

MAR 14 2007

## SENATE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A STUDY ON THE IMPACT OF  
VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION TRUSTS ON  
PUBLIC EMPLOYEES AND EMPLOYERS AND TO PROVIDE A BASIS FOR  
THE LEGISLATURE TO DECIDE WHETHER TO EXTEND ACT 245,  
SESSION LAWS OF HAWAII 2005.

1 WHEREAS, to safeguard the strength of the public employees'  
2 health benefits system, the Legislature passed Act 88, Session  
3 Laws of Hawaii 2001, which created the Hawaii Employer-Union  
4 Health Benefits Trust Fund; and

5  
6 WHEREAS, the purpose of enacting Act 88, Session Laws of  
7 Hawaii 2001, was "to establish a single health benefits delivery  
8 system for State and county employees, retirees, and their  
9 dependents," to assure the solvency of the Hawaii Employer-Union  
10 Health Benefits Trust Fund, and to address the spiraling costs  
11 of health benefits for public employees and retirees; and

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13 WHEREAS, Act 88, Session Laws of Hawaii 2001, codified in  
14 part as chapter 87A, Hawaii Revised Statutes, mandates the  
15 Hawaii Employer-Union Health Benefits Trust Fund Board of  
16 Trustees to carry out several specific purposes and states that  
17 "health and other benefit costs shall be provided at a cost that  
18 is affordable to both public employers and the public  
19 employees"; and

20  
21 WHEREAS, since the effective date of Act 88, Session Laws  
22 of Hawaii 2001, the Hawaii Employer-Union Health Benefits Trust  
23 Fund has succeeded in providing health benefits to public  
24 employees and retirees through a single delivery system and has  
25 met its mandate of keeping costs affordable for both employees  
26 and employers; and

27  
28 WHEREAS, Act 245, Session Laws of Hawaii 2005, authorized  
29 exclusive representatives to establish and implement Voluntary



1 Employees' Beneficiary Association Trusts for bargaining unit  
2 members; and  
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4 WHEREAS, effective March 1, 2006, the Hawaii State Teachers  
5 Association implemented its Voluntary Employees' Beneficiary  
6 Association Trust for members of bargaining unit 5 and no other  
7 exclusive representatives have implemented a Voluntary  
8 Employees' Beneficiary Association Trust as of March 12, 2007;  
9 and  
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11 WHEREAS, bargaining unit 5 members who retired on or after  
12 March 1, 2006, receive retiree health benefits through the  
13 Hawaii State Teachers Association's Voluntary Employees'  
14 Beneficiary Association Trust; and  
15

16 WHEREAS, retirees covered by the Hawaii Employer-Union  
17 Health Benefits Trust Fund who were members of bargaining unit 5  
18 immediately prior to their retirement and who retired prior to  
19 March 1, 2006, were offered a one-time option, pursuant to Act  
20 245, Session Laws of Hawaii 2005, to leave the Hawaii Employer-  
21 Union Health Benefits Trust Fund and obtain health benefits  
22 through the Hawaii State Teachers Association's Voluntary  
23 Employees' Beneficiary Association Trust; and  
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25 WHEREAS, proponents of Voluntary Employees' Beneficiary  
26 Association Trusts claim that by having a smaller consumer pool  
27 and tailor-made benefit packages, health care costs can be  
28 better controlled; and  
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30 WHEREAS, by maintaining both the recently created Hawaii  
31 Employer-Union Health Benefits Trust Fund and Voluntary  
32 Employees' Beneficiary Association Trusts, duplication of  
33 administrative services may occur, creating additional costs for  
34 the State; and  
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36 WHEREAS, Act 245, Session Laws of Hawaii 2005, was  
37 established as a pilot test of the feasibility of whether it may  
38 be cost-effective for the State and beneficial to public  
39 employees to provide health benefits through union-sponsored  
40 Voluntary Employees' Beneficiary Association Trusts; and  
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42 WHEREAS, Act 245, Session Laws of Hawaii 2005, will expire  
43 on June 30, 2008, unless extended or made permanent by the  
44 Legislature; and



