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Roger K. Takabayashi
President

Wil Okabe
Vice President

Karolyn Mossman
Secretary-Treasurer

Mike McCartney
Executive Director

TESTIMONY BEFORE THE HOUSE COMMITTEE ON
FINANCE

RE: HB 2481, HD1 – RELATING TO HEALTH.

February 26, 2008

ROGER TAKABAYASHI, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Oshiro and Members of the Committee:

The Hawaii State Teachers Association supports HB 2481, HD1, which repeals the sunset date of Act 245, SLH 2005, as amended, and provides for the permanent establishment of voluntary employees' beneficiary association (VEBA) trusts to offer health benefits for state and county employees. The intent of the VEBA trust is to provide a cost effective alternative to participation in the Hawaii Employer-Union Health Benefits Trust Fund for employees of a particular bargaining unit.

The HSTA VEBA Trust has provided medical benefits for our active members and retirees since March 1, 2006 under a pilot program that is scheduled to expire on July 1, 2009. The Trust completed its first full plan year for active members on June 30, 2007 and recently submitted financial and utilization reports covering the first 16 months of operation to the Director of Budget and Finance, the Speaker of the House, and the Senate President. These reports indicate that the actual employer savings is \$2.1 million for the period March 1, 2006 through June 30, 2006 based on employer contributions and experience refund, and \$661,000 for the period July 1, 2006 through June 30, 2007 based on employer contributions. An experience refund, estimated to be \$2.3 million for the period July 1, 2006 through June 30, 2007, will be realized 60 days after June 30, 2008. In addition, there will also be a refund of \$313,000 based on the life insurance experience.

The Hawaii State Teachers Association believes that the VEBA trust provides an effective means of containing healthcare costs for its members and the State of Hawaii. We respectfully request your favorable consideration of HB 2481, HD1.

Thank you for this opportunity to testify in support of this measure.

TESTIMONY BEFORE THE HOUSE COMMITTEE ON
FINANCE

RE: HB 2481, HD 1 – RELATING TO HEALTH

February 26, 2008

MAURICE MORITA
HAWAII STATE TEACHERS ASSOCIATION

Chair Oshiro and Members of the Committee:

I wanted to share my comments I presented to the Senate Judiciary and Labor Committee last week.

Chair Taniguchi asked me to put my comments in writing at the Hearing held on Thursday, Feb. 14, 2008, in Room 016.

The State Senate and the AG Office when they first crafted this VEBA Trust bill did a good job to protect the Employer as well as the Members of the HSTA.

The Legislature does not need to extend Act 245 because of the following:

THE ISSUE ON VEBA TRUST PERMANENCY:

- *Do we need to be extended? No, because the VEBA Trust will exist every two years via collective bargaining. It is not “permanent” as some may think it will be.*
- *VEBA Trust is negotiated by collective bargaining every two years. If the HSTA or the Employer does not want to continue with VEBA Trust, the current law states if VEBA Trust ceases to exist, all members will be return to the EUTF.*
- *The purpose of VEBA Trust is to save the Employer as well as the Members money. If the VEBA Trust cost more than the EUTF, why would HSTA want to continue with their VEBA Trust if our members cost would be less for health benefits with the EUTF.*
- *If there is any wrong doings by the VEBA Trust, the law gives the Attorney General to investigate any allegations and could in essence, close down the VEBA Trust.*

THE ISSUE OTHER PUBLIC EMPLOYEES UNIONS WILL FORM A VEBA TRUST:

- *When Senator Hee, Chair of the Judiciary and Labor, extended the VEBA Trust to 2009, it also stated one must have a VEBA Trust as of March 1, 2007. In essence,*

this closed the doors for other public employees unions to form a VEBA Trust. Only UPW has a VEBA Trust like HSTA, but the Attorney General ruled that UPW will need to form a VEBA Trust with every unit they represent and could not put them into one trust with other collective bargaining units. UPW also represents private and public employees and would have to deal with the Taft-Hartley that deals with health trusts in the private sector.

- *If any other public employee wants to form a VEBA Trust, they must amend the law to allow them to form a VEBA Trust.*

THE ISSUE ON POLICY TO HAVE A SINGLE HEALTH PLAN FOR ALL STATE AND COUNTY EMPLOYEES:

- *The EUTF Trustees allowed SHOPO to be separated from the other four public employees unions in the EUTF (HGEA; UPW; UHPA & the FireFighters). The reason SHOPO used was to help attract and retain its police officers because their rates are better if they stand alone.*
- *This is the same issue HSTA has, to attract and retain public school teachers, we must provide our members with cost savings in the health benefit plans.*
- *The Employer will benefit from the VEBA Trust savings (the difference between the EUTF cost vs. the VEBA Trust cost). We have reimbursed the Employer \$1.2 million for the first four months of our plan year (March 1, 2006 to June 30, 2006). I am attaching copies of the checks given to Budget and Finance.*
- *Our VEBA Trust Consultant "estimates" we will return approximately \$2.3 million for the first full plan year from July 1, 2006 to June 30, 2007.*

THE ISSUE ON THE RETIREES:

- *The VEBA Trust has always welcomed retirees into the VEBA Trust. As of March 1, 2006, any member who retires from that date on will automatically be in the VEBA Trust.*
- *Why we enrolled only approximately 1,000 of the current retirees? Because it's a "pilot" for two or three years, the current retirees don't want to sign up for a plan for only two years. If the sunset is lifted, the bill asks to give the current retirees another one time option to join the VEBA Trust.*
- *What about the cap for retirees? The VEBA Trustees as well as the EUTF Trustees have the fiduciary responsibility to one of the following options:*
 1. *Have the benefits adjusted to equal the cap (it may mean less benefits)*
 2. *Keep the same benefits but if the cost is higher than the cap, the retiree pays the difference.*
- *Would the VEBA Trust have the retirees pay the difference? The VEBA Trustees will have to make the determination as to what will done. The VEBA Trustees are made up of two retirees, and the rest are active members of HSTA.*

THE ISSUE OF COMPETITION FOR THE EUTF:

- *The EUTF have experience better rates for their members because of the competition when VEBA Trust was implemented on March 1, 2006.*
- *The EUTF have approximately \$160 millions in their reserves from cost savings, so how can one say the VEBA Trust have cost the EUTF more. The EUTF have saved money to its Members as well as to the Employer because of “competition.”*
- *Why do we need competition? As everyone knows, we have only one “Fee for Service” health carrier that can handle a large group, HMSA. Without competition, HMSA costs would have rise for the EUTF, instead, the cost have gone down because of competition from the VEBA Trust.*

Thank you for the opportunity for me to add my comments to our testimony.

TESTIMONY BY JIM WILLIAMS
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL 2481, HD 1

3:30 P.M., February 26, 2008
(Agenda #6)

RELATING TO HEALTH

Chairperson Oshiro and Members of the Committee:

My name is Jim Williams, and I am Administrator of the Hawaii Employer-Union Health Benefits Trust Fund (also known as the EUTF). Thank you for this opportunity to present this testimony in opposition to House Bill 2481, HD 1.

The EUTF provides health and life insurance benefits to approximately 91,000 public employees and retirees (54,000 actives and 37,000 retirees). EUTF is governed by a ten-member Board of Trustees.

This bill revises Act 245 (SLH 2005) to repeal the sunset date and make the act permanent. The EUTF Board of Trustees, at its meeting of January 30, 2007, voted unanimously (with nine Trustees present) to oppose this bill.

The EUTF opposes this bill because the Trustees believe that the EUTF can best provide health benefits for public employees and retirees and that VEBAs adversely affect the EUTF. Attached is testimony presented last session by the Chair of the Board of Trustees to the Senate Committee on Judiciary and Labor at an informational briefing on February 27, 2007 that summarizes the accomplishments of the EUTF since it began providing benefits on July 1, 2003. Last year, the EUTF consultant calculated that the

EUTF budget for the PPO plan would have been lower by about 4.3% (amounting to an overall premium reduction of \$8.6 million) if bargaining unit 5 members had remained in the EUTF rather than transferring to the HSTA VEBT. Also, the EUTF administrative fees are higher on a per capita basis than they would be if bargaining unit 5 members were part of the EUTF. Under current and recently approved collective bargaining agreements, the employers pay the EUTF administrative fees. It should be noted that last year, the Legislature passed SCR 178 requesting that the auditor study the impact of Act 245, and that study has yet to be completed. It would be premature to make Act 245 permanent prior to receiving the results of the study.

Thank you for this opportunity to present this testimony in opposition to HB 2481, HD 1. I will be pleased to answer any questions from members of the Committee.

TESTIMONY BY MARK RECKTENWALD
CHAIR, BOARD OF TRUSTEES
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR
INFORMATIONAL BRIEFING - ISSUES AND CHALLENGES RELATED TO
THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND (EUTF)

FEBRUARY 27, 2007

INTRODUCTORY REMARKS ON PROGRESS OF EUTF

Good morning Chair Hee, Vice-Chair Kokubun, and
Members of the Committee.

My name is Mark Recktenwald, and I am Chair of the
Board of Trustees of the Hawaii Employer-Union Health
Benefits Trust Fund(also known as the EUTF). Thank you for
providing this opportunity to present this briefing on the
progress of the EUTF to date.

Before proceeding and with your permission, I would
like to introduce members of our Board of Trustees who were
able to be here for this briefing: George Kahoohanohano,
Liz Ho, and John Radcliffe represent employees and
Marie Laderta, Stan Shiraki and I represent public
employers. The position of chair (and other officers)
rotates annually between the two groups of Trustees. I
became chair in July 2006, and John Radcliffe preceded me
as chair. Any action of the Board of Trustees requires two
affirmative votes, with one vote being cast by at least

three employee Trustees and one vote being cast by at least three public employer Trustees. All Trustees are appointed by the Governor, with the employee Trustees being appointed from a list of nominees submitted by the exclusive representatives (public employee unions).

Also with me today are Jim Williams, the EUTF Administrator and John Garner of Garner Consulting, the benefit plan consultant retained to advise the Board of Trustees. Mr. Williams and Mr. Garner are prepared to address the details of the items on today's agenda.

EUTF was established with the passage of Act 88 (SLH 2001). Conference Committee Report No. 124 on SB 1044 that became Act 88 states that its purpose was "to establish a single health benefits delivery system for State and county employees, retirees, and their dependents." It further indicates that the Legislature wanted to ensure the solvency of the predecessor Public Employees Health Fund and the new EUTF and to address the spiraling cost of health benefits for public employees and retirees. Act 88 (codified as chapter 87A HRS) itself mandates the Board to carry out several specific purposes and states that "health and other benefit plans shall be provided at a cost that is affordable to both public employers and the public employees."

I would respectfully suggest that the EUTF has achieved the vision set forth by the Legislature. From the effective date of the first EUTF plans on July 1, 2003 until today, the EUTF has succeeded in providing health benefits to public employees and retirees through a single delivery system. The only exception is that HSTA implemented its VEBA plans in March 2006, as authorized under Act 245 (SLH 2005) enacted by this Legislature. The EUTF has met its mandate of keeping costs affordable for both employees and employers. Let me note that cost control and cost containment is a dynamic and ongoing effort, and our Board of Trustees constantly seeks additional strategies and methods to stabilize benefit costs. The EUTF began in a solvent position and has steadily improved its financial position. Today, the EUTF has cash and short-term investments totaling over \$94 million and net assets of approximately \$50 million.

Let me take a few moments to highlight the accomplishments of the EUTF:

- 1) Meeting the July 1, 2003 start up date set forth in Act 88 was a major achievement. Although I did not join the board until July 2003, my understanding is some observers had doubted that the EUTF would be able meet that deadline, given

the many tasks that had to be completed in a very short timeframe. The original Board of Trustees met for the first time in January 2002. By April 2003 they had hired an administrator and consultant, adopted administrative rules and awarded contracts for benefit plans. That spring, the first open enrollment was conducted, and the new benefits plans were implemented effective July 1, 2003.

- 2) In January 2004 EUTF held a special open enrollment offering two new supplementary (dual coverage) plans to meet the needs of employees who are covered by their spouses through non-public employers.
- 3) In June 2005 the Board of Trustees announced a rate rollback for retirees enrolled in HMSA effective immediately (July 1) with the coming plan year. Estimated savings from that rollback was \$5.2 million.
- 4) A one-month premium holiday for active employees enrolled in the HMSA plan also was negotiated with HMSA and announced in June 2005, and then implemented in December 2005. Neither employers nor employees paid premiums that month. The

premium holiday amounted to an 8% reduction in the annual premium, with savings amounting to about \$8 million for employees and \$12 million for employers.

- 5) Effective July 1, 2006 lower retiree rates again were negotiated. Even though retiree rates will be increased effective July 1, 2007, they will remain below the level of July 1, 2004.
- 6) Effective July 1, 2007 the EUTF PPO medical plans and bundled prescription drug plan will be offered through self-funded contracts, rather than insured contracts. Through the self-funded approach the Board of Trustees now has direct control of both rates and benefits. Initially, this has enabled the Board to keep rates lower, as reflected in an overall 4% - 6% reduction in PPO medical/drug rates for active employees amounting to savings of about \$8 million.
- 7) Also effective July 1, 2007 the EUTF will offer two new HMO plans, an additional PPO medical plan option, and a High Deductible Health Plan (HDHP). HMO enrollees now can choose between two Kaiser plans and an HMSA plan. PPO enrollees will be able to get the same benefits from either of two

plan administrators, HMSA or HMA. The high deductible health plan will have a lower premium than the PPO plans and will enable enrollees who meet federal requirements to establish Health Savings Accounts (HSA).

In its short history, the EUTF has made great strides toward realizing the potential its creators envisioned. With the continuing support of this Legislature, the current Board of Trustees is committed to continuing that progress. Again, I want to thank the Chair and the members of the Committee for this opportunity.

