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.

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

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

Effective Plan Year July 1, 2016 – June 30, 2017
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)

All Bargaining Units (BU) at Employers Other Than the County of Maui
1. A set dollar amount for medical and chiropractic plans as described in each respective collective bargaining agreement

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 Royal State National Supplemental medical and prescription drug plan
2. 60% of the CVS Caremark prescription drug plan
3. 60% of the HDS dental plans
4. 60% of the VSP vision plan
5. 100% of the USAble Life insurance plan
6. 60% of EUTF administrative fees (EUTF administrative fees are waived this plan year)

Effective Plan Year July 1, 2017 – June 30, 2018
The employer contribution is currently based on your bargaining unit as follows:

All Bargaining Units (BU)
1. A set dollar amount for medical, chiropractic and prescription drug plans described in each respective collective bargaining agreement, limited to 84.3% of the premium for these plans.
2. Set dollar amounts for dental, vision and the Royal State National Supplemental medical and prescription drug plans.

*Employees in HSTA VB Plans (Formerly Under the HSTA VEBA)*
1. A set dollar amount for medical, chiropractic, prescription drug and vision plans, limited to 84.3% of the premium for these plans.
2. Set dollar amounts for dental and vision plans.

*All Employees*
1. 100% of the USAble Life insurance plan
2. 60% of EUTF administrative fees (EUTF administrative fees are waived this plan year)

**Effective Plan Year July 1, 2018 – June 30, 2019**
The employer contribution is currently based on your bargaining unit as follows:

*All Bargaining Units (BU)*
1. A set dollar amount for medical, chiropractic and prescription drug plans described in each respective collective bargaining agreement, limited to 84.3% of the premium for these plans.
2. 60% of the HDS dental, VSP vision and Royal State National Supplemental medical and prescription drug plans
3. 100% of the USAble Life insurance plan
4. 60% of EUTF administrative fees (EUTF administrative fees are waived this plan year)

**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:

<table>
<thead>
<tr>
<th>Level</th>
<th>Hire Date and Years of Service (yos)</th>
<th>Employer Contribution %age of BMC</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Hired prior to 7/1/96</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&lt; 10 yos</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>10 or more yos</td>
<td>100%</td>
</tr>
<tr>
<td>(2)</td>
<td>Hired after 6/30/96 and before 7/1/01</td>
<td></td>
</tr>
<tr>
<td>Age Range</td>
<td>Percentage</td>
<td></td>
</tr>
<tr>
<td>-----------------</td>
<td>------------</td>
<td></td>
</tr>
<tr>
<td>&lt; 10 yos</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>10-14 yos</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>15-24 yos</td>
<td>75%</td>
<td></td>
</tr>
<tr>
<td>25+ yos</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>(3) Hired after 6/30/01</td>
<td>Same as level 2 hires but self only coverage</td>
<td></td>
</tr>
</tbody>
</table>

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.