1 WHEREAS, in order for the Legislature to make a sound  
2 determination regarding whether or not to extend or make  
3 permanent Act 245, Session Laws of Hawaii 2005, the Legislature  
4 requires data, along with independent study and analysis of that  
5 data, regarding all aspects of the impact of Act 245 and the  
6 possible impact of additional Voluntary Employees' Beneficiary  
7 Association Trusts, if the Legislature extends or makes  
8 permanent Act 245; now, therefore,  
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10 BE IT RESOLVED by the Senate of the Twenty-fourth  
11 Legislature of the State of Hawaii, Regular Session of 2007, the  
12 House of Representatives concurring, that the Auditor is  
13 requested to conduct a comprehensive study on the results and  
14 impact of Act 245, Session Laws of Hawaii 2005, to determine its  
15 impact on:  
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- 17 (1) Hawaii State Teachers Association members and  
18 retirees;
- 19  
20 (2) Members and retirees of other bargaining units who  
21 have remained with the Hawaii Employer-Union Health  
22 Benefits Trust Fund;
- 23  
24 (3) Public employers;
- 25  
26 (4) The operations and finances of the Hawaii Employer-  
27 Union Health Benefits Trust Fund;
- 28  
29 (5) Public employees who would be ineligible to join a  
30 Voluntary Employees' Beneficiary Association Trust due  
31 to their lack of membership in a public sector union;  
32 and
- 33  
34 (6) Any other persons or areas that may be identified by  
35 the Auditor; and  
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37 BE IT FURTHER RESOLVED that the Auditor is requested to  
38 conduct the study on both a historical and a prospective basis,  
39 including what would be the future financial viability of the  
40 Hawaii Employer-Union Health Benefits Trust Fund if Act 245,  
41 Session Laws of Hawaii 2005, were to become permanent and more  
42 unions were to establish Voluntary Employees' Beneficiary  
43 Association Trusts; and  
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1 BE IT FURTHER RESOLVED that the Auditor is requested to  
2 study the impact of Voluntary Employees' Beneficiary Association  
3 Trusts on compliance with Governmental Accounting Standards  
4 Board Statement Numbers 43 and 45 and the possibility of  
5 employers pre-funding retiree health benefit costs; and  
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7 BE IT FURTHER RESOLVED that the Auditor is requested to  
8 include in its report the ramifications of the coexistence of  
9 both a Voluntary Employees' Beneficiary Association Trust and  
10 the Hawaii Employer-Union Health Benefits Trust Fund and a  
11 determination of whether such coexistence is a feasible option;  
12 and  
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14 BE IT FURTHER RESOLVED that in conducting the study, the  
15 Auditor is requested to seek the views of the Administrator and  
16 the Board of Trustees of the Hawaii Employer-Union Health  
17 Benefits Trust Fund, the Department of Budget and Finance, other  
18 departments, the counties, the Hawaii State Teachers  
19 Association, the Administrator of the Voluntary Employees'  
20 Beneficiary Association Trust for the Hawaii State Teachers  
21 Association, other exclusive representatives, public employee  
22 retiree organizations, and other parties who may be  
23 knowledgeable about or impacted by Voluntary Employees'  
24 Beneficiary Association Trusts; and  
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26 BE IT FURTHER RESOLVED that the Auditor submit its report,  
27 findings, and recommendations to the Legislature no later than  
28 twenty days prior to the convening of the Regular Session of  
29 2008; and  
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31 BE IT FURTHER RESOLVED that certified copies of this  
32 Concurrent Resolution be transmitted to the Auditor, the Chair  
33 of the Board of Trustees of the Hawaii Employer-Union Health  
34 Benefits Trust Fund, the Administrator of the Hawaii Employer-  
35 Union Health Benefits Trust Fund, the Director of Finance, and  
36 the President of the Hawaii State Teachers Association.  
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39

OFFERED BY:

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*Russell K. K.*  
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