

**TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR
ON
HOUSE BILL 546, H.D. 2**

March 18, 2013

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

House Bill No. 546, House Draft 2, will establish a task force within the Department of Budget and Finance (Department) for administrative purposes that will examine the unfunded liability of the Hawaii Employer-Union Trust Fund (EUTF).

The Department supports the intent of this bill that will establish this task force, provided that the Legislature also supports the Governor's proposed FB 2013-15 budget that includes approximately \$100 million in each of the next two fiscal years to begin the process of pre-funding the State employer contributions for Other Post Employment Benefits (OPEB). It is imperative for the State to take its first step with regard to the \$100 million in OPEB pre-funding for FY 2014 and FY 2015 and to become accustomed in terms of contributing the full annual required contributions of \$500 million in future fiscal years. It is further suggested that the task force should consider a wider range of issues, in addition to the possible alternative medical benefit plans which are provided in this bill. For example, the task force should explore mechanisms that would best enable the State to meet its annual pre-funding requirements, consider best approaches to ensure a consistent, balanced, and prudent investment return which would increase the corpus of the OPEB funds and possibly lower future contribution requirements and the liability, consider appropriate and feasible new strategies and approaches in the EUTF

benefits design, and possible employee and retiree involvement in wellness and other programs which may result in immediate and longer term benefits for employees, retirees, and employers.

Finally, while we support having county representation on this task force, appointing a member from the Hawaii Council on Mayors and appointing another member from the Hawaii Association of Counties is not reflective of the EUTF's membership. Currently, State employees make up approximately 76% of EUTF's participants. We respectfully ask that the Governor to have the discretion in considering the making of appointments that would represent the interests of the counties.

WRITTEN ONLY

TESTIMONY BY SANDRA YAHIRO
ACTING ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR
ON
HOUSE BILL NO. 546, H.D. 2

March 18, 2013, 10:00 a.m.

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND.

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees (Board) met on February 26, 2013 to review and discuss House Bill No. 546, HD1. The Board supports the intent of this bill that will establish a task force to examine the Other Post Employment Benefits (OPEB) unfunded liability.

The Board would also like to inform the Committee on Judiciary and Labor that the EUTF Board's Benefits sub-committee will be meeting on April 10, 2013 to discuss the OPEB unfunded liability.

Thank you for the opportunity to submit testimony.

DEPARTMENT OF HUMAN RESOURCES
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 10th Floor
HONOLULU, HAWAII 96813

KIRK CALDWELL
MAYOR



CAROLEE C. KUBO
DIRECTOR DESIGNATE
NOEL T. ONG
ASSISTANT DIRECTOR

March 18, 2013

The Honorable Clayton Hee, Chair
and Members of the Committee
on Judiciary and Labor
State Senate
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Hee and Members of the Committee:

Subject: Testimony on H.B. 546 H.D. 2, Relating to the Hawaii
Employer-Union Health Benefits Trust Fund

The Department of Human Resources submits the following testimony in support of H.B. 546, H.D. 2, which convenes a task force in the Department of Budget and Finance to examine the unfunded liability of the Hawaii Employer-Union Health Benefits Trust Fund ("EUTF").

The EUTF administers and implements health and other benefit plans for state and county employees. In this role, it decides which health and other benefits will be provided to public employees and retirees. Through its negotiations with insurance companies and benefit providers, it also determines the cost of the benefit packages to public employers. Thus, the EUTF affects public employers in two ways: 1) through the benefits which affect the health and morale of employees and retirees; and 2) the cost of the benefits package which affects government budgets, both immediately and over the long term.

We note that the current draft of the bill includes one county representative selected by the Hawaii Council of Mayors and one member selected by the Hawaii State Association of Counties. As a major public employer and contributor to the EUTF, we feel it is critical that the counties be involved in future discussions on the unfunded liability. We sincerely appreciate the opportunity to be a part of the task force.

Thank you for the opportunity to testify.

Sincerely,


Carolee C. Kubo
Director Designate

Senate Committee on Judiciary and Labor
Senator Clayton Hee, Chair
Senator Maile S. Shimabukuro, Vice Chair

Monday, March 18, 2013
10:00 a.m.
Conference Room 016
State Capitol 415 South Beretania Street

Testimony in support of: HB546 HD2 RELATING TO THE HAWAII
EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

My name is Yvonne (Linda) Tavares, HSTA-R (Hawaii State Teachers Association-Retired), and I am in strong support of HB546 HD2, which establishes the Hawaii Employer-Union Health Benefits Trust Fund Task Force, which will examine the unfunded liability of the Hawaii Employer-Union Health Benefits Trust Fund.

Health benefit is always a concern for retirees, so a bill creating a Task Force to examine the unfunded liabilities of the EUTF and possibly the underlying reasons for the unfunded liability is very welcome.

I would like to propose an amendment to the bill that would add a state public employee retiree to the Task Force because any recommendations that come from the Task Force and which are acted on by the legislature would also have an impact on retirees.

In order not to expand the Task Force members to 13 members, I would like to amend the bill by also removing the State's chief negotiator or his designee from the Task Force.

Thank you for giving me the opportunity to provide testimony on HB546 HD2.

