



STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

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ACTING ADMINISTRATOR
SANDRA L. YAHIRO

August 14, 2013

ADDENDUM 1

TO

REQUEST FOR PROPOSALS
NO. 13-001

ACTUARIAL SERVICES FOR OTHER POST EMPLOYMENT BENEFITS

The following are answers to questions received in writing:

| | Question | Answer |
|---|---|--|
| 1 | Have there been any significant changes in plan provisions since the last actuarial valuation? If yes, please provide a brief explanation. | Yes. Please see Act 282, SLH 2013 which is attached. |
| 2 | Is the geographical location of the actuarial firm important in the selection? | No. |
| 3 | During the last two valuation cycles, what were the fees paid for each OPEB actuarial report? | July 1, 2011 report: \$190,000 July 1, 2009 report: \$190,000 July 1, 2007 report: \$305,000 |
| 4 | During the last two valuation cycles, what other projects or studies were completed and what were the fees? | No other projects or studies were completed. |
| 5 | We would be interested in a summary of historical fees paid. | Please see question #3. |
| 6 | Reference: General Conditions (Exhibit A) Is the State willing to negotiate a revision to the scope of Contractor's indemnity obligation in Section 7 such that Contractor would only be responsible for indemnifying the State in instances where the Contractors bad acts/omissions are the cause of such damages? | The State is not willing to revise the general conditions. |

| | | |
|----|---|---|
| 7 | <p>Reference: General Conditions (Exhibit A)</p> <p>Is the State willing to incorporate into the agreement a reasonable, proportional limitation of liability in favor of the Contractor, provided that Contractor's liability for its revised indemnity obligations (as described in Question above) would remain unlimited?</p> | <p>The State is not willing to revise the general conditions.</p> |
| 8 | <p>Reference: General Conditions (Exhibit A)</p> <p>Is the State willing to delete the liquidated damages clause in Section 9, or negotiate a revision to that clause's scope?</p> | <p>The State is not willing to revise the general conditions.</p> |
| 9 | <p>Reference: General Conditions (Exhibit A)</p> <p>Is the State willing to adopt dispute resolution procedures other than those embodied in Section 11 and Section 34?</p> | <p>The State is not willing to revise the general conditions.</p> |
| 10 | <p>Reference: General Conditions (Exhibit A)</p> <p>Is the State willing to negotiate the manner in which intellectual property rights embodied in the work product are allocated between the State and Contractor in Section 26?</p> | <p>The State is not willing to revise the general conditions.</p> |
| 11 | <p>Reference: Business Associate Agreement (Exhibit B)</p> <p>Is the State willing to negotiate revisions to the proposed Business Associate Agreement?</p> | <p>The State is not willing to revise the business associate agreement.</p> |

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:

1 SECTION 1. Section 87A-33, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§87A-33 State and county contributions; retired
4 employees. (a) Notwithstanding any law to the contrary, this
5 section shall apply to state and county contributions to the
6 fund for:

7 (1) The dependent-beneficiary of an employee who is killed
8 in the performance of duty;

9 (2) A dependent-beneficiary, upon the death of the
10 employee-beneficiary, except as provided in section
11 87A-36;

12 (3) An employee-beneficiary who retired after June 30,
13 1984, due to a disability falling within sections
14 88-79 and 88-285;

15 (4) An employee-beneficiary who retired before July 1,
16 1984;

17 (5) An employee-beneficiary who:



- 1 (A) Was hired before July 1, 1996;
- 2 (B) Retired after June 30, 1984; and
- 3 (C) Who has ten years or more of credited service,
- 4 excluding sick leave;
- 5 (6) An employee-beneficiary who:
 - 6 (A) Was hired after June 30, 1996; and
 - 7 (B) Retired with twenty-five or more years of
 - 8 credited service, excluding sick leave, except as
 - 9 provided in section 87A-36; and
- 10 (7) Employees who retired prior to 1961 and their
- 11 dependent-beneficiaries.

12 ~~[(b) Effective July 1, 2003, there is established a base~~
 13 ~~monthly contribution for health benefit plans that the State,~~
 14 ~~through the department of budget and finance, and the counties,~~
 15 ~~through their respective departments of finance, shall pay to~~
 16 ~~the fund, up to the following:~~

- 17 ~~(1) \$218 for each employee beneficiary enrolled in~~
- 18 ~~supplemental medicare self plans;~~
- 19 ~~(2) \$671 for each employee beneficiary enrolled in~~
- 20 ~~supplemental medicare family plans;~~
- 21 ~~(3) \$342 for each employee beneficiary enrolled in non-~~
- 22 ~~medicare self plans; and~~



1 ~~(4) \$928 for each employee beneficiary enrolled in non-~~
2 ~~medicare family plans.~~

