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# 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 by  
3 amending section 2 to read as follows:

4           "SECTION 2. Act 245, Session Laws of Hawaii 2005, is  
5 amended by amending section 8 to read as follows:

6           SECTION 8. This Act shall take effect upon its approval,  
7 for the purpose of establishing a voluntary employees'  
8 beneficiary association trust pilot program in March, 2006 and  
9 shall be repealed on July 1, [~~2009~~] 2010; provided that  
10 sections 89-2, 89-3, 89-6, and 89-9, Hawaii Revised Statutes,  
11 are reenacted in the form in which they read on the day before  
12 the effective date of this Act."

13           SECTION 2. (a) The board of trustees of the Hawaii  
14 employer-union health benefits trust fund shall conduct a  
15 certified independent financial audit of the Hawaii employer-  
16 union health benefits trust fund, pursuant to section 87A-24(7),  
17 Hawaii Revised Statutes, to cover the Hawaii State Teachers



1 Association, retirees, employees, and employee-beneficiaries who  
2 have remained with the Hawaii employer-union health benefits  
3 trust fund whether in a bargaining unit or excluded from one,  
4 including the State and counties as the employer. The  
5 independent auditor shall consult with the state auditor for  
6 purposes of the audit to obtain the necessary information for  
7 purposes of subsection (b). The audit shall be completed no  
8 later than July 1, 2010. The findings and recommendations,  
9 including but not limited to methodology and actuarial  
10 assumptions, shall be presented to the State auditor for review.

11 (b) Based upon the independent financial audit under  
12 subsection (a), the state auditor shall make findings and  
13 recommendations concerning:

- 14 (1) The benefit cost for each benefit plan, including  
15 medical, drug, dental, and vision coverage; and  
16 (2) Administrative cost for the Hawaii employer-union  
17 health benefits trust fund for the plan years July 1,  
18 2006 to June 30, 2007, July 1, 2007 to June 30, 2008,  
19 July 1, 2008 to June 30, 2009, and July 1, 2009 to  
20 June 30, 2010.

21 (c) The audit shall include an actuarial certification, to  
22 be made by the independent auditor contracted under subsection



1 (a), of the benefit cost for each benefit plan, including  
2 medical, drug, dental, and vision, and administrative costs.

3 (d) Based upon the independent financial audit conducted  
4 under subsection (a), the state auditor shall make separate  
5 findings and recommendations for the Hawaii State Teachers  
6 Association voluntary employees' beneficiary association trust  
7 for the plan years July 1, 2006 to June 30, 2007, July 1, 2007 to  
8 June 30, 2008, July 1, 2008 to June 30, 2009, and July 1, 2009 to  
9 June 30, 2010, in the same manner as set forth under subsections  
10 (a), (b), and (c).

11 (e) Separate from the independent financial audit, the  
12 state auditor shall conduct a managerial audit of the Hawaii  
13 employer-union health benefits trust fund.

14 (f) The state auditor shall submit a report of findings and  
15 recommendations to the legislature no later than December 6,  
16 2010.

17 SECTION 3. The board of trustees of the Hawaii  
18 employer-union health benefits trust fund and the board of  
19 trustees of the Hawaii State Teachers Association voluntary  
20 employees' beneficiary association trust shall take all necessary  
21 and appropriate actions to assist the state auditor for purposes  
22 of this Act.



1           SECTION 4. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.  
3           SECTION 5. This Act shall take effect upon its approval.



S.B. NO. 2262  
S.D. 1  
H.D. 2  
C.D. 1

**Report Title:**

VEBA Trusts; Sunset Extension; State Auditor Study

**Description:**

Extends the sunset date to July 1, 2010 for the voluntary employees' beneficiary association trust pilot program established pursuant to Act 245, Session Laws of Hawaii 2005, as amended. Requires the state auditor to conduct an analysis of the cost and financial impact of Act 245, Session Laws of Hawaii 2005, and to report to the legislature by December 6, 2010.

(CD1)