At this time, let me turn the presentation over to our Administrator, Jim Williams and to our benefit consultant, John Garner. We then look forward to answering the Committee's questions.

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2481, HOUSE DRAFT 1

February 26, 2008

RELATING TO HEALTH.

House Bill No. 2481, House Draft 1 amends Act 245, Session Laws of Hawaii (SLH) 2005 to permanently establish the Voluntary Employees' Beneficiary Association Trust, (VEBA Trust). The measure also provides retirees that declined the option to transfer from the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) to the VEBA Trust prior to July 1, 2008, another opportunity to make the transfer.

The Department of Budget and Finance opposes this measure.

The VEBA Trust was established as a pilot project and structured to provide health benefits to actives, new retirees and any existing retirees that make a one-time election to participate. The purpose clause of Act 245, SLH 2005 declares that the VEBA is intended to be a cost containment measure and that the pilot period would allow for a thorough analysis of costs and benefits of the VEBA trust as compared with the EUTF. Act 245 cites a lack of available data to fully determine the impact of the VEBA trust on the EUTF.

Senate Concurrent Resolution 178 was adopted during the 2007 legislative session and calls for the Legislative Auditor to conduct a comprehensive study on the results and impact of Act 245 and to report its findings to the 2008 Legislature. The study would include impacts on the memberships of the Hawaii State Teachers Association (HSTA) and EUTF, public employees ineligible to join a VEBA, public employers, the operations of the EUTF both historically and prospectively, pre-funding

issues under GASB 43 and 45, and various VEBA/EUTF co-existence scenarios. To date, the study has not been completed.

The Department believes that the study is the critical and missing component of Act 245. The study would provide the necessary information for a decision on the most cost effective means of providing health benefits for public employees, retirees and their dependents **as a whole** and not just improved benefits and lower cost for a select group under a VEBA. Passage of this measure is premature. Completion of the comprehensive study required by SCR 178 will document and validate the merits of VEBA Trusts and whether extension beyond the current June 30, 2009 sunset date is warranted.

The Department has long held that a single health benefit delivery system provides employers, employee-beneficiaries and ultimately the taxpayer with the most cost effective and long-term sustainable alternative.



STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

February 25, 2008

TESTIMONY TO THE
HOUSE COMMITTEE ON FINANCE
For Hearing on February 26, 2008
3:30 p.m., Conference Room 308

BY

MARIE C. LADERTA, DIRECTOR

H.B. No. 2481, H. D. 1
Relating to Health

TO CHAIRPERSON OSHIRO AND MEMBERS OF THE COMMITTEE:

The stated purpose of the bill is to repeal the sunset date for voluntary employees' beneficiary association (VEBA) trusts pilot program established pursuant to Act 245, SLH 2005, as amended, to make VEBA trusts permanent.

The Department of Human Resources Development **opposes** this bill for the following reasons:

(1) The intent of Act 245, SLH 2005, was to allow employee organizations to establish a VEBA trust to provide health benefits for their members on a three-year pilot project basis to allow for a thorough analysis of the costs and benefits of the VEBA trust against those of the Hawaii Employer Union Health Benefits Trust Fund (EUTF). Pursuant to Act 294, SLH 2007, the employee organization that established a VEBA trust in March, 2006 shall submit a report to the legislature on the status of the trust no later than 150 days after two full years of the trust's implementation. As such, the HSTA

VEBA trust, which was established in March, 2006, will be required to submit a report to the legislature at the end of November 2008. Furthermore, last year, the legislature passed SCR 178 requesting the legislative auditor to conduct a study on the impact of VEBA trusts on public employees and employers and provide a basis for the legislature to decide whether to extend Act 245, SLH 2005. That study has yet to be completed. Therefore, it would be premature to make Act 245 permanent prior to receiving the results of the Auditor's report.

(2) If this bill is passed and VEBA trusts are made permanent, it would open the door for other employee organizations to establish a VEBA trust which will essentially negate a major portion of the Health Fund reforms enacted by Act 88, SLH 2001. Act 88 established the EUTF as a single health benefit delivery system that brought all state and county participants under a single group. Creation of the EUTF provided the employers and employees with better leverage in negotiating benefit contracts, eliminated the effects of "adverse selection," duplicative administrative costs, and the possible use of excess contributions for other than the beneficiaries. For plan year beginning 7/1/07, rates for active employees enrolled in the EUTF's Preferred Provider medical and prescription drug plans decreased 4% - 6%, resulting in a total savings of approximately \$8 million. If additional VEBA trusts are established, and more participants are shifted out from the EUTF, it is likely that rates for the remaining EUTF participants will increase and have a significant cost impact to the State.

Accordingly, we respectfully oppose this measure and recommend that the Committee hold this measure. Thank you for the opportunity to provide testimony.

Respectfully submitted,


MC MARIE C. LADERTA

Director



HSTA Member Benefits Corporation

1350 S King St., Suite 230
Honolulu, Hawaii 96814-2008
(808) 591-2823/1-800-637-4926
Fax No. (808) 591-2652
E-mail: mbc@hstambc.net

Testimony to the Committee on Finance

RE: House Bill 2481, HD1

February 24, 2008

Chairman Marcus Oshiro and Members of the Committee:

My name is Ray Sodetani, President of HSTA Member Benefits Corporation and Administrator of the HSTA VEBA Trust.

As the Administrator of the HSTA VEBA Trust, we have the opportunity to speak with Active and Retired teachers on a regular basis concerning their health care coverage with the HSTA VEBA Trust. When requested, we attend and participate in special sessions and meetings to explain the medical plan coverage and to address any questions or concerns our participants may have. Our active and retired teachers continually express their satisfaction with our knowledge of the benefits and prompt response/service. This is especially important to our active teachers who spend most of their day at the schools, and for our retirees who want the personal interaction with the HSTA VEBA Trust administrative staff. On a regular basis, we receive calls from BU5 retirees currently enrolled in the EUTF Retiree plans requesting to change from the EUTF to the HSTA VEBA Trust health plans.

The HSTA VEBA Trust has demonstrated true cost savings to the State of Hawaii by way of the \$1,258,840.21 total refund made to the State earlier this year. This refund was for the initial contract period March 1, 2006—June 30, 2006. For our contract period July 1, 2006—June 30, 2007, the HSTA VEBA Trust is optimistic a second refund may be made to State of Hawaii. We do not believe the EUTF Trust Fund has demonstrated this type of direct savings to the State of Hawaii.

We strongly speak in favor of the intent of HB2481, HD1, which lifts the sunset and make VEBA permanent and would allow retirees in the EUTF another opportunity to join the VEBA Trust.

We humbly and respectfully request that this proposal take effect upon approval.

Thank you, Chairman Oshiro and Members of the Committee for allowing my testimony.

To: Representative Marcus R. Oshiro, Chair
Subject: Testimony on House Bill 2481 HD1

House Committee on Finance
Tuesday, February 26, 2008
3:30 p.m.
Conference Room 308
State Capitol
415 South Beretania Street

Re: Testimony in Support of HB2481 HD1 (Relating to VEBA Trusts; Bargaining Unit 5; Sunset Removal)

Honorable Chairperson Oshiro and members of the committee, thank you for allowing me to present my written testimony.

The 3200 member Hawaii State Teachers Association-Retired Oahu District strongly supports HB2481 HD1, which would remove the Sunset date of June 30, 2009 from the VEBA Trust Program.

Removing the Sunset would give encouragement to retirees that their health plan benefits under the VEBA would continue uninterrupted. They have already reaped the benefits of their participation in the VEBA through lower co-pays for medical benefits and a simpler two tier drug plan, and want their benefits to continue into the future. Further, retirees in the VEBA know that the VEBA Trustees are concerned with only one thing—doing all they can in the best interests of their plan beneficiaries. Active teachers, too, want to have their VEBA health plans available to them when they are eligible for retirement..

Removal of the sunset would give retirees who did not originally transfer from the EUTF one final opportunity to opt into the VEBA. This is important because HSTA, the HSTA MBC (Member Benefit Corporation) and the HSTA-R (Retired teachers) have been receiving calls from retirees who are unhappy with the services of the EUTF and who want to be given the chance to join the HSTA VEBA.

Teacher retirees already in the VEBA are worried that their enhanced benefits under the HSTA VEBA will cease if they are forced to return to the EUTF with the Sunset of the VEBA in 2009. The REMOVAL of the sunset would alleviate these worries.

I humbly ask that you please support HB2481 HD1, which would finally REMOVE the Sunset provision of the VEBA.

Sincerely,

Vaughn K. Tokashiki, Oahu District President
Hawaii State Teachers Association – Retired

FINtestimony

From: B Kiakona [bkiakona@hotmail.com]
Sent: Sunday, February 24, 2008 7:47 PM
To: FINtestimony
Subject: Testimony in SUPPORT of HB2481 HD1

House Committee on Finance
Marcus R. Oshiro-Chair
Marilyn B. Lee-Vice-Chair

Testimony in SUPPORT of HB2481 HD1

Tuesday, February 26, 2008
3:30 p.m.
Conference Room 308
State Capitol
415 South Beretania Street

Finance Chair Oshiro and members of the House Committee on Finance,

Mahalo for accepting my testimony in SUPPORT of HB2481 HD1 (VEBA Trusts; Bargaining Unit 5; Repeal Sunset). The VEBA Trust was a wonderful plan for the teachers until the UETF came along and wiped it out . Teachers are now trying to get the VEBA Trust back because it listened to the needs of the teachers and made adjustments according to the requests and ideas presented to them from the teachers. We need to have this permanently.

Working as a teacher for 20+ years and having three children grow up with the VEBA Trust saved me money and gave me a peace of mind (financially) as they completed their college education. When my first son was going off to college , we had to get onto the Quest program and pay extra for the college medical costs after he became 19 years old. It cost a lot to have his college's medical plan. When my second child went to college, it was the VEBA Trust that took care of her medical needs until she was 23 years old. By the time my third child was off to college, we knew that he could stay in college until 25 years old and we wouldn't need to spend an extra \$800-\$1000 a semester for the **required** medical coverage at his college.

This benefit happened for me because the VEBA Trust listened to its members who told about the medical hardships for them as their children attended college.

Teachers need the VEBA Trust to help them from the wide spectrum of prenatal care to their college-age children's medical needs. The VEBA Trust had done that for me as my children grew up . I believe that other teachers should also be able to benefit from this.

Again, Mahalo for listening to my testimony in SUPPORT of HB2481 HD1 (VEBA Trusts; Bargaining Unit 5; Repeal Sunset).

Sincerely,
Barbara Kiakona-Teacher
Olomana School

E malama kekahi i kekahi.

FINtestimony

From: Beverly Gotelli [bgotelli@msn.com]
Sent: Sunday, February 24, 2008 4:58 PM
To: FINtestimony
Cc: repmoshiro@capitol.hawaii.gov; Rep. Marilyn Lee
Subject: Testimony in support of HB 2481 HD 1

Testimony in SUPPORT of HB 2481 HD 1

Tuesday, February 26, 2008

3:30 p.m.

Conference Room 308

State Capitol

415 South Beretania Street

My name is Beverly Gotelli, a recent retiree and a participant of the HSTA VEBA Trust. I am writing in support of HB 2481, HD1 which repeals the sunset for the VEBA Trust and allows the present retirees in the EUTF one more opportunity to join the VEBA Trust.

I can tell you that my premiums were less while I was an active member of HSTA. As a retiree I receive, what I consider better coverage than what is currently being offered through the EUTF. My mail order drug plan is better and a savings to me.

I believe the VEBA has shown there is a savings to the State and our members. I strongly urge the Committee to pass HB 2481 HD 1.

Thank you for the opportunity to testify.

FINtestimony

From: Eric_Kanemoto/LEEDO/HIDOE@notes.k12.hi.us
Sent: Sunday, February 24, 2008 4:34 PM
To: FINtestimony
Subject: HB 2481 HD 1 (VEBA Trusts; Bargaining Unit 5; Repeal Sunset)

Testimony in SUPPORT of HB 2481 HD1

Tuesday, February 26, 2008
3:30 p.m.
Conference Room 308
State Capitol
415 South Beretania Street

House Committee on Finance
Marcus R. Oshiro - Chair
Marilyn B. Lee - Vice-Chair

Finance Chair Oshiro and members of the House Committee on Finance,

Thank you for accepting my testimony in SUPPORT of HB 2481 HD 1 (VEBA Trusts; Bargaining Unit 5; Repeal Sunset)

The following reasons are why I support HB 2481 HD 1 to REMOVE the sunset clause and to take effective upon approval:

- The State saves money and members of HSTA VEBA Trust save as well in medical premiums because of the competition. This is a win-win situation for teachers and the State of Hawaii.
- I was able to speak to a Servicing Representative from Members Benefits Corporation which was excellent, rather than listening to an answering service.
- Medical Benefits have been equal to or better than EUTF.
- Medical Benefits have been beneficial for my family with low co-pay for prescription and copayment for medical benefits.

It is very important that the sunset provision is REMOVED from HB 2481 HD 1 this year and taken effective upon approval.

Your favorable support is greatly appreciated.

Eric Kanemoto
Teacher
CKW School Support Center
Leeward District

2/24/2008

FINtestimony

From: Lorraine Hora [lorrainehora@yahoo.com]
Sent: Sunday, February 24, 2008 11:21 PM
To: FINtestimony
Subject: HB2481 HD1

House Committee on Finance
Marcus R. Oshiro-Chair
Marilyn B. Lee - Vice Chair

Testimony in support of HB2481 HD1

Tuesday, February 26, 2008
3:30 PM
Conference Room 308
State Capitol
415 Beretania Street

Dear Finance Chair Oshiro and members of the House Finance Committee,

I am writing in SUPPORT of HB2481 HD1 (VEBA Trusts, Bargaining Unit 5; Repeal Sunset). I am a retired teacher who chose to join VEBA when the pilot project was implemented. Since then, I have reaped tremendous savings in my medical and drug costs over the one year. I have also been given access to chiropractic care which was not available before. I really would like to have my benefits continue under VEBA. Please repeal the sunset date.