3 ~~The monthly contribution by the State or county shall not~~
4 ~~exceed the actual cost of the health benefits plan or plans. If~~
5 ~~both husband and wife are employee beneficiaries, the total~~
6 ~~contribution by the State or county shall not exceed the monthly~~
7 ~~contribution for a supplemental medicare family or non-medicare~~
8 ~~family plan, as appropriate.~~

9 ~~(e)]~~ (b) Effective [July] January 1, [2004,] 2014, there
10 is established a base monthly contribution for health benefit
11 plans that the State, through the department of budget and
12 finance, and the counties, through their respective departments
13 of finance, shall pay to the fund, up to the following:

- 14 (1) [~~\$254~~] \$524.73 for each employee-beneficiary enrolled
15 in supplemental medicare self plans;
- 16 (2) [~~\$787~~] \$1,051.70 for each employee-beneficiary
17 enrolled in supplemental medicare [~~family~~] two-party
18 plans;
- 19 (3) [~~\$412~~] \$1,531.78 for each employee-beneficiary
20 enrolled in [~~non-medicare self~~] supplemental medicare
21 family plans; [~~and~~]



- 1 (4) [~~\$1,089~~] \$736.60 for each employee-beneficiary
- 2 enrolled in non-medicare [~~family~~] self plans[-];
- 3 (5) \$1,484.72 for each employee-beneficiary enrolled in
- 4 non-medicare two-party plans; and
- 5 (6) \$2,173.06 for each employee-beneficiary enrolled in
- 6 non-medicare family plans.

7 The monthly contribution by the State or county shall not
 8 exceed the actual cost of the health benefit plan or plans and
 9 shall not be required to cover increased benefits above those
 10 initially contracted for by the fund for plan year 2004-2005.
 11 If both husband and wife are employee-beneficiaries, the total
 12 contribution by the State or county shall not exceed the monthly
 13 contribution for a supplemental medicare family or non-medicare
 14 family plan, as appropriate.

15 ~~[(d) The base composite monthly contribution shall be~~
 16 ~~adjusted annually, beginning July 1, 2005. The adjusted base~~
 17 ~~composite monthly contribution for each new plan year (July 1~~
 18 ~~until June 30) shall be calculated by increasing or decreasing~~
 19 ~~the base composite monthly contribution in effect through the~~
 20 ~~end of the previous plan year by the percentage increase or~~
 21 ~~decrease in the medicare part B premium rate for those years,~~
 22 ~~which percentage shall be calculated by dividing the medicare~~



1 ~~part B premium rate in effect at the beginning of the new plan~~
2 ~~year by the rate in effect at the beginning of the previous plan~~
3 ~~year.~~

4 ~~For the plan year beginning July 1, 2005, the adjusted base~~
5 ~~monthly contribution shall be computed using the actual~~
6 ~~contracted premium rate as of July 1, 2004, for medicare and~~
7 ~~non-medicare, self and family health benefits plans with the~~
8 ~~highest actual contracted premium rate as of July 1, 2004.~~

9 ~~As used in this subsection, "medicare part B premium rate"~~
10 ~~means the rate published in the Federal Register each year on~~
11 ~~November 1 or on the business day closest to November 1 of each~~
12 ~~year after the medicare part B premium rate has been established~~
13 ~~by the Secretary of Health and Human Services and approved by~~
14 ~~the United States Congress.~~

15 ~~(e)]~~ (c) The base composite monthly contribution shall be
16 adjusted annually, beginning January 1, ~~[2013.]~~ 2015. The
17 adjusted base composite monthly contribution for each new plan
18 year (January 1 until December 31) shall be calculated by
19 increasing or decreasing the base composite monthly contribution
20 in effect through the end of the previous plan year by the
21 percentage increase or decrease in the medicare part B premium
22 rate for those years, which percentage shall be calculated by



1 dividing the medicare part B premium rate in effect at the
2 beginning of the new plan year by the rate in effect at the
3 beginning of the previous plan year.

4 ~~[For the plan year beginning January 1, 2013, the adjusted~~
5 ~~base monthly contribution shall be computed using the base~~
6 ~~composite monthly contribution as of July 1, 2012.]~~

7 As used in this subsection, "medicare part B premium rate"
8 means the rate published in the Federal Register each year on
9 November 1 or on the business day closest to November 1 of each
10 year after the medicare part B premium rate has been established
11 by the United States Secretary of Health and Human Services and
12 approved by the United States Congress.

13 ~~(f)~~ (d) If the board adopts a rate structure that
14 provides for other than self and family rates for the health
15 benefit plans, the base monthly contribution for the rate
16 structure adopted by the board shall be adjusted to provide the
17 equivalent underwriting cost as the base monthly contribution
18 that is provided for in this section."

19 SECTION 2. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

21 SECTION 3. This Act shall take effect on January 1, 2014.

S.B. NO. 867
S.D. 2
H.D. 1
C.D. 1

APPROVED this day of , 2013

GOVERNOR OF THE STATE OF HAWAII