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GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

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LATE

February 22, 2013

TO: HONORABLE SYLVIA LUKE, CHAIR, HONORABLE SCOTT NISHIMOTO AND HONORABLE AARON JOHANSON, VICE CHAIRS AND MEMBERS OF THE HOUSE COMMITTEE ON FINANCE

SUBJECT: **SUPPORT OF H.B. 1459, HD1, RELATING TO INSURANCE.** Addresses the unfunded liabilities for public employee health benefits without putting down \$500,000,000 per year for the next thirty years. Calls for the formation and implementation of a captive insurance facility to effectively manage the administration and financing of the current and potential future employee benefit obligations of the state and county governments. Establishes the Hawaii employer-union health benefits captive insurance fund, minimum capital and surplus account, and reserve account that holds ten per cent of the unfunded liabilities, which has the effect of fully funding the liabilities. Effective July 1, 2014.

HEARING

DATE: Friday, February 22, 2013
TIME: 3:00 p.m.
PLACE: Conference Room 309

Dear Chair Luke, Vice Chairs Nishimoto and Johanson and Members of the Committee:

The General Contractors Association (GCA) is an organization comprised of over six hundred (600) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 is the largest construction association in the State of Hawaii. The GCA's mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

GCA **supports** H.B. 1459, Relating to Insurance, which proposes to address the unfunded liabilities for public employee health benefits without putting down \$500,000 per year for the next thirty years. The purpose of this bill is to more effectively manage the administration and financing of the current and potential future employee health benefit obligations of the State and county governments by creating the Hawaii Employer-Union Health Benefits company under 19, chapter 431, Hawaii Revised Statutes.

The GCA supports the need for the state to address this critical problem to insure that the public employees are provided with adequate health insurance to insure the future viability of the health fund. Failure to resolve the problem of current unfunded liability in the state's retirement system and the health benefit obligations of the state could jeopardize Hawaii's bond rating and lead to a higher costs to finance future public works. This bill offers a solution to a dire situation now facing our state.

For these reasons, the GCA **supports** H.B. 1459 and respectfully requests that that the Committee pass out the measure.