Thank you for the opportunity to testify.

Sincerely,
Lorraine M. Hora
HSTA-Retired
648 Hinano Street
Hilo, HI 96720

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FINtestimony

From: Susan_Warren@notes.k12.hi.us
Sent: Monday, February 25, 2008 11:17 AM
To: FINtestimony
Subject: SB 2482, HD 1 (Repeal the sunset of the VEBA Trust)

TO: FINtestimony@capitol.hawaii.gov
FROM: Susan K. Warren
Subject: SB 2482, HD 1 (Repeal the sunset of the VEBA Trust)
Bcc: mmorita@hsta.org

House Committee on Finance
Agenda #6 (3:30 p.m.)
Tuesday, Feb. 25, 2008
Conference Room 308

Chair Oshiro and Members of the Committee:

My name is Susan K. Warren and I am a teacher at Kaua`i High School. I am in support of SB 2481 to repeal the sunset of the VEBA Trust.

The VEBA trust provides the best medical benefits to teachers, like myself. It also ensures that teachers will consider staying here in Hawaii, as well.

Thank you for the opportunity to testify.

Susan K. Warren

Statement of

Noelani Spencer

Teacher

Kaumana Elementary School

Hilo, HI 96720

Before the

House Committee on Finance

Tuesday, February 26, 2008

State Capitol, Conference Room 308

3:30pm

In consideration of

HD2481 HD1 – Relating to Health

Chair Marcus Oshiro and Members of the Committee;

I, Noelani Spencer, a teacher from Kaumana Elementary School, **strongly support HB2481 HD 1** and urge your Committee to vote for passage of this measure with an amendment to remove the sunset date.

The Hawaii State Teachers Association supports HB2481 HD1 with an amendment to repeal the sunset date and to make VEBA permanent. I see the benefits because my medical costs per visit is cheaper through VEBA. When I was in the EUTF, I believe I paid more. Teachers as a group have fewer medical problems per a study conducted.

Please act favorably towards HB2481 HD 1.

Thank you for your continual support for students and public education.

Mahalo,

Noelani Spencer
Kaumana Elementary School
Hilo, Hawaii

Statement of
Heanu Weller
Teacher
Ka  Umeke K  eo, PCS
96 Hoaka Rd.
Hilo, HI 96720
Before the
House of Representatives Committee on Finance
Tuesday, February 26, 2008
State Capitol , Conference Room 308
3:30pm

In consideration of
HB2481 HD1 – Relating to Health

Chair Marcus Oshiro and Members of the Committee:

I, Heanu Weller, a teacher at Ka  Umeke K  eo, PCS, **strongly support HB 2481 HD1** and recommend your Committee to vote for passage of this measure.

The passage of this bill will officially withdraw the sunset date for the voluntary employees' beneficiary association (VEBA Trust) and make the VEBA Trust permanent. The reestablishment of the VEBA trust has enabled us to decrease the amount of prescription drug payments, decrease the amount of premium paid by our members, include the retired teachers, and increase the benefit coverage. We have also returned the unused portion of the state contributed share back to the state. We teachers are very pleased with the management of our VEBA trust and the Member Benefits Corporation staff has been extremely professional and efficient in their services to our members.

Vote for HB 2481 HD 1 and the repeal of the sunset date for the VEBA trust.

Thank you for your continual support for students and public education.

Mahalo,
Heanu Weller

Heanu Weller
96 Hoaka Road
Hilo, Hawaii  i 96720
Phone: 808-959-3039
e-mail: kookahi@yahoo.com

me ke aloha,
Heanu

Statement of

Sheryl Ogawa

Teacher

Pahoa High & Intermediate School

Pahoa, HI

Before the

House Committee on Finance

Tuesday, February 26, 2008

State Capitol, Conference Room 308

3:30pm

In consideration of

HB2481 HD1 – Relating to Health

Chair Marcus Oshiro and Members of the Committee

I, Sheryl Ogawa from Pahoa High & Intermediate School, **strongly support HB2481 HD1** and urge your Committee to vote for passage of this measure with an amendment to remove the sunset date.

The HSTA supports HB2481 which repeals the sunset date of Act245, SLH 2005, as amended, and provides for permanent establishment of VEBA trusts to offer health benefits for state and county employees.

I completed my 2007 tax documents and found I spent \$1235.22 on supplies for my classroom that cannot be purchased with our school budgets. When we were on EUTF I spent more on my medicine and doctor visits compounding my out-of-pocket expenses. VEBA helped a little and I would like to count on as much help as I can get.

Thank you for this opportunity to testify in support of this measure.

REMOVE the sunset date and VOTE for HB2481 HD1.

Mahalo,

Sheryl S. Ogawa

Pahoa High & Intermediate School

Pahoa, Hawaii

Statement of

Marcia May

Teacher

Naalehu Elementary School

Naalehu, Hawaii

Before the

House Committee on Finance

Tuesday, February 26, 2008

State Capitol, Conference Room 308

3:30pm

In consideration of

HB2481 HD1– Relating to Health

Chair Marcus Oshiro and Members of the Committee;

I, Marcia May, a teacher at Naalehu Elementary School, **strongly support HB2481 HD1** and urge your Committee to vote for passage of this measure with an amendment to remove the sunset date.

On December 28, 2007, I was admitted to Hilo Hospital for emergency surgery. The only restful feeling I had over the entire ordeal was the fact that I had adequate medical coverage and could go to any doctor or hospital for continued treatment and care.

A teacher's position has uncommon stress and I would like to ask for your support in continuing VEBA trust as a permanent establishment for our health benefits.

Please vote for HB2481 HD1 as amended to remove the sunset date.

Most respectfully yours,

Marcia May

Naalehu Elementary School

Naalehu, Hawaii

FINtestimony

From: Lenore_Vincent/WAIAKEA/HIDOE@notes.k12.hi.us

Sent: Monday, February 25, 2008 1:35 PM

To: FINtestimony

TO: FINtestimony@capitol.hawaii.gov

FROM: Your name

Subject: SB 2482, HD 1 (Repeal the sunset of the VEBA Trust)

Bcc: mmorita@hsta.org

House Committee on Finance

Agenda #6 (3:30 p.m.)

Tuesday, Feb. 25, 2008

Conference Room 308

Chair Oshiro and Members of the Committee:

My name is LeNore Vincent and I am a teacher at Waiakea Elementary School. I am in support of SB 2481 to repeal the sunset of the VEBA Trust.

I feel that we should continue with the VEBA trust providing medical benefits to you and other teachers in the state because they provide the best medical coverage for teachers who are very hardworkers and are quite underpaid in Hawaii.

Thank you for the opportunity to testify.

FINtestimony

From: Alice Kotake [akotake@hawaii.rr.com]
Sent: Monday, February 25, 2008 3:56 PM
To: FINtestimony
Subject: HB2481 HD1 (VEBA Trust: Repeal Sunset)

TO: HOUSE COMMITTEE ON FINANCE
MARCUS OSHIRO, CHAIR
MARILYN B. LEE, VICE-CHAIR

Testimony in SUPPORT OF HB 2481 HD1

Tuesday, February 26, 2008
3:30 PM
Conference Room 308
State Capitol
415 South Beretania Street

Finance Chairman Oshiro and members of the House Committee on Finance:

Thank you for accepting my testimony in SUPPORT of HB2481 HD1 (VEBA Trusts, Bargaining Unit 5; Repeal Sunset). I understand that the VEBA Trust has been able to provide our retired members with excellent benefits and services and still have enough to return monies to the State. I would like the Legislature to continue supporting VEBA's services and benefits as they have been able to do so with greater efficiency than the EUTF. The complaints I have heard about EUTF are many. Unfortunately there were a good number of HSTA retirees who stayed with the EUTF, but for those of us who are now enjoying the VEBA services, let VEBA continue to demonstrate efficiency and friendly services.

Mahalo for allowing me to send you written testimony.

Alice Kotake
HSTA-R Secretary

FINtestimony

From: J Toth [jtoth@netenterprise.com]
Sent: Monday, February 25, 2008 4:01 PM
To: FINtestimony
Subject: Please OPPOSE HB 2388 relating to Workers' Compensation

The Honorable Oshiro:

My name is Jason Toth and my company is NetEnterprise Inc., a network services integration company in based in downtown Honolulu. I respectfully request that you do not pass HB 2388 relating to Workers' Compensation.

This measure requires the employer to continue medical services to an injured employee despite disputes over whether treatment should be continued, until the director of labor and industrial relations decides whether treatment should be continued.

This measure, if passed, may increase my workers' compensation premiums, and the overall cost of doing business.

If you have any questions, please do not hesitate to contact me at 808-441-5000. Thank you for the opportunity to submit written testimony.

Respectfully,

J Toth
NetEnterprise Inc.
1132 Bishop St Ste 700
Honolulu, HI 96813

TESTIMONY BEFORE THE HOUSE FINANCE COMMITTEE
RE: HB2481, HD1
February 25, 2008

Angie Miyashiro, Teacher, Hilo High School
HAWAII STATE TEACHERS ASSOCIATION

Chair Marcus Oshiro and Members of the Committee

As a teacher I support HB2481, HD1 which repeals the sunset date of Act 245 SLH 2005 as amended that provides for the permanent establishment of VEBA to offer health benefits for my co-workers and myself.

I believe that the VEBA trust provides an effective means of containing health care costs for its members and the State of Hawaii. I respectfully request your favorable consideration of HB2481, HD1.

Sincerely,
Angie Miyashiro

TESTIMONY BEFORE THE HOUSE FINANCE COMMITTEE
RE: HB2481, HD1
February 25, 2008

Laurie Yoneda, Teacher
HAWAII STATE TEACHERS ASSOCIATION

Chair Marcus Oshiro and Members of the Committee

I am asking for your support to repeal the sunset date of the VEBA Trust Pilot addressed in HB2481, HD1.

As a single parent of school-aged children, every savings I can have in cost to medicine, doctors' visits orthodontic charges, medical insurance premiums, etc. help tremendously in my family budget.

Thanks you for allowing me to testify.

Sincerely,
Laurie K. Yoneda
HSTA - Hilo Chapter
P.O. Box 213
Honomu, HI 96728
808-963-6356

TESTIMONY BEFORE THE HOUSE FINANCE COMMITTEE
RE: HB2481, HD1
February 25, 2008

Theresa V. DeMello, Special Education Teacher
HAWAII STATE TEACHERS ASSOCIATION

Chair Marcus Oshiro and Members of the Committee

I would like to have your favorable consideration to support HB2481, HD1 to provide the permanent establishment of a VEBA Trust to offer health benefits for teachers. The HSTA VEBA has saved \$2.1 million for the State.

Please continue to provide the effective means of containing health care costs.
Thank you for your attention to this matter.

Sincerely,
Theresa V. DeMello

TESTIMONY BEFORE THE HOUSE FINANCE COMMITTEE

RE: HB2481, HD1

February 25, 2008

Carol Jones-Clark, Department Head, Language Arts, Social Studies
Laupahoehoe High & Elementary School
HAWAII STATE TEACHERS ASSOCIATION

Chair Marcus Oshiro and Members of the Committee

Please repeal the sunset date of Act 245, SLH 2005 and provide for permanent establishment of the Voluntary Employees' Beneficiary Association (VEBA) trust.

I have a personal account of difference between the EUTF and the HSTA VEBA benefits. In 2005, while DOE employees were mandatory participants in EUTF, I had to have foot surgery. My co-payments for anesthesia, physician care and surgery were more than \$300 more than they would have been under the VEBA system.

This may seem like a small amount compared to the employer's total contribution, but \$300 is still a sizable piece of my semi-monthly take-home pay.

Please support the VEBA trust because it saves money for all of us in Hawaii.

Sincerely,
Carol Jones-Clark

TESTIMONY BEFORE THE HOUSE FINANCE COMMITTEE
RE: HB2481, HD1
February 25, 2008

Valerie Jean De Corte, Teacher
HAWAII STATE TEACHERS ASSOCIATION

Chair Marcus Oshiro and Members of the Committee

This bill HB2481, HD1 is supported by HSTA, and I am a member of this fine organization of teachers who also fully wants this to become law.

HSTA has provided both me and my family wonderful medical coverage for over 20 years. The coverage we've had has always been better than other organizations.

I feel if HSTA can provide the coverage for less and it is saving the State a lot of money, this is the way to go.

Vote yes and support something which assists teachers.

Sincerely,
Valerie Jean De Corte
Hilo High School
974-4021 X2292

TESTIMONY BEFORE THE HOUSE FINANCE COMMITTEE
RE: HB2481, HD1
February 25, 2008

KIM SPRINGER, TEACHER
HAWAII STATE TEACHERS ASSOCIATION

Chair Marcus Oshiro and Members of the Committee

Thank you for allowing me to present testimony in SUPPORT of HB2481, HD1 (VEBA Trusts; Bargaining Unit 5; Repeal Sunset). I saved lots of money having my medical insurance through the HSTA VEBA Trust. When we went back to the EUTF, I spent more out of pocket than before for co-pays. Then I was able to get back into the HSTA VEBA Trust. Wonderful!! I save on my monthly premium payments, save on doctor visit co-pays, and save on prescription co-pays. When I call our Member Benefits office, I get to speak with a live person, and my questions are answered promptly. I have also had excellent service through our Member Benefits office.

