
A BILL FOR AN ACT

RELATING TO HEALTH.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Act 245, Session Laws of Hawaii 2005, as
2 amended by Act 294, Session Laws of Hawaii 2007, is amended as
3 follows:

4 1. By amending section 1 to read:

5 "SECTION 1. The purpose of this Act is to allow for the
6 [~~temporary~~] establishment of an employee organization sponsored
7 trust that would provide health benefits for state and county
8 employees of a particular bargaining unit, as well as future
9 retirees of that bargaining unit and existing retirees who wish
10 to participate in such a trust. The trust would be established
11 as a voluntary employees' beneficiary association (VEBA) trust
12 pursuant to section 501(c)(9) of the Internal Revenue Code of
13 1986, as amended. The trust would be funded by employer
14 contributions negotiated pursuant to a collective bargaining
15 agreement and employee contributions to be determined by the
16 trust's board of trustees for active employees. The Act imposes
17 on the trust all of the standards and requirements of the



1 Employee Retirement Income Security Act of 1974, as amended
2 (ERISA). Even if the trust is deemed to be a governmental plan
3 exempt from ERISA, the legislative intent is that the trust must
4 comply with the standards and requirements of ERISA as a matter
5 of state law and that such shall be enforced by the attorney
6 general, as well as participants, beneficiaries, and fiduciaries
7 of the plan or plans established by the trust.

8 This Act also provides for retiree coverage for any
9 employee who retires from the State or the counties who was a
10 member of an employee organization that establishes a VEBA trust
11 pursuant to a collective bargaining agreement effective on or
12 after July 1, 2005. Existing retirees who are members of an
13 employee organization and who were previously covered by a
14 collective bargaining agreement will be provided [~~a one-time~~]
15 the opportunity to join the VEBA trust once established.

16 Retiree coverage for existing retirees provided by an employee
17 organization's VEBA trust would be funded by employer
18 contributions made directly to the VEBA trust by the employer.

19 The [~~requirement of establishing~~] establishment of a VEBA
20 trust [~~in order to be~~] that is exempt from participation in the
21 Hawaii employer-union health benefits trust fund is intended to
22 be a cost containment measure in response to the ever-increasing



1 costs of health care throughout the [~~State. However, because of~~
2 ~~the lack of data available on the impact of a VEBA trust on the~~
3 ~~Hawaii employer-union health benefits trust fund, this]~~ state.
4 This Act [~~would allow~~] authorizes the establishment of [~~a~~] VEBA
5 [~~trust pilot program for a period of three years. During this~~
6 ~~period, a thorough analysis of the costs and benefits of a VEBA~~
7 ~~trust can be evaluated against the Hawaii employer-union health~~
8 ~~benefits trust fund to determine what actual savings could be~~
9 ~~realized by the State through this mechanism.] trusts by public
10 employee organizations."~~

11 2. By amending section -9(b) in the new chapter added by
12 section 2 to read:

13 "(b) Any retiree who, immediately prior to retirement, was
14 a member of an employee organization prior to the establishment
15 of a voluntary employees' beneficiary association trust by the
16 employee organization, and who was previously covered by a
17 collective bargaining agreement, shall be given a one-time
18 option to transfer participation from the Hawaii employer-union
19 health benefits trust fund established under chapter 87A to the
20 organization's voluntary employees' beneficiary association
21 trust once the latter is established[-]; provided that any
22 retiree who, prior to July 1, 2008, declined the option to



1 transfer from participation in the Hawaii employer-union health
2 benefits trust fund to the organization's voluntary employees'
3 beneficiary association trust shall be given a final one-time
4 option to transfer participation. Upon the establishment of the
5 voluntary employees' beneficiary association trust, the State,
6 through the department of budget and finance and the counties,
7 through their respective departments of finance, shall pay to
8 the trust for each retiree who opts to transfer into a voluntary
9 employees' beneficiary association trust, a monthly contribution
10 equal to the contribution paid on behalf of a similarly situated
11 retiree under the Hawaii employer-union health benefits trust
12 fund."

13 3. By amending section 8 to read:

14 "SECTION 8. This Act shall take effect upon its approval,
15 for the purpose of establishing a voluntary employees'
16 beneficiary association trust [~~pilot~~] program in March, 2006
17 [~~and shall be repealed on July 1, 2009; provided that sections~~
18 ~~89-2, 89-3, 89-6, and 89-9, Hawaii Revised Statutes, are~~
19 ~~reenacted in the form in which they read on the day before the~~
20 ~~effective date of this Act]."~~

21 SECTION 2. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.



1 SECTION 3. This Act shall take effect on July 1, 2059.



Report Title:

VEBA Trusts; Bargaining Unit 5; Repeal Sunset

Description:

Repeals the sunset date for voluntary employees' beneficiary association trusts pilot program established pursuant to Act 245, Session Laws of Hawaii 2005, as amended. Amends the voluntary employees' beneficiary association trust law to reflect permanent nature of the program. Effective 07/01/2059.
(HB2481 HD1)

