

STAND. COM. REP. NO.

1461

Honolulu, Hawaii

APR 03 2007

RE: H.B. No. 1294

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 1294 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND,"

begs leave to report as follows:

The purpose of this measure is to require the Board of Trustees of the Employer-Union Health Benefits Trust Fund to adjust the base monthly contribution for retiree health benefit plans in accordance with a change in the rate structure.

Specifically, this measure authorizes the Board of Trustees to change the rate structure to provide for other than self and family rates. However, the measure then requires the Board of Trustees to accordingly adjust the base monthly contributions to maintain the same underwriting cost as that incurred under the rate structure that provide for self and family rates.

Your Committee received comments in support of the measure from the Employer-Union Health Benefits Trust Fund and the Department of Budget and Finance.

Your Committee finds that this measure will accommodate the three tier rate structure that has recently been adopted by the Board of Trustees. The present rate structure in the law is comprised of two tiers, one for single rates and one for family rates. This measure will change the present law so that it will accommodate a third tier for two-party rates. Your Committee further finds that this measure will align employer and retiree



contributions more closely with the size of a retiree's family, and is cost neutral.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1294, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



ROSALYN H. BAKER, Chair