I understand that my colleagues also rejoice in the savings they enjoy because of their enrollment in the HSTA VEBA Trust. The savings teachers receive goes right back into the state's economy. This Trust has saved the state money. I am humbly asking for your support to get the sunset provision to ACT 245 removed this year.

Sincerely,
Kim Springer
1722 Kaiao Street
Hilo, Hawaii 96720
959-2116

FINtestimony

From: Pat_Reilly/LANAI/HIDOE@notes.k12.hi.us
Sent: Tuesday, February 26, 2008 7:28 AM
To: FINtestimony
Cc: Nora_Kawasaki/LANAI/HIDOE@notes.k12.hi.us
Subject: HB 2481, HD 1

Please support the continuation of the BU05 VEBA. As a thirty year BU05 member nearing retirement I believe that a strong health and related services program is one element that can serve to attract and retain teachers for Hawai'i Department of Education.

With many of our teachers preparing to retire and an annual need to recruit 1600 teachers, a strong benefit program is essential to meeting the needs of our students by ensuring a full component of teachers in every school. Mahalo

FINtestimony

From: Paula_Galie/WAIMEAM/HIDOE@notes.k12.hi.us
Sent: Tuesday, February 26, 2008 7:16 AM
To: FINtestimony
Subject: ~~SB 2482~~, HD 1 (Repeal the sunset of the VEBA Trust)
HB 2481

House Committee on Finance
Agenda #6 (3:30 p.m.)
Tuesday, Feb. 25, 2008
Conference Room 308

Chair Oshiro and Members of the Committee:

My name is _____ Paula Galie _____ and I am a teacher at Waimea Middle Public Conversion Charter _____ School. I am in support of ~~SB~~ 2481 to repeal the sunset of the VEBA Trust.
HB

Thank you for the opportunity to testify.

FINtestimony

From: charlene [charlene.hosokawa@members.hsta.org]
Sent: Tuesday, February 26, 2008 7:29 AM
To: FINtestimony
Subject: FWD: HB 2481, HD 1 (VEBA TRUST BILL)

Subject: ~~SB 2482~~^{HB 2481}, HD 1 (Repeal the sunset of the VEBA Trust)

Chair Oshiro and Members of the Committee:

My name is Charlene Hosokawa and I am a teacher at Moanalua High School. I am in support of ~~SB~~^{HB} 2481 to repeal the sunset of the VEBA Trust.

It provides medical benefits to teachers that are beneficial and cost effective for all of us. Therefore, I would like to see the VEBA trust continued.

Thank you for the opportunity to testify.

FINtestimony

From: Gwen Tamaru [gwen.tamaru@gmail.com]
Sent: Monday, February 25, 2008 11:24 PM
To: FINtestimony
Subject: HB2481 HD1 (VEBA Trusts; Bargaining Unit 5; Repeal Sunset)

House Committee on Finance
Marcus R. Oshiro-Chair
Marilyn B. Lee-Vice-Chair

Testimony in SUPPORT of HB2481 HD1

Finance Chair Oshiro and members of the House Committee on Finance,

Thank you for accepting my testimony in SUPPORT of HB2481 HD1 (VEBA Trusts; Bargaining Unit 5; Repeal Sunset). What can I say - our VEBA plan works! Since the cost of the VEBA plan is less than the cost of our ERS plan to the State, why should it end?

Coverage for teachers and retired teachers is better than the coverage for active and retired State workers.

Since enrolling in the VEBA plan, it's prescription plan has saved me hundreds of dollars. I can see no reason why the VEBA Plan should end.

Please support HB2481 HD1!

Respectfully submitted,
Gwendolyn S. Tamaru

Testimony for Finance Committee

RE: HB 2481, HD 1 (Repeal the sunset of the VEBA Trust)

House Committee on Finance
Agenda #6 (3:30 p.m.)
Tuesday, Feb. 26, 2008
Conference Room 308

Testimony submitted by Amy Downard

Dear Honorable Chair Oshiro and Members of the Committee:

My name is Amy Downard and I am a Visual Impairment Teacher for Honolulu District Schools. I support HB 2481, HD 1 - Relating to Health. This bill will repeal the sunset date for the VEBA trust, healthcare for public school teachers. Many teachers, including myself, find the VEBA Trust to be more affordable and provide better benefits than the EUTF. Over the past 2 years, the cost of funding the VEBA trust has been less than the funding needed for the EUTF for teachers. Supporting HB 2481, HD 1 seems like a win-win situation: teachers will enjoy better benefits and the state will save money in funding VEBA Trust. How many other state employees can say they are saving taxpayers' money? Please assist this effort by supporting HB 2481, HD 1 to repeal the VEBA sunset date.

I believe that initially a study was proposed to investigate cost analysis of funding teachers' healthcare as VEBA vs. EUTF. However, I think it is just as easy to review the numbers of comparing the cost of funding VEBA over EUTF. This will also save the state more money.

Thank you for the opportunity to testify.

Mahalo,

Amy Downard
Visual Impairment Teacher, Honolulu District Office
1655 Makaloa St. #2508, Honolulu, HI 96814
adownard@gmail.com

FINtestimony

From: Ranalee_Perreira/WAIMEAM/HIDOE@notes.k12.hi.us

Sent: Tuesday, February 26, 2008 8:03 AM

To: FINtestimony

Please repeal the sunset date for the VEBA Trust.. It is in our best interest as teachers to do so. Ranalee A. Perreira, Waimea Middle PCC School.

FINtestimony

From: Elyson_Perry/KAUAIDO/HIDOE@notes.k12.hi.us

Sent: Tuesday, February 26, 2008 11:06 AM

To: FINtestimony

Cc: mmorita@hawaii.gov

Chair Oshiro and Members of the Committee:

My name is Elyson Perry and I am a teacher at Kauai District Office. I am in support of SB 2481 to repeal the sunset of the VEBA Trust.

Thank you

FINtestimony

From: Felicia Friend [anuhea@hotmail.com]
Sent: Monday, February 25, 2008 9:06 PM
To: FINtestimony
Subject: SB 2482, HD 1 (Repeal the sunset of VEBA trust)

TO: FINtestimony@capitol.hawaii.gov
FROM: Felicia Friend-Betlach
Subject: SB 2482, HD 1 (Repeal the sunset of the VEBA Trust)

House Committee on Finance
Agenda #6 (3:30 p.m.)
Tuesday, Feb. 25, 2008
Conference Room 308

Chair Oshiro and Members of the Committee:

My name is Felicia Friend-Betlach and I am a teacher at Honokaa Elementary School. I am in support of SB 2481 to repeal the sunset of the VEBA Trust. I ask that you support this bill. I am a single parent and having the VEBA trust makes it much more affordable for me to provide healthcare for myself and my two year old daughter. I appreciate having a choice in medical coverage and feel that it should continue to be made available for all HSTA members.

It makes a difference for me each day. I already have to live pay check to pay check. If I were to only have access to the state plan it would be a greater financial burden each month.

I had an opportunity to leave teaching in the public school system last spring, to go to a private school. A primary consideration was healthcare. As an HSTA member I had a better plan and much more cost effective than the plan offered by the private school. As a teacher I am well aware of the shortage of highly qualified teachers in this state for our children.

Allowing the VEBA trust to continue may well be a much needed incentive to attract and retain qualified teachers...both new to the profession and those new to the state.

Thank you for your support of this bill. Thank you for the opportunity to testify.
Felicia Friend-Betlach

Helping your favorite cause is as easy as instant messaging. You IM, we give. [Learn more.](#)

FINtestimony

From: Aimee_Ida/WILCOX/HIDOE@notes.k12.hi.us
Sent: Tuesday, February 26, 2008 6:55 AM
To: FINtestimony
Subject: SB 2481

TO: FINtestimony@capitol.hawaii.gov

FROM: Aimee Ida

Subject: SB 2482, HD 1 (Repeal the sunset of the VEBA Trust)

Bcc: mmorita@hsta.org

House Committee on Finance
Agenda #6 (3:30 p.m.)
Tuesday, Feb. 25, 2008
Conference Room 308

Chair Oshiro and Members of the Committee:

My name is Aimee Ida and I am a teacher at Wilcox Elementary School. I am in support of SB 2481 to repeal the sunset of the VEBA Trust.

VEBA offers me affordable and comprehensive health care. Please support the repeal of the sunset of the VEBA Trust.

Thank you for the opportunity to testify.

TESTIMONY BEFORE THE
HOUSE COMMITTEE ON FINANCE

RE: HB 2481 HB1 – Relating to Health
Committee on Finance
Marcus R. Oshiro, Chair

Tuesday, February 26, 2008
3:30 PM
Conference Room 308
State Capitol
415 South Beritania Street

Dear Finance Chair Oshiro and Members of the House Committee on Finance.

We are teachers from Benjamin Parker Elementary on the Windward side. Thank you for allowing us to present testimony in SUPPORT of HB2481 HD1 (VEBA Trusts; Bargaining Unit 5, Repeal Sunset).

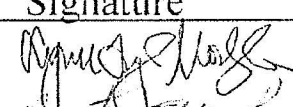
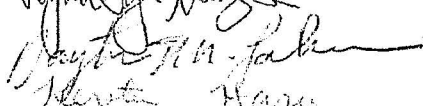
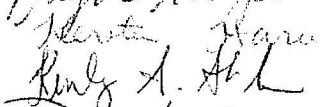
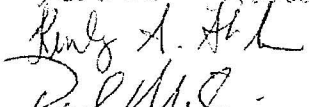

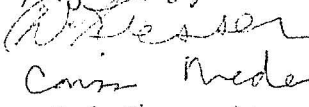
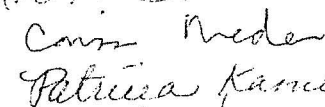
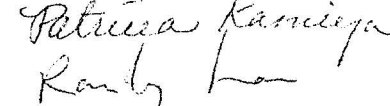


All of us have benefited from having our VEBA Trust. With the rising cost of health care, we were relieved to have the benefits of our VEBA. The VEBA Trust is an important benefit to us. It has created more benefits and options for us with added savings – for doctor visits, emergency room visits, prescription drug costs, chiropractic plan benefits, and more!

Having our VEBA back has been a tremendous relief amidst the pressures of our profession that we face each day. Despite the growing responsibilities and added duties to our job descriptions, the increasing pressure of making AYP despite almost-impossible odds, the lack of funds and resources needed to help our students - we at least felt appreciation through VEBA.

We sincerely ask for your support in passing HB 2481 HD1. We are in favor of *repealing* the sunset date for VEBA so we do not have to go through this struggle again. It means so much to all of us and our families.

Thank you Mr. Chairman and members of the House Committee on Finance for the opportunity to testify.

TEACHERS OF BENJAMIN PARKER ELEMENTARY IN FAVOR OF
HB 2481 HD1 – REPEALING SUNSET DATE OF VEBA TRUST:

Name (print)	Signature
1. Lynn Mochizuki	
2. Dayton Kobanen	
3. Kersten Hara	
4. Kim Ah Son	
5. Raymond Miyahira	
6. Diana Fieser	
7. Carissa Medeiros	
8. Patricia Kamiya	
9. Randy Lau	
10. Barbara Bass	

TESTIMONY BEFORE THE
HOUSE COMMITTEE ON FINANCE

RE: HB 2481 HB1 – Relating to Health
Committee on Finance
Marcus R. Oshiro, Chair

Tuesday, February 26, 2008
3:30 PM
Conference Room 308
State Capitol
415 South Beritania Street

Dear Finance Chair Oshiro and Members of the House Committee on Finance,

We are teachers from Benjamin Parker Elementary on the Windward side. Thank you for allowing us to present testimony in SUPPORT of HB2481 HD1 (VEBA Trusts; Bargaining Unit 5, Repeal Sunset).

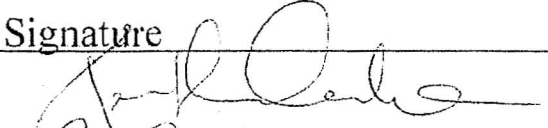



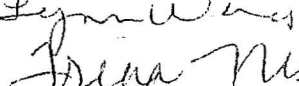
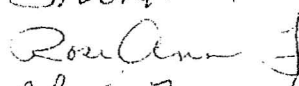
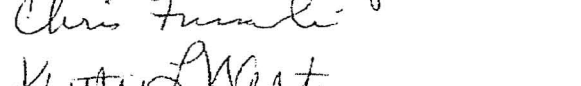
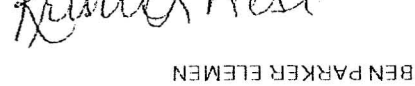

All of us have benefited from having our VEBA Trust. With the rising cost of health care, we were relieved to have the benefits of our VEBA. The VEBA Trust is an important benefit to us. It has created more benefits and options for us with added savings – for doctor visits, emergency room visits, prescription drug costs, chiropractic plan benefits, and more!

Having our VEBA back has been a tremendous relief amidst the pressures of our profession that we face each day. Despite the growing responsibilities and added duties to our job descriptions, the increasing pressure of making AYP despite almost-impossible odds, the lack of funds and resources needed to help our students - we at least felt appreciation through VEBA.

We sincerely ask for your support in passing HB 2481 HD1. We are in favor of *repealing* the sunset date for VEBA so we do not have to go through this struggle again. It means so much to all of us and our families.

Thank you Mr. Chairman and members of the House Committee on Finance for the opportunity to testify.

