

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
SENATE BILL 2262, SD 1, HD 1

2:00 P.M., March 26, 2008
(Agenda #4)

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 Senate Bill 2262, SD 1, 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.

As amended, this bill revises Act 245 (SLH 2005) to repeal the sunset date and make the act permanent. The EUTF Board of Trustees, at its meetings of January 30, 2008 and February 27, 2008 voted unanimously 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 SB 2262, SD 1, 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 Kahoochanohano,
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.

LINDA LINGLE
GOVERNOR



MARIE C. LADERTA
DIRECTOR

CINDY S. INOUE
DEPUTY DIRECTOR

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

March 24, 2008

TESTIMONY TO THE
HOUSE COMMITTEE ON FINANCE
For Hearing on March 28, 2008
2:00 p.m., Conference Room 308

BY

MARIE C. LADERTA, DIRECTOR

WRITTEN TESTIMONY ONLY

S.B. No. 2262, S. D. 1, H. D. 1
Relating to Health

TO CHAIRPERSON OSHIRO AND MEMBERS OF THE COMMITTEE:

S. B. No. 2262, S. D. 1, H. D. 1, repeals 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 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 Human Resources Development **opposes** this bill for the following reasons:

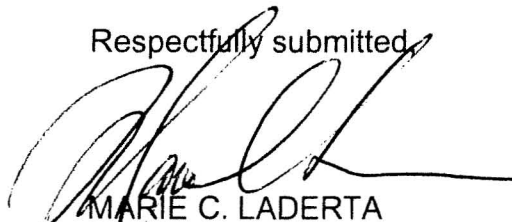
(1) The intent of Act 245, SLH 2005, was to allow employee organizations to establish a VEBA trust to provide health benefits for their members on a three-year pilot project basis to allow for a thorough analysis of the costs and benefits of the VEBA trust against those of the EUTF. Pursuant to Act 294, 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,



MARIE C. LADERTA
Director

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 2262, SENATE DRAFT 1, HOUSE DRAFT 1

March 26, 2008

RELATING TO HEALTH.

Senate Bill No. 2262, Senate Draft (SD) 1, House Draft (HD) 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.



**TESTIMONY OF THE STATE ATTORNEY GENERAL
TWENTY-FOURTH LEGISLATURE, 2008**

ON THE FOLLOWING MEASURE:

S.B. NO. 2262, S.D. 1, H.D. 1, RELATING TO HEALTH.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Wednesday, March 26, 2008 **TIME:** 2:00 PM

LOCATION: State Capitol, Room 308
Deliver to: Committee Clerk, Room 306, 2 Copies

TESTIFIER(S): Mark J. Bennett, Attorney General
or Brian Aburano, Deputy Attorney General

Chair Oshiro and Members of the Committee:

The Attorney General has concerns with this bill as currently written.

This bill seeks to amend Act 245, Session Laws of Hawaii 2005 ("Act 245"), to repeal the Act's sunset date and make it permanent. Act 245 temporarily permits employee organizations to form voluntary employee benefit association trusts ("VEBA trusts") that provide health benefits to their members outside of the Hawaii Employer-Union Health Benefits Trust Fund ("EUTF").

The stated purpose of Act 245 is to allow the establishment of a VEBA trust pilot program for three years to conduct a thorough analysis of the costs and benefits of a VEBA trust against the EUTF to determine what actual savings could be realized through VEBA trusts. See section 1 of Act 245. Act 245 initially was to sunset on June 30, 2008. See section 8 of Act 245.

In the 2007 regular session, the Legislature adopted Senate Concurrent Resolution No. 178 ("SCR 178"). SCR 178 stated that in order to make a sound determination regarding whether or not to extend or make permanent Act 245, the Legislature required data, along with an independent study and analysis of that data, regarding all aspects of the impact of Act 245 and the possible impact of VEBA

trusts. SCR 178 requested the State Auditor to conduct a comprehensive study on, among other things, the results and impact of Act 245, and to submit a report to the Legislature prior to the convening of the 2008 regular session.

