneficiary's] active employee's
contribution to the fund is not withheld and transmitted to the
fund, the [employee beneficiary] active employee shall pay the
remaining monthly contribution[+] directly to the fund by the
first day of each month.

[+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.]
(c) Each retired employee or surviving employee-beneficiary, who enrolls as an employee-beneficiary in the health plans offered by the fund, if allowed by law, shall authorize the retired employee or surviving employee-beneficiary's contribution to be electronically withheld or deducted and transmitted to the fund monthly by the employees' retirement system or the retired employee or surviving employee-beneficiary's financial institution. This method may be waived by the fund if another method is determined to be more appropriate. If a retired employee or surviving employee-beneficiary's contribution to the fund is not electronically withheld or deducted and transmitted to the fund, the retired employee or surviving employee-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. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

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:

BY REQUEST
Report Title:
Hawaii Employer-Union Health Benefits Trust Fund

Description:
Amends section 87A-40, Hawaii Revised Statutes, to mandate that new retired employees pay their share of health benefits premiums through monthly electronic deductions from their employees' retirement system pension or their financial institution.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.
DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND EMPLOYEE-BENEFICIARY MONTHLY CONTRIBUTIONS.

PURPOSE: To mandate that new retired employees pay their share of health benefits premiums through monthly electronic deductions from their employees' retirement system pension or their financial institution.

MEANS: Amend section 87A-40, Hawaii Revised Statutes (HRS).

JUSTIFICATION: Monthly electronic deductions from retired employees or surviving employee-beneficiary's employees' retirement system pension or their financial institution as opposed to checks improves operational efficiency, reduces banking fees and ensures that retired employees do not miss any monthly payments and possibly lose their health benefits.

Impact on the public: None.

Impact on the department and other agencies: Minimal impact on the employees' retirement system since process has already been established to have retired employee premiums deducted from retired employee pensions.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: None.

OTHER AFFECTED AGENCIES: Employees' Retirement System.

EFFECTIVE DATE: Upon approval.