

S .B. NO. 1315

JAN 25 2023

A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
MEDICARE PART B PREMIUM REIMBURSEMENT.

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

1 SECTION 1. The legislature finds that the State and
2 counties reimburse retirees and their spouses medicare part B
3 premiums including income related monthly adjustment amounts
4 (IRMAA). An IRMAA is added to the monthly medicare part B
5 standard premium amount of \$170.10 for 2022 if the retiree's
6 annual federal tax return income two years prior was over a
7 certain threshold. The IRMAA is assessed on retirees with 2020
8 federal tax return modified adjusted gross income of greater
9 than \$91,000 and \$182,000 for single and joint filers,
10 respectively. This threshold is adjusted annually for
11 inflation. The State's approximate annual medicare part B
12 premium reimbursement is \$98 million of which approximately \$8.5
13 million is the IRMAA.
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1 The Hawaii employer-union health benefits trust fund
2 estimates elimination of reimbursement of IRMAA for new hires on
3 or after July 1, 2023, will reduce future state annual required
4 contributions by \$400 million over a thirty-year period.
5 Current retirees; vested, terminated employees; and current
6 employees will not be impacted by this Act.

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

9 "**§87A-23 Health benefits plan supplemental to medicare.**

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

13 (1) There shall be no duplication of benefits payable
14 under medicare. The plan under this section, which
15 shall be secondary to medicare, when combined with
16 medicare and any other plan to which the health
17 benefits plan is subordinate under the National
18 Association of Insurance Commissioners' coordination
19 of benefit rules, shall provide benefits that
20 approximate those provided to a similarly situated
21 beneficiary not eligible for medicare;

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1 (2) The State, through the department of budget and
2 finance, and the counties, through their respective
3 departments of finance, shall pay to the fund a
4 contribution equal to an amount not less than the
5 medicare part B premium, excluding medicare income
6 related monthly adjustment amounts for retired
7 employees hired after June 30, 2023, and their
8 spouses, for each of the following who are enrolled in
9 the medicare part B medical insurance plan: (A) an
10 employee-beneficiary who is a retired employee, (B) an
11 employee-beneficiary's spouse while the employee-
12 beneficiary is living, and (C) an employee-
13 beneficiary's spouse, after the death of the employee-
14 beneficiary, if the spouse qualifies as an employee-
15 beneficiary. For purposes of this section, a "retired
16 employee" means retired members of the employees'
17 retirement system; county pension system; or a police,
18 firefighters, or bandsmen pension system of the State
19 or a county as set forth in chapter 88. If the amount
20 reimbursed by the fund under this section is less than
21 the actual cost of the medicare part B medical
22 insurance plan, excluding medicare income related

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1 monthly adjustment amounts for retired employees hired
2 after June 30, 2023 and their spouses, due to an
3 increase in the medicare part B medical insurance plan
4 rate, the fund shall reimburse each employee-
5 beneficiary and employee-beneficiary's spouse for the
6 cost increase within thirty days of the rate
7 change. Each employee-beneficiary and employee-
8 beneficiary's spouse who becomes entitled to
9 reimbursement from the fund for medicare part B
10 premiums after July 1, 2006, shall designate a
11 financial institution account into which the fund
12 shall be authorized to deposit reimbursements. This
13 method of payment may be waived by the fund if another
14 method is determined to be more appropriate;

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

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- 1 (4) All employee-beneficiaries or dependent-beneficiaries
2 who are eligible to enroll in the medicare part B
3 medical insurance plan shall enroll in that plan as a
4 condition of receiving contributions and participating
5 in benefits plans under this chapter. This paragraph
6 shall apply to retired employees, their spouses, and
7 the surviving spouses of deceased retirees and
8 employees killed in the performance of duty; and
9 (5) The board shall determine which of the employee-
10 beneficiaries and dependent-beneficiaries, who are not
11 enrolled in the medicare part B medical insurance
12 plan, may participate in the plans offered by the
13 fund."

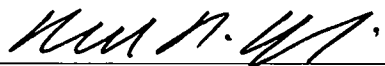
14 SECTION 3. This Act does not affect rights and duties that
15 matured, penalties that were incurred, and proceedings that were
16 begun before its effective date.

17 SECTION 4. New statutory material is underscored.

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

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INTRODUCED BY: 

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BY REQUEST

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Report Title:

Hawaii Employer-Union Health Benefits Trust Fund Medicare Part B Premium Reimbursement

Description:

Amends section 87A-23, Hawaii Revised Statutes, to exclude medicare income related monthly adjustment amounts reimbursement by the State and counties for retired employees hired after June 30, 2023, and their spouses.

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

JUSTIFICATION SHEET

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DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND MEDICARE PART B PREMIUM REIMBURSEMENT.

PURPOSE: To exclude state and counties medicare income related monthly adjustment amounts reimbursement for retired employees hired after June 30, 2023, and their spouses.

MEANS: Amend section 87A-23, Hawaii Revised Statutes (HRS).

JUSTIFICATION: Medicare part B premium reimbursements paid to retirees and their spouses are a significant cost to the State and counties, \$98 million for the State in fiscal year 2021-2022. These reimbursements currently include medicare income related monthly adjustment amounts for retirees and their spouses with 2020 federal tax income greater than \$91,000 and \$182,000 for single and joint filers, respectively. Of the State's total reimbursements, 8.7 percent or \$8.5 million were due to the medicare income related monthly adjustment amounts. Excluding the medicare income related monthly adjustment amounts would reduce the State's annual required contributions to the other post-employment benefits (OPEB) trust fund by approximately \$400 million over the next 30 years.

Impact on the public: None.

Impact on the department and other agencies: None.

GENERAL FUND: Excluding the medicare income related monthly adjustment amounts would reduce the State's annual required contributions to the other post-employment benefits (OPEB) trust

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fund by approximately \$400 million over the next 30 years.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: None.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.