

How Employer and Employee/Retiree Healthcare Premiums are Determined

Active Employee Plans

Employer contributions to healthcare monthly premiums are established by the collective bargaining agreement your employee organization (union) has negotiated with the employers. Each bargaining unit separately negotiates the employer contribution to healthcare premiums for employees in that bargaining unit. Additionally, in accordance with Chapter 89-6(e), Hawaii Revised Statutes each jurisdiction is then able to independently negotiate the contribution for their respective employees' healthcare premiums. Employer healthcare contributions are not subject to arbitration.

Employer contributions for elected/appointed and other excluded employees (bargaining unit 00) are based on executive order.

The employer contribution is currently based on your employer and bargaining unit as follows:

County of Maui Employees

1. 60% of the HMSA PPO 80/20 medical and Royal State National chiropractic plans (which is the most prevalent medical plan)
2. 60% of the Royal State National Supplemental medical and prescription drug plan

All Bargaining Units (BU) at Employers Other Than the County of Maui

1. A set dollar amount described in each respective collective bargaining agreement
2. 60% of the Royal State National Supplemental medical and prescription drug plan

Employees in HSTA VB Plans (Formerly Under the HSTA VEBA)

1. 60% of the EUTF HMSA PPO 75/25 medical plan

All Employees

1. 60% of the CVS Caremark prescription drug plan
2. 60% of the HDS dental plans
3. 60% of the VSP vision plan
4. 100% of the US Able Life insurance plan
5. 60% of EUTF administrative fees

Also note that the HSTA VB and BU 12 groups may have different premiums than the other employees.

Employees of the State and counties are exempt from the provisions of the Hawaii Prepaid Health Care Act of 1974.

Retiree Plans

A common misperception regarding the employer contribution for retiree healthcare premiums is that the employers' contribution is based on a percentage (see below table) of the combined medical, prescription drug, dental and vision premiums. The employers' contribution is actually a percentage of the base monthly contribution (BMC). The BMC was recently reset in Hawaii

Revised Statutes (HRS) 87A-33 as dollar amounts as of January 1, 2014 based on tier level (i.e. single, two-party and family plans) and whether the retiree is non-Medicare or Medicare. The BMC increases (or decreases) at the same rate as Medicare Part B premiums.

The employers' contribution percentage is determined by the retirees' hire date and years of service (HRS 87A-33 to 36). EUTF uses the hire date and years of service as determined by the Employees' Retirement System of the State of Hawaii (ERS).

The following table details the different levels of employer contribution to retiree healthcare premiums as a percentage of the BMC based on hire date and years of service:

| Level | Hire Date and Years of Service (yos) | Employer Contribution %age of BMC |
|--|--|--|
| (1) | Hired prior to 7/1/96 | |
| | < 10 yos | 50% |
| | 10 or more yos | 100% |
| (2) | Hired after 6/30/96 and before 7/1/01 | |
| | < 10 yos | 0% |
| | 10-14 yos | 50% |
| | 15-24 yos | 75% |
| | 25 or more yos | 100% |
| (3) | Hired after 6/30/01 | |
| | Same as level 2 hires but self only coverage | |
| Surviving spouses/partners of retirees step into the place of the retiree as long as they do not enter into another marriage or domestic partnership. For level 3 retirees, the surviving spouse receives ½ of the deceased retiree's benefit. | | |