TEACHERS OF BENJAMIN PARKER ELEMENTARY IN FAVOR OF
HB 2481 HD1 – REPEALING SUNSET DATE OF VEBA TRUST:

Name (print)	Signature
11. Jonathan Gillentine	
12. Gordean Gutierrez	
13. Dyan Nakamura	
14. Crystal Lei Chan	
15. Amber Bryson	
16. Lynn Wong	
17. Trina Nishimura	
18. Rose Ann Fung	
19. Chris Funasaki	
20. Kristin West	

TESTIMONY BEFORE THE
HOUSE COMMITTEE ON FINANCE

RE: HB 2481 HB1 – Relating to Health
Committee on Finance
Marcus R. Oshiro, Chair

Tuesday, February 26, 2008
3:30 PM
Conference Room 308
State Capitol
415 South Beritania Street

Dear Finance Chair Oshiro and Members of the House Committee on Finance,

We are teachers from Benjamin Parker Elementary on the Windward side. Thank you for allowing us to present testimony in SUPPORT of HB2481 HD1 (VEBA Trusts; Bargaining Unit 5, Repeal Sunset).

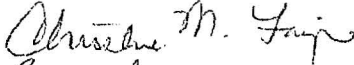
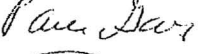

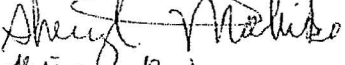
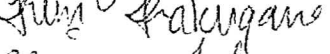


All of us have benefited from having our VEBA Trust. With the rising cost of health care, we were relieved to have the benefits of our VEBA. The VEBA Trust is an important benefit to us. It has created more benefits and options for us with added savings – for doctor visits, emergency room visits, prescription drug costs, chiropractic plan benefits, and more!

Having our VEBA back has been a tremendous relief amidst the pressures of our profession that we face each day. Despite the growing responsibilities and added duties to our job descriptions, the increasing pressure of making AYP despite almost-impossible odds, the lack of funds and resources needed to help our students - we at least felt appreciation through VEBA.

We sincerely ask for your support in passing HB 2481 HD1. We are in favor of *repealing* the sunset date for VEBA so we do not have to go through this struggle again. It means so much to all of us and our families.

Thank you Mr. Chairman and members of the House Committee on Finance for the opportunity to testify.

TEACHERS OF BENJAMIN PARKER ELEMENTARY IN FAVOR OF
HB 2481 HD1 – REPEALING SUNSET DATE OF VEBA TRUST:

<u>Name (print)</u>	<u>Signature</u>
21. Christine Tanigawa	
22. Pam Garvey	
23. Matt Worley	
24. Sheryl Mahiko	
25. Kim Kakugawa	
26. Alissa Johnson	
27. Gina Eustaquio	

FINtestimony

From: Sue_Ching/HONOKAHI/HIDOE@notes.k12.hi.us
Sent: Tuesday, February 26, 2008 2:15 PM
To: FINtestimony
Subject: SB 2482, HD 1 (Repeal the sunset of the VEBA Trust)

LATE

Chair Oshiro and Members of the Committee:

My name is Sue E. Ching and I am a teacher at Honoka'a High School. I am in support of SB 2481 to repeal the sunset of the VEBA Trust.

I support ^{4B}SB 2481 because it will keep my medical benefits at a reasonable cost.

Thank you for the opportunity to testify.

TESTIMONY BEFORE THE HOUSE COMMITTEE ON
FINANCE

RE: HB 2481, HD 1 – RELATING TO HEALTH

February 26, 2008

MAURICE MORITA
HAWAII STATE TEACHERS ASSOCIATION

Chair Oshiro and Members of the Committee:

I wanted to share my comments I presented to the Senate Judiciary and Labor Committee last week.

Chair Taniguchi asked me to put my comments in writing at the Hearing held on Thursday, Feb. 14, 2008, in Room 016.

The State Senate and the AG Office when they first crafted this VEBA Trust bill did a good job to protect the Employer as well as the Members of the HSTA.

The Legislature does not need to extend Act 245 because of the following:

THE ISSUE ON VEBA TRUST PERMANENCY:

- *Do we need to be extended? No, because the VEBA Trust will exist every two years via collective bargaining. It is not "permanent" as some may think it will be.*
- *VEBA Trust is negotiated by collective bargaining every two years. If the HSTA or the Employer does not want to continue with VEBA Trust, the current law states if VEBA Trust ceases to exist, all members will be return to the EUTF.*
- *The purpose of VEBA Trust is to save the Employer as well as the Members money. If the VEBA Trust cost more than the EUTF, why would HSTA want to continue with their VEBA Trust if our members cost would be less for health benefits with the EUTF.*
- *If there is any wrong doings by the VEBA Trust, the law gives the Attorney General to investigate any allegations and could in essence, close down the VEBA Trust.*

THE ISSUE OTHER PUBLIC EMPLOYEES UNIONS WILL FORM A VEBA TRUST:

- *When Senator Hee, Chair of the Judiciary and Labor, extended the VEBA Trust to 2009, it also stated one must have a VEBA Trust as of March 1, 2007. In essence,*

this closed the doors for other public employees unions to form a VEBA Trust. Only UPW has a VEBA Trust like HSTA, but the Attorney General ruled that UPW will need to form a VEBA Trust with every unit they represent and could not put them into one trust with other collective bargaining units. UPW also represents private and public employees and would have to deal with the Taft-Hartley that deals with health trusts in the private sector.

- *If any other public employee wants to form a VEBA Trust, they must amend the law to allow them to form a VEBA Trust.*

THE ISSUE ON POLICY TO HAVE A SINGLE HEALTH PLAN FOR ALL STATE AND COUNTY EMPLOYEES:

- *The EUTF Trustees allowed SHOPO to be separated from the other four public employees unions in the EUTF (HGEA; UPW; UHPA & the FireFighters). The reason SHOPO used was to help attract and retain its police officers because their rates are better if they stand alone.*
- *This is the same issue HSTA has, to attract and retain public school teachers, we must provide our members with cost savings in the health benefit plans.*
- *The Employer will benefit from the VEBA Trust savings (the difference between the EUTF cost vs. the VEBA Trust cost). We have reimbursed the Employer \$1.2 million for the first four months of our plan year (March 1, 2006 to June 30, 2006). I am attaching copies of the checks given to Budget and Finance.*
- *Our VEBA Trust Consultant "estimates" we will return approximately \$2.3 million for the first full plan year from July 1, 2006 to June 30, 2007.*

THE ISSUE ON THE RETIREES:

- *The VEBA Trust has always welcomed retirees into the VEBA Trust. As of March 1, 2006, any member who retires from that date on will automatically be in the VEBA Trust.*
- *Why we enrolled only approximately 1,000 of the current retirees? Because it's a "pilot" for two or three years, the current retirees don't want to sign up for a plan for only two years. If the sunset is lifted, the bill asks to give the current retirees another one time option to join the VEBA Trust.*
- *What about the cap for retirees? The VEBA Trustees as well as the EUTF Trustees have the fiduciary responsibility to one of the following options:*
 1. *Have the benefits adjusted to equal the cap (it may mean less benefits)*
 2. *Keep the same benefits but if the cost is higher than the cap, the retiree pays the difference.*
- *Would the VEBA Trust have the retirees pay the difference? The VEBA Trustees will have to make the determination as to what will done. The VEBA Trustees are made up of two retirees, and the rest are active members of HSTA.*

THE ISSUE OF COMPETITION FOR THE EUTF:

- *The EUTF have experience better rates for their members because of the competition when VEBA Trust was implemented on March 1, 2006.*
- *The EUTF have approximately \$160 millions in their reserves from cost savings, so how can one say the VEBA Trust have cost the EUTF more. The EUTF have saved money to its Members as well as to the Employer because of "competition."*
- *Why do we need competition? As everyone knows, we have only one "Fee for Service" health carrier that can handle a large group, HMSA. Without competition, HMSA costs would have rise for the EUTF, instead, the cost have gone down because of competition from the VEBA Trust.*

Thank you for the opportunity for me to add my comments to our testimony.

TAB 8

SAVINGS BY THE EMPLOYER

HSTA VEBA TRUST

**SUMMARY OF EMPLOYER SAVINGS BASED ON
CONTRIBUTIONS AND EXPERIENCE REFUNDS**

	Active Primary	Active Supplemental	Retirees	Grand Total Savings/Refunds
3/06 - 6/06 (4 months):				
Savings on Monthly Contributions ¹	\$ 1,108,781	\$ 92,143	\$ 1,257	\$ 1,202,181
Experience Refunds (<i>self-funded plans</i>) ²	944,943	-	-	944,943
Savings & Refunds	\$ 2,053,724	\$ 92,143	\$ 1,257	\$ 2,147,124
7/06 - 6/07 (12 months):				
Savings on Monthly Contributions ¹	\$ 619,703	\$ 125,955	\$ (84,628)	\$ 661,030
Est. Experience Refunds (<i>self-funded plans</i>) ²	2,212,796	-	141,727	2,354,523
Savings & Refunds	\$ 2,832,499	\$ 125,955	\$ 57,099	\$ 3,015,553
TOTAL 3/06 - 6/07 (16 months):				
Savings on Monthly Contributions ¹	\$ 1,728,484	\$ 218,098	\$ (83,371)	\$ 1,863,211
Est. Experience Refunds (<i>self-funded plans</i>)	3,157,739	-	141,727	3,299,466
Experience Refund (<i>Pacific Guardian Life</i>) ²	n/a	n/a	n/a	313,898
Savings & Refunds	\$ 4,886,223	\$ 218,098	\$ 58,356	\$ 5,476,575

¹ Refer to the Attachment A (Summary of Employer Contribution Savings).

² Refer to the Accounting Summaries in the binder, Tab 1 sections A - E, & Tab 5.

HSTA VEBA TRUST

Attachment A

SUMMARY OF EMPLOYER CONTRIBUTION SAVINGS

	Active Primary	Active Supplemental *	Retirees	Total Savings
3/06 - 6/06 (4 months):				
Based on EUTF Rates ³	\$15,091,844	\$327,870	\$18,828	\$15,438,542
Based on HSTA Rates ³	13,983,063	235,727	17,571	14,236,361
Savings	\$1,108,781	\$92,143	\$1,257	\$1,202,181
7/06 - 6/07 (12 months):				
Based on EUTF Rates ⁴	\$44,047,377	\$1,160,615	\$5,858,745	\$51,066,737
Based on HSTA Rates ⁴	43,427,674	1,034,660	5,943,373	50,405,707
Savings	\$619,703	\$125,955	(\$84,628)	\$661,030
3/06 - 6/07 (16 months):				
Based on EUTF Rates	\$59,139,221	\$1,488,485	\$5,877,573	\$66,505,279
Based on HSTA Rates	57,410,737	1,270,387	5,960,944	64,642,068
Savings	\$1,728,484	\$218,098	(\$83,371)	\$1,863,211

³ Refer to attached Exhibit I (pages 1-4) on blue paper.

⁴ Refer to attached Exhibit II (pages 1-4) on ivory paper.

Note: Contributions do not include administration fees which are the same for EUTF and HSTA VEBA.

* EUTF contributions for the Supplemental Plan are based on the HMSA dual plan. The HSTA VEBA Supplemental (dual) Plan is more comparable to the EUTF HMSA dual plan than it is to the Royal State Plan.

Supporting Calculations

HSTA VEBA TRUST EMPLOYER CONTRIBUTION SAVINGS

3/06 - 6/06 (HSTA Enrollment)

Exhibit I
(page 1 of 4)

Primary Plans
(actives)

	HMSA Package (Med/Rx/vs/Chiroplan)		Kaiser Package (Med/Rx/vs/Chiroplan)		HMSA Package (no vision)		Kaiser Package (no vision)		VSP Vision Only		HDS Dental		Rx Only	
	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family
EUTF Rates ¹	\$164.13	\$491.37	\$164.13	\$491.37	\$160.71	\$484.03	\$160.71	\$484.03	\$3.42	\$7.34	\$16.24	\$55.70	\$34.10	\$102.94
HSTA Rates ²	\$154.08	\$457.04	\$158.44	\$470.24	\$149.48	\$448.00	\$153.84	\$461.20	\$4.60	\$9.04	\$15.78	\$44.08	\$35.23	\$107.93
Rate Savings	\$10.05	\$34.33	\$5.69	\$21.13	\$11.23	\$36.03	\$6.87	\$22.83	(\$1.18)	(\$1.70)	\$0.46	\$11.62	(\$1.13)	(\$4.99)
Avg. # Enrolled	x 4,381	x 4,094	x 1,189	x 818	x 158	x 7	x 32	x 4	x 112	x 872	x 5,509	x 5,622	x 3	x 15
	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.
Amount Saved	\$176,096	\$562,188	\$27,062	\$69,158	\$7,086	\$1,009	\$886	\$320	(\$526)	(\$5,931)	\$10,136	\$261,311	(\$14)	(\$289)

Grand Total Contributions:

Based on EUTF Rates \$15,091,844

Based on HSTA Rates \$13,983,063

GRAND TOTAL SAVINGS \$1,108,781

¹ Refer to rates in Article XVIII pages 54-56 of the the agreement between the Hawaii State Teachers Association and the State of Hawaii BOE entered into on July 1, 2005. The EUTF rates above are net of the administration fees in the letter from the State of Hawaii Department of Budget & Finance dated January 30, 2007 (included in the binder).

² Refer to rates in the MOU between the State of Hawaii BOE & Hawaii State Teachers Association dated February 2, 2006.

Note: Rates do not include administration fees which are the same for EUTF and HSTA VEBA.