Yvonne (Linda) Tavares
1st Vice President, HSTA-R

Testimony Before The Senate Committee on
Judiciary and Labor
March 18, 2013

RE: H.B. 546, HD2: Relating to the Hawaii Employer-Union Health Benefits Trust Fund

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) is indeed broken and needs to be fixed. Thankfully, H.B. 546, HD2 establishes a task force to examine the unfunded liability of EUTF and to address other costs and benefits of health care for its members, both actives and retirees.

As a retiree and EUTF participant, I support H.B. 546, HD2. I would however like to offer the following suggestions:

1) exclude the state's chief negotiator or his designee on the task force. The chief negotiator belongs at the bargaining table, period. Noting that the health benefits are negotiable, changes suggested by the task force should not give the appearance that suggestions were made to accommodate the state negotiator's role.

2) add a retiree on the task force. The participation of a responsible retiree can offer valuable input in addressing costs, benefits and services or the lack thereof of their health plans.

Mr. Chairman and members of the committee, thank you for the opportunity to testify on HB546, HD2. I hope you will give serious consideration to my suggestions.

Sincerely,

Odetta Fujimori

Senate Committee on Judiciary and Labor
Senator Clayton Hee, Chair
Senator Maile S. Shimabukuro, Vice Chair

Monday, March 18, 2013
10:00 a.m. Conference Room 016
State Capitol 415 South Beretania Street
Honolulu, HI 96813

Testimony in support of: HB546 HD2 RELATING TO THE HAWAII EMPLOYER-UNION
HEALTH BENEFITS TRUST FUND

Chair Hee, Vice Chair Shimabukuro and members of the Committee,

My name is Beverly Gotelli a retired public school teacher and a member of the Hawaii State Teachers Association Retired. I along with my colleagues are concerned about the Hawaii Employer-Union Health Benefits Trust Fund.

I am in strong support of HB546 HD2, which establishes the Hawaii Employer-Union Health Benefits Trust Fund Task Force, which will examine the unfunded liability of the Hawaii Employer-Union Health Benefits Trust Fund.

As retirees health benefits are always a concern to us, this bill will be creating a Task Force to examine the unfunded liabilities of the EUTF and possibly the underlying reasons for the unfunded liability is very welcomed.

I would like to propose an amendment to the bill that would add a state public employee retiree to the Task Force because any recommendation that comes from the Task Force and which are acted on by the legislature would also have an impact on retirees.

I would further like to amend the bill by also removing the State's chief negotiator or his designee from the Task Force. I do not believe it is in the best interest of all who are coming to look at how to best address the unfunded liability.

Thank you for the opportunity to present testimony in support of HB 546 HD 2

Beverly A. Gotelli
HSTA-Retired

Testimony
The Senate Committee on Judiciary and Labor
March 18, 2013

To: Senator Clayton Hee and other members of the Judiciary & Labor Committee

Fr: Donna Higashi, a retiree

Re: HB546, HD2: Relating to the Hawaii Employer-Union Health Benefits Trust Fund

I was a public school teacher for 32 years before retiring in 2002 and have had my health benefit carriers changed several times including HSTA VEBA Trust, Hawaii Public Employees Health Fund, and now the Employer-Union Health Benefits Trust Fund.

I am very grateful for the benefits I now receive as a retiree.

However, to be proactive it is a good that EUTF needs to be examined thoroughly and with HB546, HD2's establishment of a task force, we can get a better understanding about the EUTF's unfunded liability as well as look at costs and benefits for all of its public employee members (active and retired).

I strongly support HB546, HD2. Thank you for this opportunity to testify.

hee2 - Kathleen

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 17, 2013 3:39 PM
To: JDLTestimony
Cc: 398ckt@gmail.com
Subject: Submitted testimony for HB546 on Mar 18, 2013 10:00AM

HB546

Submitted on: 3/17/2013

Testimony for JDL on Mar 18, 2013 10:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Carole Tsutsumi	Individual	Support	No

Comments: I am in support of this bill, but would like to have it amended to include a state retiree to this task force. Retirees will be directly affected by this measure and should have a voice in the examination of the unfunded liability of the health benefits trust fund.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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hee2 - Kathleen

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 17, 2013 10:48 AM
To: JDLTestimony
Cc: stephenono@hotmail.com
Subject: Submitted testimony for HB546 on Mar 18, 2013 10:00AM

HB546

Submitted on: 3/17/2013

Testimony for JDL on Mar 18, 2013 10:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
STEPHEN ONO	Individual	Comments Only	No

Comments: To members of the Senate Judiciary Committee, As a retiree, I am concerned about the proposed make up the Task Force members. It appears that the proposed members of the Task Force "favors" the Executive Branch by the inclusion of the Negotiator as part of the Task Force. It appears to me that the Negotiator as a member would have undue influence of the recommendation of the Task Force in their proposal of policy changes. As a negotiator, he should be guided by policies created by an outside group and not hide behind policies that he helped create. I believe that this is in direct conflict of his role as one who helps seek compromise and understanding of policies without influencing the write up of his jog description. Also, as a retiree, I am concerned that the members of the task force do not have a representative of the recipients of this program. Would it not be "proper" to have a task force member who can share in the discussion of the consequences of their policy recommendations?? I would recommend that Negotiator's position should be replaced with a retiree. Thank You for this opportunity to express my concerns. Sincerely, Stephen Ono 819 Kaumana Drive Hilo, Hawaii 96720 (808)7561658

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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