

SECTION 344: MEDICAL PLAN1. General Comments.

- (a) The Hawaii Public Employee Health Fund is a health trust fund established under provisions of the Hawaii Revised Statutes. The purpose of the Fund is to provide employee-beneficiaries and dependent-beneficiaries with a health benefit plan that provides, pays for, arranges for, or reimburses the cost of medical, hospital, and dental services. In addition, the Fund is also used for the purpose of providing group life insurance benefits to employees.
- (b) Eligible employees and annuitants may enroll in one of four available medical plans which have been negotiated under contractual agreements with the carriers -- the Hawaii Medical Service Association (HMSA Plan), the Kaiser Foundation Health Plan, Inc. (Kaiser Plan), the Community Health Program (CHP Plan), and Island Care (Island Care Plan).
- (c) The monthly charges of the medical health plans are shared by contributions made by the employee and the State, while charges for the children's dental plan and the group life insurance are presently borne entirely by the State. The State also finances the monthly contributions of an employee-beneficiary who is a retired employee.
- (d) The monthly share of employee contribution is deducted under the State's payroll system for State employees through a blanket authorization made to the Health Fund. Under the procedure, an employee authorizes the Health Fund to make whatever deduction is necessary to cover required contributions. The authorization form used is the SAFORM D-63.

2. Legal Provisions. The underlying legal base of the Hawaii Public Employees Health Fund is Chapter 87 of the Hawaii Revised Statutes. Section 87-2 of this chapter establishes control by an appointed board, administration through Department of Budget and Finance, and custodianship in the Director of Finance. Sections 87-4 through 87-6 prescribe the contributions required to be made to the Fund by the State and by the employee.

3. Employees Not Eligible Under the Provisions of the Health Fund. Employees determined by the Health Fund not to be eligible for coverage under the legal provisions may negotiate contractual agreements with medical plan carriers; however, approval must be obtained from the State Comptroller for any medical plan payroll deduction payments to a carrier. No contribution is made by the State for these ineligible employees.

SECTION 344: MEDICAL PLAN

4. Forms. The STATE ACCOUNTING FORM D-63, MEDICAL PLAN INSURANCE DEDUCTION AUTHORIZATION (SAFORM D-63) is used to authorize or cancel the amount assigned to a State Medical Plan. Where employees not eligible for coverage under the Health Fund are covered by the medical plan carrier directly, the STATE ACCOUNTING FORM D-60, SALARY ASSIGNMENT/CANCELLATION (SAFORM D-60) is used to report a request for salary assignment or to change or cancel the amount assigned to the carrier. Refer to Part 700, Appendix, for form illustrations and related instructions.
5. Procedures. The General Voluntary Deduction Procedures, as presented in Section 340: VOLUNTARY DEDUCTIONS, are followed in processing medical plan authorizations and cancellations. More specific procedures for the preparation, review, and routing of SAFORM D-63 are described below.
 - (a) Departments.
 - (1) The forms for new authorizations and cancellations are submitted directly to the Health Fund for audit and eligibility review.
 - (b) Health Fund.
 - (1) Upon approval, the SAFORM D-63 is submitted, in accordance with with the prescribed forms submission deadline, to Central Payroll, DAGS, for processing. The forms are sorted alphabetically by employee last name and batched. Cancellations are batched separately from new authorizations.
 - (2) Any contribution increases, decreases, adjustments or cancellations as required by the Health Fund under applicable laws, rules, or regulations are prepared, batched separately from new authorizations and voluntary cancellations, and submitted to Central Payroll, DAGS, with "prepared by Health Fund" stamped in the lower left corner of the form by the Health Fund.
 - (3) The changes prepared by the Health Fund do not require an employee's signature; however, until there can be complete re-execution of the SAFORM D-63 by all employees, all SAFORM D-63 used during the interim must be signed by the employee to authorize the changes.