Supporting Calculations

HSTA VEBA TRUST

Exhibit I
(page 2 of 4)

EMPLOYER CONTRIBUTION SAVINGS

Supplemental Plans

3/06 - 6/06 (HSTA Enrollment)

	<u>Med/Rx/vision/chiro</u>		<u>Med/Rx/chiro (no vision)</u>		<u>HDS Dental</u>	
	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>
EUTF Rates * 1	\$102.07	\$309.69	\$100.63	\$306.55	\$9.56	\$27.64
HSTA Rates 2	\$75.23	\$223.62	\$72.66	\$218.58	\$9.55	\$27.61
Rate Savings	\$26.84	\$86.07	\$27.97	\$87.97	\$0.01	\$0.03
Avg. # Enrolled	x 34	x 132	x 39	x 111	x 76	x 469
	<u>x 4 mos.</u>	<u>x 4 mos.</u>	<u>x 4 mos.</u>	<u>x 4 mos.</u>	<u>x 4 mos.</u>	<u>x 4 mos.</u>
Amount Saved	\$3,623	\$45,273	\$4,363	\$38,883	\$3	\$56

Grand Total Contributions:

Based on EUTF Rates \$327,870

Based on HSTA Rates \$235,727

GRAND TOTAL SAVINGS \$92,143

¹ Refer to rates in Article XVIII pages 54-56 of the the agreement between the Hawaii State Teachers Association and the State of Hawaii BOE entered into on July 1, 2005. The EUTF rates above are net of the administration fees in the letter from the State of Hawaii Department of Budget & Finance dated January 30, 2007 (included in the binder).

² Refer to rates in the MOU between the State of Hawaii BOE & Hawaii State Teachers Association dated February 2, 2006.

Note: Rates do not include administration fees which are the same for EUTF and HSTA VEBA.

* EUTF contributions for the Supplemental Plan are based on the HMSA dual plan. The HSTA VEBA Supplemental (dual) Plan is more comparable to the EUTF HMSA dual plan than it is to the Royal State Plan.

**Supporting Calculations
HSTA VEBA TRUST**

**Exhibit I
(page 3 of 4)**

EMPLOYER CONTRIBUTION SAVINGS

3/06 - 6/06 (HSTA Enrollment)

**RETIREES
(Non-Medicare)**

	HMSA Package (Med/Rx/Vision)		Kaiser Package (Med/Rx/Vision)		HDS Dental	
	Single	Family	Single	Family	Single	Family
EUTF Rates ¹	\$322.85	\$902.70	\$330.35	\$975.54	\$25.52	\$72.92
HSTA Rates ²	\$323.80	\$895.58	\$263.01	\$781.21	\$26.65	\$53.30
Rate Variance	(\$0.95)	\$7.12	\$67.34	\$194.33	(\$1.13)	\$19.62
Avg. # Enrolled	x 0	x 4 *	x 0	x 1	x 0	x 5
	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.
Variance	\$0	\$107	\$0	\$777	\$0	\$373

Grand Total Contributions:

Based on EUTF Rates **\$18,828**

Based on HSTA Rates **\$17,571**

Grand Total (amount lower w/EUTF Rates) \$1,257

¹ Refer to rates in Article XVIII pages 54-56 of the the agreement between the Hawaii State Teachers Association and the State of Hawaii BOE entered into on July 1, 2005. The EUTF rates above are net of the administration fees in the letter from the State of Hawaii Department of Budget & Finance dated Janury 30, 2007 (included in the binder).

² Refer to rates in the MOU between the State of Hawaii BOE & Hawaii State Teachers Association dated February 2, 2006.

* Based on 7 enrolled in May and 8 in June.

Note: Rates do not include administration fees which are the same for EUTF and HSTA VEBT.

Supporting Calculations**HSTA VEBA TRUST****EMPLOYER CONTRIBUTION SAVINGS****7/06 - 6/07 (HSTA Enrollment)****Exhibit II**
(page 1 of 4)**Primary Plans**
(actives)

	HMSA Package (Med/Rx/Chiroplan)		Kaiser Package (Med/Rx/Chiroplan)		VSP Vision		HDS Dental	
	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>
EUTF Rates ¹	\$153.73	\$462.79	\$153.73	\$462.79	\$3.41	\$7.33	\$17.21	\$59.03
HSTA Rates ²	\$152.41	\$460.83	\$158.66	\$477.14	\$4.60	\$9.04	\$16.72	\$46.96
Rate Savings	\$1.32	\$1.96	(\$4.93)	(\$14.35)	(\$1.19)	(\$1.71)	\$0.49	\$12.07
Avg. # Enrolled	x 4,617	x 4,147	x 1,161	x 825	x 5,778	x 4,972	x 5,476	x 5,607
	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>
Amount Saved	\$73,133	\$97,537	(\$68,685)	(\$142,065)	(\$82,510)	(\$102,025)	\$32,199	\$812,118

Grand Total Contributions:Based on EUTF Rates **\$44,047,377**Based on HSTA Rates **\$43,427,674****GRAND TOTAL SAVINGS****\$619,703**

¹ Refer to rates in Article XVIII pages 54-56 of the the agreement between the Hawaii State Teachers Association and the State of Hawaii BOE entered into on July 1, 2005. The EUTF rates above are net of the administration fees in the letter from the State of Hawaii Department of Budget & Finance dated Janury 30, 2007 (included in the binder).

² Refer to rates in the MOU between the State of Hawaii BOE & Hawaii State Teachers Association dated February 2, 2006.

Note: Rates do not include administration fees which are the same for EUTF and HSTA VEBT.

Supporting Calculations
HSTA VEBA TRUST

Exhibit II
(page 2 of 4)

EMPLOYER CONTRIBUTION SAVINGS

7/06 - 6/07 (HSTA Enrollment)

Supplemental Plans

	<u>Med/Rx/vision/chiro</u>		<u>HDS Dental</u>	
	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>
EUTF Rates * 1	\$87.10	\$263.70	\$10.13	\$29.29
HSTA Rates 2	\$78.98	\$234.79	\$10.13	\$29.28
Rate Savings	\$8.12	\$28.91	\$0.00	\$0.01
Avg. # Enrolled	x 75	x 342	x 65	x 450
	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>
Amount Saved	\$7,308	\$118,647	\$0	\$54

Grand Total Contributions:

Based on EUTF Rates	\$1,160,615
Based on HSTA Rates	<u>\$1,034,660</u>

GRAND TOTAL SAVINGS	<u>\$125,955</u>
----------------------------	-------------------------

¹ Refer to rates in Article XVIII pages 54-56 of the the agreement between the Hawaii State Teachers Association and the State of Hawaii BOE entered into on July 1, 2005. The EUTF rates above are net of the administration fees in the letter from the State of Hawaii Department of Budget & Finance dated Janury 30, 2007 (included in the binder).

² Refer to rates in the MOU between the State of Hawaii BOE & Hawaii State Teachers Association dated February 2, 2006.

Note: Rates do not include administration fees which are the same for EUTF and HSTA VEBA.

* EUTF contributions for the Supplemental Plan are based on the HMSA dual plan. The HSTA VEBA Supplemental (dual) Plan is more comparable to the EUTF HMSA dual plan than it is to the Royal State Plan.

Supporting Calculations
HSTA VEBA TRUST

Exhibit II
(page 3 of 4)

EMPLOYER CONTRIBUTION SAVINGS

7/06 - 6/07 (HSTA Enrollment)

RETIREES
(Non-Medicare)

	HMSA Package (Med/Rx/Vision)		Kaiser Package (Med/Rx/Vision)		HDS Dental	
	Single	Family	Single	Family	Single	Family
EUTF Rates ¹	\$318.38	\$887.22	\$351.16	\$1,049.50	\$29.03	\$58.09
HSTA Rates ²	\$332.30	\$917.35	\$272.59	\$809.74	\$28.20	\$56.40
Rate Variance	(\$13.92)	(\$30.13)	\$78.57	\$239.76	\$0.83	\$1.69
Avg. # Enrolled	x 178	x 305	x 13	x 27	x 192	x 318
	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>
Variance	(\$29,719)	(\$110,336)	\$12,571	\$78,641	\$1,912	\$6,449

Grand Total Contributions:

Based on EUTF Rates	\$4,617,719
Based on HSTA Rates	\$4,658,201

Grand Total (amount lower w/EUTF Rates) (\$40,481)

¹ Refer to rates in Article XVIII pages 54-56 of the the agreement between the Hawaii State Teachers Association and the State of Hawaii BOE entered into on July 1, 2005. The EUTF rates above are net of the administration fees in the letter from the State of Hawaii Department of Budget & Finance dated Janury 30, 2007 (included in the binder).

² Refer to rates in the MOU between the State of Hawaii BOE & Hawaii State Teachers Association dated February 2, 2006.

Note: Rates do not include administration fees which are the same for EUTF and HSTA VEBA TRUST.

Supporting Calculations

HSTA VEBA TRUST

EMPLOYER CONTRIBUTION SAVINGS

7/06 - 6/07 (HSTA Enrollment)

Exhibit II
(page 4 of 4)

RETIREES
(Medicare)

	HMSA Package (Med/Rx/Vision)		Kaiser Package (Med/Rx/Vision)		HDS Dental	
	Single	Family	Single	Family	Single	Family
EUTF Rates ¹	\$204.04	\$662.90	\$167.36	\$498.06	\$29.03	\$58.09
HSTA Rates ²	\$213.13	\$693.08	\$169.15	\$499.50	\$28.20	\$56.40
Rate Variance	(\$9.09)	(\$30.18)	(\$1.79)	(\$1.44)	\$0.83	\$1.69
Avg. # Enrolled	x 131	x 91	x 10	x 10	x 140	x 99
	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>
Variance	(\$14,271)	(\$32,896)	(\$204)	(\$177)	\$1,394	\$2,008

Grand Total Contributions:

Based on EUTF Rates **\$1,241,026**

Based on HSTA Rates **\$1,285,172**

Grand Total (amount lower w/EUTF Rates) **(\$44,147)**

¹ Refer to rates in Article XVIII pages 54-56 of the the agreement between the Hawaii State Teachers Association and the State of Hawaii BOE entered into on July 1, 2005. The EUTF rates above are net of the administration fees in the letter from the State of Hawaii Department of Budget & Finance dated January 30, 2007 (included in the binder).

² Refer to rates in the MOU between the State of Hawaii BOE & Hawaii State Teachers Association dated February 2, 2006.

Note: Rates do not include administration fees which are the same for EUTF and HSTA VEBA TRUST.

K. Professional Development

1. Department of Education employees on initial appointments shall remain in class for two (2) semesters prior to reclassification.
2. A combination of Professional Development (PD) credits and/or academic credits approved by the Department may be used to change classification.
3. Teachers shall earn fifteen (15) PD and/or academic credits to move from one classification to the next classification. Teachers shall receive no more than one reclassification per semester and may be granted up to two (2) reclassifications per school year. The teacher shall serve one semester time-in-class per reclassification.
4. At least seven (7) of the fifteen (15) PD and/or academic credits applied for reclassification shall be related to the Standards Based Instruction aligned to the school's Strategic Plan.

Note: The following are DOE clarifications:

- These seven (7) credits may be either academic credits or professional development (PD) credits offered by the Professional Development and Educational Research Institute (PDERI).
- Academic credits earned through universities/colleges shall be applicable for reclassification if they are part of coursework requirements for a program of studies leading to an undergraduate or graduate degree, and the course content is in education (excluding education administration) and/or in the teacher's area of preparation and/or in the subject of teaching assignment.

ARTICLE XVIII – HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

A. Subject to the applicable provisions of Chapters 87A and 89, Hawaii Revised Statutes, the Employer shall pay monthly contributions which include the cost of the Hawaii Employer-Union Health Benefits Trust Fund (Trust Fund) administrative fees to the Trust Fund effective July 1, 2005, not to exceed the monthly contribution amounts as specified below:

1. For each Employee-Beneficiary with no dependent-beneficiaries enrolled in the following Trust Fund health benefit plans:

BENEFIT PLAN

MONTHLY CONTRIBUTION

a. Medical (PPO or HMO) (drug & chiro)	\$164.06
b. Dental	\$16.58
c. Vision	\$3.48
d. Dual coverage (medical, drug, chiro):	
(1) HMSA	\$103.98
(2) Royal State	\$28.12
e. Dual coverage dental	\$9.90
f. Dual coverage vision	\$1.50
g. Stand-alone Drug Plan	\$34.10

The Employer shall pay the same monthly contribution for each member enrolled in a self-only medical plan (PPO or HMO), regardless of which plan is chosen.

2. For each Employee-Beneficiary with one or more dependent-beneficiaries enrolled in the following Trust Fund health benefit plans:

BENEFIT PLAN

MONTHLY CONTRIBUTION

a. Medical (PPO or HMO) (drug & chiro)	\$487.38
b. Dental	\$56.04
c. Vision	\$7.40
d. Dual coverage (medical, drug, chiro):	
(1) HMSA	\$309.90
(2) Royal State	\$79.96
e. Dual coverage dental	\$27.98
f. Dual coverage vision	\$3.20
g. Stand-alone Drug Plan	\$102.94

The Employer shall pay the same monthly contribution for each member enrolled in a family medical plan (PPO or HMO), regardless of which plan is chosen.

3. For each Employee-Beneficiary enrolled in the Trust Fund group life insurance plan, the Employer shall pay \$4.16 per month, which reflects one hundred percent (100%) of the premium and administrative fee.

- B. Effective July 1, 2006, for the plan year 2006 – 2007, with the exception of 2.b., the Employer shall pay an amount equivalent to sixty percent (60%) of the final premium rates established by the Trust Fund for the respective health benefit plan plus one hundred percent (100%) of all administrative fees. Such monthly contribution shall not exceed the amounts specified in subparagraphs 1 and 2.a.

Health Benefit Plan" shall mean the medical PPO, HMO, dental, vision, dual coverage medical, dual coverage dental, dual coverage vision and stand-alone prescription drug plans.

The amounts paid by the Employer in subparagraphs 2.b. and 3 below shall be based on the plan year 2006-2007 final monthly premium rates established by the Trust Fund.

