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# 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 \$98,000,000 of which approximately  
13 \$8,500,000 is the IRMAA.

14           The Hawaii employer-union health benefits trust fund  
15 estimates elimination of reimbursement of IRMAA for new hires on  
16 or after July 1, 2023, will reduce future state annual required



1 contributions by \$400,000,000 over a thirty-year period.  
2 Current retirees; vested, terminated employees; and current  
3 employees will not be impacted by this Act.

4 Accordingly, the purpose of this Act is to eliminate the  
5 reimbursements for income-related monthly adjustment amounts for  
6 new hires on or after July 1, 2023, and their spouses.

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;



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  
6           income-related monthly adjustment amounts for a  
7           retired employee hired after June 30, 2023, and their  
8           spouse, 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  
12          employee-beneficiary is living, and (C) an  
13          employee-beneficiary's spouse, after the death of the  
14          employee-beneficiary, if the spouse qualifies as an  
15          employee-beneficiary. [~~For purposes of this section,~~  
16          ~~a "retired employee" means retired members of the~~  
17          ~~employees' retirement system; county pension system;~~  
18          ~~or a police, firefighters, or bandsmen pension system~~  
19          ~~of the State or a county as set forth in chapter 88.]  
20          If the amount reimbursed by the fund under this  
21          section is less than the actual cost of the medicare~~



1 part B medical insurance plan, excluding medicare  
2 income-related monthly adjustment amounts for a  
3 retired employee hired after June 30, 2023, and their  
4 spouse, due to an increase in the medicare part B  
5 medical insurance plan rate, the fund shall reimburse  
6 each employee-beneficiary and employee-beneficiary's  
7 spouse for the cost increase within thirty days of the  
8 rate change. Each employee-beneficiary and  
9 employee-beneficiary's spouse who becomes entitled to  
10 reimbursement from the fund for medicare part B  
11 premiums after July 1, 2006, shall designate a  
12 financial institution account into which the fund  
13 shall be authorized to deposit reimbursements. This  
14 method of payment may be waived by the fund if another  
15 method is determined to be more appropriate[?]. For  
16 purposes of this section, a "retired employee" means  
17 retired members of the employees' retirement system;  
18 county pension system; or a police, firefighters, or  
19 bandsmen pension system of the State or a county as  
20 set forth in chapter 88;



- 1           (3) The benefits available under this plan, when combined  
2                   with benefits available under medicare or any other  
3                   coverage or plan to which this plan is subordinate  
4                   under the National Association of Insurance  
5                   Commissioners' coordination of benefit rules, shall  
6                   approximate the benefits that would be provided to a  
7                   similarly situated employee-beneficiary not eligible  
8                   for medicare;
- 9           (4) All employee-beneficiaries or dependent-beneficiaries  
10                   who are eligible to enroll in the medicare part B  
11                   medical insurance plan shall enroll in that plan as a  
12                   condition of receiving contributions and participating  
13                   in benefits plans under this chapter. This paragraph  
14                   shall apply to retired employees, their spouses, and  
15                   the surviving spouses of deceased retirees and  
16                   employees killed in the performance of duty; and
- 17           (5) The board shall determine which of the  
18                   employee-beneficiaries and dependent-beneficiaries,  
19                   who are not enrolled in the medicare part B medical  
20                   insurance plan, may participate in the plans offered  
21                   by the fund."



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

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

6 SECTION 5. This Act shall take effect on July 1, 2050.



**Report Title:**

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

**Description:**

Excludes state and county retired employees hired after June 30,  
2023, and their spouses from receiving Medicare income-related  
monthly adjustment amounts as part of their Medicare Part B  
reimbursement payments. Effective 7/1/2050. (SD2)

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not legislation or evidence of legislative intent.*

