

STAND. COM. REP. NO. 1526

Honolulu, Hawaii

March 29, 2007

RE: H.R. No. 56

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.R. No. 56 entitled:

"HOUSE RESOLUTION REQUESTING THE AUDITOR TO CONDUCT A STUDY ON VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATIONS TO DETERMINE THEIR FEASIBILITY AS VIABLE HEALTH INSURANCE PLANS FOR PUBLIC EMPLOYEES, RETIREES, AND THEIR DEPENDENTS,"

begs leave to report as follows:

The purpose of this measure is to request the Auditor to conduct a study on Voluntary Employees' Beneficiary Associations (VEBA) in order to determine whether they are feasible, cost-effective health insurance plans for public employees, retirees, and their dependents. Specifically, this resolution requests that the study examine the VEBA currently operated by the Hawaii State Teachers Association (HSTA), and whether the establishment of VEBAs by the State for its other bargaining units would be beneficial.

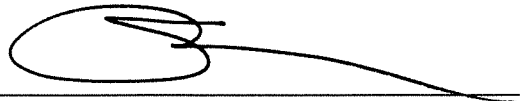
The Department of Budget and Finance and the Hawaii State Teachers Association testified in support of this measure. The Hawaii Employer-Union Health Benefits Trust Fund supported the intent of this measure.

Your committee finds that rising health care costs, inflation, and an aging population are impacting the State's fiscal ability to provide health benefits to its active and retired public employees, and their dependents. The Hawaii Employer-Union Health Benefits Trust Fund was established with the

goal of obtaining insurance coverage at lower rates, while ensuring benefits equal to or better than the community standard. VEBAs are an alternative means of providing medical and other benefits to its members, and HSTA currently holds a VEBA trust for some of its members and their dependents. Your committee finds it prudent to compare the two systems in order to ascertain the costs and benefits of each system, and whether or not the State would benefit from VEBAs as an alternative to the Employer-Union Health Benefits Trust Fund.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 56 and recommends that it be referred to the Committee on Education.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



ALEX M. SONSON, Chair