1. For each Employee-Beneficiary with no dependent-beneficiaries enrolled in the following Trust Fund health plans, the amount shall not exceed:

BENEFIT PLANS	MAXIMUM MONTHLY CONTRIBUTION
a. Medical (PPO or HMO) (drug & chiro)	\$177.96
b. Dental	\$17.52
c. Vision	\$3.64
d. Dual coverage (medical, drug, chiro):	
(1) HMSA	\$112.68
(2) Royal State	\$27.94
e. Dual coverage dental	\$10.44
f. Dual coverage vision	\$1.58
g. Stand-alone Drug Plan	\$38.00

The Employer shall pay the same monthly contribution for each member enrolled in a self-only medical plan (PPO or HMO), regardless of which plan is chosen.

2. a. For each Employee-Beneficiary with one or more dependent-beneficiaries enrolled in the following Trust Fund health benefit plans, the amount shall not exceed:

BENEFIT PLANS	MAXIMUM MONTHLY CONTRIBUTION
a. Medical (PPO or HMO) (drug & chiro)	\$529.88
b. Vision	\$7.74
c. Dual coverage medical (medical, drug, chiro):	
(1) HMSA	\$336.94
(2) Royal State	\$79.80
d. Dual coverage dental	\$29.60
e. Dual coverage vision	\$3.34
f. Stand-Alone Drug Plan	\$115.12

The Employer shall pay the same monthly contribution for each member enrolled in a family medical plan (PPO or HMO), regardless of which plan is chosen.

2. b. For each Employee-Beneficiary with one or more dependent-beneficiaries enrolled in the Trust Fund's Dental Plan, the Employer shall pay an amount equivalent to the Trust Fund's second year Dental Plan final premium rate adjusted as described in Exhibit A, but no more than \$59.34 per month.

3. For each Employee-Beneficiary enrolled in the Trust Fund group life insurance plan, the Employer shall pay no more than \$4.16 per month, which reflects one hundred percent (100%) of the premium and administrative fee.

C. Should legislation be enacted authorizing establishment of Voluntary Employees' Beneficiary Association Trusts (VEBA), employer contributions shall be in accordance with the Appendix XXIV, Memorandum of Understanding between the State of Hawaii Board of Education and Hawaii State Teachers Association.

D. Whenever the Employer's monthly contribution to the Hawaii Employer-Union Health Benefits Trust Fund is less than one hundred percent (100%) of the monthly premium amount, such monthly contribution shall be rounded to the nearest cent as provided below:

1. When rounding to the nearest cent results in an even amount, such even amount shall be the Employer's monthly contribution. For example:

- a. $\$11.397 = \$11.40 = \$11.40$ (Employer's monthly contribution)
- b. $\$11.382 = \$11.38 = \$11.38$ (Employer's monthly contribution)

2. When rounding to the nearest cent results in an odd amount, round to the lower even cent, and such even amount shall be the Employer's monthly contribution. For example:

- a. $\$11.392 = \$11.39 = \$11.38$ (Employer's monthly contribution)
- b. $\$11.386 = \$11.39 = \$11.38$ (Employer's monthly contribution)

LINDA LINGLE
GOVERNORGEORGINA K. KAWAMURA
DIRECTORROBERT N.E. PIPER
DEPUTY DIRECTOREMPLOYEES RETIREMENT SYSTEM
HAWAII EMPLOYER UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER
PUBLIC UTILITIES COMMISSIONSTATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION

January 30, 2007

Mr. Ray Sodetani, President
HSTA Member Benefits Corporation
1350 South King Street, Suite 230
Honolulu, Hawaii 96814

Attn: Rodney Shinno

Dear Mr. Sodetani:

This is in follow-up of the January 17, 2007 telephone call with Mr. Rodney Shinno of your staff, regarding billing for administrative costs of the HSTA VEBA. Attached as requested are the administrative fees (monthly) for the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) for FY 2006 and FY 2007. As discussed, the EUTF's fees reflect cost per employee-beneficiary per plan per month and are included in the premium amounts the employer is billed for each month. We request that Member Benefits Corporation (MBC) comply with the following in billing for administrative costs to ensure adherence to the collective bargaining agreement and given the time that has elapsed since plan inception. These requirements are based on one-time payments for FY 2006 and July 1, 2006 to February 28, 2007. For the period March 1, 2007 through June 30, 2007, the billing rates should be updated to include approved cost per employee-beneficiary per plan per month.

1. FY 2006 (March 1, 2006 to June 30, 2006)

MBC's bill for collection for the period March 1, 2006 to June 30, 2006 should be based on a cost per employee-beneficiary per plan per month and actual enrollees for whom the employer made contributions. The amounts cannot exceed the administrative fees of the EUTF for respective fiscal years. Please submit documentation (e.g. financial statements/reports, reports to the Board of Trustees, annual reports, federal report filings etc.) to validate 1) the actual administrative costs attributed to the HSTA VEBA plans including the basis for allocating administrative costs between the HSTA VEBA plans and any other activities/plans of the HSTA not funded by employer contributions; and 2) how the cost per employee-beneficiary per plan per month for the HSTA VEBA was derived including at minimum the total actual administrative cost, the number of enrollees per plan, and any other factors used in the computation.

-2-

2. FY 2007 (July 1, 2006 to February 2007)
Same as item number 1 above for the period July 1, 2006 to February 2007.

3. FY 2007 (March 1, 2007 to June 30, 2007)
The rates included in the March 2007 billing file should be updated to include the agreed upon cost per employee-beneficiary per plan per month. Bills for collection should detail the requested administrative fees by plan for actives and retirees.

4. Please note that the EUTF employer contribution rates for both actives and retirees include administrative fees. The employer contribution rates the HSTA VEBA is using for the retirees that transferred from the EUTF to the HSTA VEBA effective January 1, 2007 are the EUTF employer contribution rates. Therefore, no additional administrative fees should be added to the EUTF rates.

5. Please include a certification statement with the information provided in items 1 and 2, as follows:

"I certify to the best of my knowledge that the information provided on administrative costs accurately reflects administrative costs of the HSTA VEBA plans and the cost per employee-beneficiary per plan."

If you have any questions, please contact Mrs. Wanda Kimura of our Office at 586-1596.

Sincerely,



LENORA N. WEE
Administrative Services Officer

Attachment

01/18/07

MONTHLY EUTF ADMIN FEES – Per Employee Beneficiary by Plan

	<u>Medical</u>	<u>Drug</u>	<u>Chiro</u>	<u>Dental</u>	<u>Vision</u>	<u>Life</u>
FY 2006	\$ 2.37	\$ 0.97	\$ 0.01	\$ 0.34	\$ 0.06	\$ 0.04
FY 2007						
Self	\$ 1.22	\$ 0.46	\$ 0.01	\$ 0.17	\$ 0.03	\$ 0.04
Family	\$ 3.66	\$ 1.37	\$ 0.02	\$ 0.47	\$ 0.07	\$ 0.04

**MEMORANDUM OF UNDERSTANDING
BETWEEN
STATE OF HAWAII
BOARD OF EDUCATION
AND
HAWAII STATE TEACHERS ASSOCIATION
(VEBA TRUST FUND)**

This Memorandum of Understanding is entered into this 28th day of February 2006, by and between the State of Hawaii, Board of Education and the Hawaii State Teachers Association.

In recognition of the need for a quality health plan that will attract and retain teachers, the parties have agreed that upon the establishment of a Voluntary Employees' Beneficiary Association Trust, the Employer will contribute through the Department of Budget and Finance, the monthly contribution equal to the amount described below for Bargaining Unit 5 members who have been certified as eligible, hereinafter referred to as Bargaining Unit 5 employee, Bargaining Unit 5 retirees, and their eligible dependents.

The Trust will provide health coverage for each Bargaining Unit 5 employee, qualifying Unit 5 retirees and their eligible dependents who have enrolled in the Trust benefit plan and for whom the appropriate contribution has been received by the Trust. Eligible dependents include the employee's spouse and any unmarried child under 19 years of age. The term "child" includes the employee's child, an adopted child, a stepchild, or a foster child who is dependent on the employee for financial support. Dependent children who are full-time students at an accredited school, college or university will continue to be eligible for benefits from age 19 through age 23. Dependents also include those domestic partners that received benefits under the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) and transferred to the Trust on March 1, 2006. No other domestic partners shall receive benefits through the Trust. Qualifying retirees include any retiree who, immediately prior to retirement was a member of Unit 5 and future retirees retiring from Bargaining Unit 5. Eligibility under Trust benefit plans will also be based on rules and guidelines set forth in the Summary Plan Description of the Trust. Changes in the eligibility criteria will require agreement in writing by the collective bargaining parties.

The Employer will make a good faith effort to have the EUTF transfer all health plan enrollment information and files for all Bargaining Unit 5 employees and retirees for coverage effective March 1, 2006.

All benefits offered through the Trust and the plan design will be determined by Board of Trustees of the VEBA Trust. The Employer contributions will not exceed a) the stated monthly contribution or b) 60% of the final premium rate for the VEBA plan in which the employee is enrolled, whichever is less. The Employer agrees to pay the actual

administrative fees of the VEBA Trust not to exceed 100% of all administrative fees under the Hawaii Employer-Union Health Benefits Trust Fund for the Period March 1, 2006 through June 30, 2007.

HSTA or VEBA will provide the Employer the certifications and invoices by the first of each month. Contributions shall be made by the Employer to the designated VEBA Trust as follows:

1. Active Bargaining Unit 5

- a. For primary plan coverage effective March 1, 2006 through June 30, 2006, monthly contributions will be payable no later than March 10, 2006 and monthly thereafter per employee at a contribution rate not to exceed:

\$154.08 for single coverage Self-Funded Medical, Drug, Vision and Chiro
\$457.04 for family coverage Self-Funded Medical, Drug, Vision and Chiro
\$149.48 for single coverage Self-Funded Medical, Drug and Chiro
\$448.00 for family coverage Self-Funded Medical, Drug and Chiro
\$158.44 for single coverage Kaiser Medical, Drug, Vision and Chiro
\$470.24 for family coverage Kaiser Medical, Drug, Vision and Chiro
\$153.84 for single coverage Kaiser Medical, Drug and Chiro
\$461.20 for family coverage Kaiser Medical, Drug and Chiro
\$15.78 for single coverage Dental
\$44.08 for family coverage Dental

- b. For supplemental plan coverage effective March 1, 2006 through June 30, 2006, monthly contributions will be payable no later than March 10, 2006 and monthly thereafter per employee at a contribution rate not to exceed:

\$75.23 for single coverage Self-Funded Medical, Drug, Vision and Chiro
\$223.62 for family coverage Self-Funded Medical, Drug, Vision and Chiro
\$72.66 for single coverage Self-Funded Medical, Drug and Chiro
\$218.58 for family coverage Self-Funded Medical, Drug and Chiro
\$9.55 for single coverage Dental
\$27.61 for family coverage Dental

- c. For stand-alone plan coverage effective March 1, 2006 through June 30, 2006, monthly contributions will be payable no later than March 10, 2006 and monthly thereafter per employee at a contribution rate not to exceed:

\$35.23 for single coverage Self-Funded Drug
\$107.93 for family coverage Self-Funded Drug
\$4.60 for single coverage Vision
\$9.04 for family coverage Vision

- d. For coverage effective July 1, 2006 through June 30, 2007, monthly contributions will be payable no later than July 10, 2006 and monthly thereafter per employee at a contribution rate not to exceed:

\$168.42 for single coverage Self-Funded_Medical, Drug, Vision and Chiro
\$502.06 for family coverage Self-Funded_Medical, Drug, Vision and Chiro
\$180.30 for single coverage Kaiser Medical, Drug, Vision and Chiro
\$535.64 for family coverage Kaiser Medical, Drug, Vision and Chiro
\$16.72 for single coverage Dental
\$46.96 for family coverage Dental

2. The Employer agrees to allow payroll deductions for employees' health benefit plan contributions to be processed through the State's payroll system on a pretax basis provided that such pretax deductions are allowable under the Internal Revenue Code and the Employer's Premium Conversion Plan (PCP) Administrative Rules, and further provided that the Union complies with the Employer's reporting, certification, and other requirements under the Employer's PCP Administrative Rules.
3. In addition, the Employer agrees to remit any applicable contribution for the employee taken through payroll deduction when applicable. By ratification of this agreement, all affected employees agree to the authorization for payroll deduction for any applicable contribution as required by the Trust.
4. Bargaining Unit 5 employees retiring on or after March 1, 2006 not eligible for Medicare.
 - a. For coverage effective March 1, 2006 through June 30, 2006, monthly contributions will be payable no later than March 10, 2006 and monthly thereafter per retiree at a contribution rate not to exceed:

\$323.80 for single coverage Self-Funded Medical, Drug and Vision
\$895.58 for family coverage Self-Funded_Medical, Drug and Vision
\$333.34 for single coverage Kaiser Medical, Drug and Vision
\$980.54 for family coverage Kaiser Medical, Drug and Vision
\$26.65 for single coverage Dental
\$53.30 for family coverage Dental
 - b. For coverage effective July 1, 2006 through June 30, 2007, monthly contributions will be payable no later than July 10, 2006 and monthly thereafter per retiree at a contribution rate not to exceed:

\$332.30 for single coverage Self-Funded Medical, Drug and Vision
\$917.35 for family coverage Self-Funded Medical, Drug and Vision
\$369.16 for single coverage Kaiser Medical, Drug and Vision
\$1,086.75 for family coverage Kaiser Medical, Drug and Vision
\$28.20 for single coverage Dental
\$56.40 for family coverage Dental

5. Bargaining Unit 5 Employees retiring on or after March 1, 2006 eligible for Medicare

- a. For coverage effective March 1, 2006 through June 30, 2006, monthly contributions will be payable no later than March 10, 2006 and monthly thereafter per retiree at a contribution rate not to exceed:

\$213.13 for single coverage Self-Funded Medical, Drug and Vision
\$693.08 for family coverage Self-Funded Medical, Drug and Vision
\$229.81 for single coverage Kaiser Medical, Drug and Vision
\$495.38 for family coverage Kaiser Medical, Drug and Vision
\$26.65 for single coverage Dental
\$53.30 for family coverage Dental

- b. For coverage effective July 1, 2006 through June 30, 2007, monthly contributions will be payable no later than July 10, 2006 and monthly thereafter per retiree at a contribution rate not to exceed:

\$213.13 for single coverage Self-Funded Medical, Drug and Vision
\$693.08 for family coverage Self-Funded Medical, Drug and Vision
\$247.58 for single coverage Kaiser Medical, Drug and Vision
\$518.87 for family coverage Kaiser Medical, Drug and Vision
\$28.20 for single coverage Dental
\$56.45 for family coverage Dental

6. For each Employee and eligible retiree enrolled in the VEBA Trust group life insurance plan, the employer shall pay \$4.16 per month.
7. Bargaining Unit 5 retiree who opts to transfer from the EUTF to the HSTA VEBA Trust the monthly contribution shall be equal to the contribution paid on behalf of a similarly situated retiree under the Hawaii Employer-Union Health Benefits Trust Fund in accordance with the State of Hawaii Act Relating To Voluntary Employees' Beneficiary Association Trust.
8. Medicare part B reimbursement established pursuant to section 87A-23 (2) shall be directly disbursed to those retirees and their beneficiaries who qualify and are covered by the VEBA Trust to the same extent retirees and their beneficiary un-

der the Hawaii Employer-Union Health Benefits Trust Fund receive those reimbursements. The VEBA Trust will provide Budget and Finance or its agent the necessary information and files (electronic), including evidence of Medicare Part B enrollment so that the Medicare Part B reimbursements can be processed and issued to eligible VEBA Trust plan participants in accordance with Act 245, SLH 2005.

9. The HSTA agrees to comply with all requirements of the State of Hawaii Act relating to Voluntary Employees' Beneficiary Association Trust, without regard to whether or not the trust is deemed a governmental plan under federal law.
10. HSTA or VEBA shall be responsible for obtaining certification from the appropriate agencies. Monthly requests for Employer contributions for employees and retirees enrolled in VEBA shall be accompanied by the following certifications:

Active Employees:

Certification of active employees in Bargaining Unit 5 shall be provided by the Board of Education. HSTA or VEBA shall certify the enrollment of these employees and their eligible dependents in VEBA.

Employees that retire on or after March 1, 2006:

The Employees' Retirement System (ERS) shall certify that an employee has retired from Bargaining Unit 5. HSTA or VEBA shall certify that said retirees and their eligible dependents are enrolled in VEBA.

Retirees That Opt Into VEBA from the Hawaii Employer-Union Health Benefits Trust Fund:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) will certify the existing list of retirees transferring to the VEBA. HSTA or VEBA will certify the enrollment of these retirees and their eligible dependents upon transfer to the VEBA.

11. The HSTA or VEBA shall submit to the Employer through Budget of Finance semi-annual and annual benefit financial reports, and plan-year-end utilization reports for benefit plans that are not community rated. HSTA or VEBA and the Employer shall make a good faith effort to respond to requests for other reports.

This Memorandum of Understanding will replace Article XVIII with the implementation of the VEBA Trust.

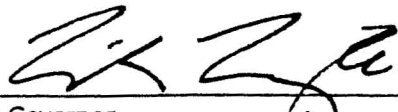
This Memorandum of Understanding shall expire on June 30, 2007.


Agreement between the Hawaii State Teachers Association (HSTA) and the State of Hawaii, Board of Education, and Department of Education March 1, 2006 to and including June 30, 2007.

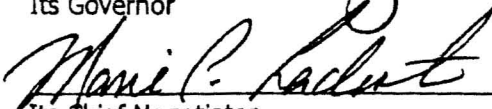
IN WITNESS WHEREOF, the parties hereto, by their authorized representatives, have executed this Agreement this 28th day of February, 2006.

STATE OF HAWAII

HAWAII STATE TEACHERS ASSOCIATION

By: 
Its Governor

By: 
Its Chief Negotiator


Its Chief Negotiator

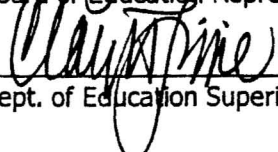

Its Deputy Chief Negotiator


Its Budget and Finance Director


Its Dept. of Human Resources Director


Its Board of Education Representative


Its Board of Education Representative


Its Dept. of Education Superintendent



HSTA Member Benefits Corporation

1350 S King St., Suite 230
Honolulu, Hawaii 96814-2008
(808) 591-2823/1-800-637-4926
Fax No. (808) 591-2652
E-mail: mbc@hslambc.net

February 6, 2008

Ms. Georgina K. Kawamura
Director of Finance
Department of Budget and Finance
State of Hawaii
P.O. Box 150
Honolulu, HI 96810-0150

RECEIVED

L. Nanto 2/6/2008

Dear Ms. Kawamura:

Please find enclosed a check for \$313,897.60 which represents the surplus from the HSTA Voluntary Employees Beneficiary Trust group life policy for the period 03/01/06 to 06/30/07. Also included is a copy of the transmittal letter from Pacific Guardian Life.

Should your staff have any questions, please contact me at 591-2823.

Sincerely,

A handwritten signature in cursive script that reads "Raymond Sodetani".

Raymond Sodetani
President/CEO

Enclosures

cc: Roger Takabayashi, HSTA President
Michael McCartney, HSTA Executive Director
VEBA Trustees
Paul A. Tom, BPS

HSTA VOLUNTARY EMPLOYEES

BENEFICIARY ASSOCIATION TRUST
1350 S. KING ST. STE. 230 (808) 591-2823
HONOLULU, HI 96814-2008

FIRST HAWAIIAN BANK
MOANALUA BRANCH
HONOLULU, HAWAII 96819
59-101-1213

2/6/2008

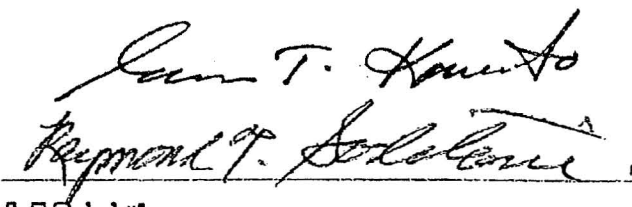
PAY TO THE ORDER OF DEPARTMENT OF BUDGET & FINANCE

\$**313,897.60

Three Hundred Thirteen Thousand Eight Hundred Ninety-Seven and 60/100***** DOLLAR

DEPARTMENT OF BUDGET & FINANCE
ADMINISTRATIVE & RESEARCH OFFICE
ATTN: LENORA WEE
P.O. BOX 150

MEMO: HONOLULU, HI 96810
LIFE INSURANCE SURPLUS FOR PERIOD 03/01/0



⑈001670⑈ ⑆121301015⑆ 98⑈069011⑈

HSTA VOLUNTARY EMPLOYEES

BENEFICIARY ASSOCIATION TRUST
DEPARTMENT OF BUDGET & FINANCE

2/6/2008

LIFE INSURANCE SURPLUS FOR PERIOD 03/01/0 313,897.60

OPERATING CHECK# LIFE INSURANCE SURPLUS FOR PERIOD 03/ 313,897.60

ISTA VOLUNTARY EMPLOYEES

BENEFICIARY ASSOCIATION TRUST
DEPARTMENT OF BUDGET & FINANCE

2/6/2008

LIFE INSURANCE SURPLUS FOR PERIOD 03/01/0 313,897.60

OPERATING CHECK# LIFE INSURANCE SURPLUS FOR PERIOD 03/ 313,897.60



HSTA Member Benefits Corporation

1350 S King St., Suite 230
Honolulu, Hawaii 96814-2008
(808) 591-2823/1-800-637-4926
Fax No. (808) 591-2652
E-mail: mbc@hstambc.net

January 23, 2008

Ms. Georgina K. Kawamura
Director of Finance
Department of Budget and Finance
State of Hawaii
PO Box 150
Honolulu HI 96810-0150

Dear Ms. Kawamura:

It has recently been brought to my attention that the check in the amount of \$944,924.61 which was sent to you was incorrect. Instead of the amount mentioned above it should have been \$944,942.61.

Please find attached a check in the amount of \$18.00 to make up the difference.

I apologize for this inconvenience. Please feel free to call.

Sincerely,

Raymond Sodetani
President/CEO

Enclosure

HSTA VOLUNTARY EMPLOYEES

BENEFICIARY ASSOCIATION TRUST
1350 S. KING ST. STE. 230 (808) 591-2823
HONOLULU, HI 96814-2008

FIRST HAWAIIAN BANK
MOANALUA BRANCH
HONOLULU, HAWAII 96819
59-101-1213

1/23/2008

PAY TO THE ORDER OF DEPARTMENT OF BUDGET & FINANCE

\$ **18.00

Eighteen and 00/100***** DOLLARS

DEPARTMENT OF BUDGET & FINANCE
ADMINISTRATIVE & RESEARCH OFFICE
ATTN: LENORA WEE
P.O. BOX 150

Lenora T. Wee
Raymond T. Johnston

MEMO HONOLULU, HI 96810

CORRECTION TO CHECK #1646

⑈001651⑈ ⑆121301015⑆ 98⑈069011⑈

HSTA VOLUNTARY EMPLOYEES

1651

BENEFICIARY ASSOCIATION TRUST
DEPARTMENT OF BUDGET & FINANCE

1/23/2008

CORRECTION TO CHECK #1646

18.00

OPERATING CHECK#1 CORRECTION TO CHECK #1646

18.00

HSTA VOLUNTARY EMPLOYEES

1651

BENEFICIARY ASSOCIATION TRUST
DEPARTMENT OF BUDGET & FINANCE

1/23/2008

CORRECTION TO CHECK #1646

18.00

OPERATING CHECK#1 CORRECTION TO CHECK #1646

18.00



HSTA Member Benefits Corporation

1350 S King St., Suite 230
Honolulu, Hawaii 96814-2008
(808) 591-2823/1-800-637-4926
Fax No. (808) 591-2652
E-mail: mbc@hstambc.net

January 11, 2008

Ms. Georgina K. Kawamura
Director of Finance
Department of Budget and Finance
State of Hawaii
P.O. Box 150
Honolulu, HI 96810-0150

Dear Ms. Kawamura:

Please find enclosed a check for \$944,942.61 which represents the employer's 60% share of the self funded medical and prescription drug surplus, for the period March 1, 2006 through June 30, 2006. Also, included is the supporting documentation. The enclosures are as follows for the self funded plans:

1. Copy of HMSA's letter for the Final Accounting.
2. Exhibit 1 – Final Accounting Summary for the Primary Plans including premiums collected (employer and employee), benefit and claims administration costs incurred, prescription drug rebate credit, and the resulting surplus.
3. Exhibit 2 – Final Accounting Summary for the Supplemental Plans including premium collected, benefit and claims administration costs incurred, prescription drug rebate credit, and the resulting deficit.
4. Exhibit 2-A – Reconciliation of total premiums collected for the Supplemental Plans based on the monthly enrollment, the CBA rates for the employer, and the employee's monthly premium share.

Should your staff have any questions, please contact me at 591-2823.

Sincerely,

Raymond Sodetani
President/CEO

Enclosures

cc: Roger Takabayashi, HSTA President
Michael McCartney, HSTA Executive Director
VEBA Trustees
Paul A. Tom, BPS

HSTA VOLUNTARY EMPLOYEES
BENEFICIARY ASSOCIATION TRUST
1350 S. KING ST. STE. 230 (808) 591-2823
HONOLULU, HI 96814-2008

FIRST HAWAIIAN BANK
MOANALUA BRANCH
HONOLULU, HAWAII 96819
59-101-1213

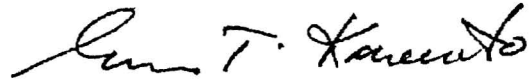
1/11/2008

PAY TO THE ORDER OF DEPARTMENT OF BUDGET & FINANCE

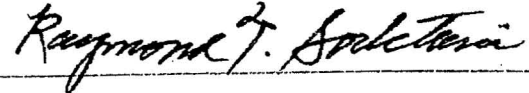
\$ **944,924.61

Nine Hundred Forty-Four Thousand Nine Hundred Twenty-Four and 61/100***** DOLLARS

DEPARTMENT OF BUDGET & FINANCE
ADMINISTRATIVE & RESEARCH OFFICE
ATTN: LENORA WEE
P.O. BOX 150



MEMO HONOLULU, HI 96810
FINAL ACCOUNTING FOR PERIOD MARCH 1, 200



⑈001646⑈ ⑆121301015⑆ 98⑈069011⑈

1646

HSTA VOLUNTARY EMPLOYEES

BENEFICIARY ASSOCIATION TRUST
DEPARTMENT OF BUDGET & FINANCE

1/11/2008

FINAL ACCOUNTING FOR PERIOD MARCH 1, 200

944,924.61

OPERATING CHECKI FINAL ACCOUNTING FOR PERIOD MARCH 1,

944,924.61

TA VOLUNTARY EMPLOYEES

BENEFICIARY ASSOCIATION TRUST
DEPARTMENT OF BUDGET & FINANCE

1/11/2008

FINAL ACCOUNTING FOR PERIOD MARCH 1, 200

944,924.61

1646

OPERATING CHECKI FINAL ACCOUNTING FOR PERIOD MARCH 1,

944,924.61