Consistent with SCR 178, the Legislature extended the sunset date of Act 245 to June 30, 2009, in order to allow more time for a thorough cost benefit analysis of the VEBA trust program. See section 2 of Act 294, Session Laws of Hawaii 2007 ("Act 294"); Stand. Com. Rep. No. 310, House Journal, page 1247, Regular Session of 2007; and Stand. Com. Rep. No. 1328 [Senate Journal, Regular Session of 2007, not yet available].

We understand that the State Auditor has not yet conducted the requested comprehensive study and, consequently, did not submit a report to the Legislature on the impact of Act 245. We are unaware of any independent party having conducted a thorough cost benefit analysis of the VEBA trust program. Consistency with Act 245 and SCR 178 would require that the Legislature follow up on its request to the State Auditor regarding the requested study or have another independent party conduct a thorough cost-benefit analysis prior to making Act 245 permanent.

In addition, the bill in its current form amends section 1 of Act 245 to state that the Act authorizes the establishment of VEBA trusts "by public employee organizations" [lines 9-10, page 3]. However, Act 245 is restricted to employee organizations that have established a VEBA trust program in March 2006. See section 8 of Act 245 as amended by Act 294. Thus, the proposed amendment at lines 4-10, page 3, should be revised to state that the Act authorizes the establishment of a VEBA trust program by public employee organizations in March 2006. This would also be consistent with section 3 of Act 294 that amended Act 245 to add a requirement that employee organizations that established a VEBA trust in March 2006 submit a report to the Legislature no later than one hundred

fifty days after two full plan years of the trust's implementation and annually thereafter.

Finally, as in prior testimony submitted by the Department of the Attorney General on this bill, Act 245 contains some typographical errors that were corrected by the revisor of statutes in the current chapter 87D, Hawaii Revised Statutes. Please review that prior testimony to see which parts of Act 245 should be corrected.



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 Labor and Public Employment **RE: Senate Bill 2262 SD1 HD1**

March 24, 2008

House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
Wednesday, March 26, 2008, 2:00 p.m.
Conference Room 308, State Capitol
415 South Beretania Street

Chairman Marcus R. 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 SB2262, SD1, 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 affect upon approval.

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



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME LOCAL 152, AFL-CIO

888 MILILANI STREET, SUITE 601 • HONOLULU, HAWAII 96813-2991



Randy Perreira *Executive Director*
Tel: 808 543-0011 Fax: 808 528-0922

Nora A. Nomura *Deputy Executive Director*
Tel: 808 543-0003 Fax: 808 528-0922

Derek M. Mizuno *Deputy Executive Director*
Tel: 808 543-0055 Fax: 808 523-6879

The Twenty-Fourth Legislature House of Representatives Committee on Finance

Testimony by
HGEA/AFSCME Local 152
Wednesday, March 26, 2008

SB-2262 Voluntary Employees' Beneficiary Association Trusts

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO does not support this measure in its current form.

SB-2262 proposes to repeal the sunset date for voluntary employees' beneficiary association (VEBA) trusts pilot program established pursuant to Act 245, Sessions Law of Hawaii 2005. We do not agree that VEBAs should be reserved for only one employee organization. All employees must be treated equitably in the provision of health care benefits. If it is determined by the Legislature that health benefits are best provided by allowing coverage through VEBA trust programs, then all employee organizations should be allowed to establish VEBAs. In this way, the state will be working towards providing equitable, affordable, quality health care coverage which meets the needs of all public employees.

Thank you for the opportunity to testify in opposition to this measure.

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director

The Twenty Fourth Legislature
House of Representatives
Committee on Finance

Testimony on behalf of
Hawaii Government Employees Association, AFSCME, Local 152
University of Hawaii Professional Assembly, NEA
United Public Workers, AFSCME, Local 646
Hawaii Fire Fighters Association, IAFF, Local 1463

S.B. No. 2262, SD 1, HD 1

Relating to Health

On behalf of more than 44,000 public employees represented by the United Public Workers, the University of Hawaii Professional Assembly, the Hawaii Government Employees Association, and the Hawaii Fire Fighters Association, we stand in opposition to the continuation of this proposed legislation that would continue one separate and unique Voluntary Employee Benefit Association (VEBA) to offer health insurance programs outside of the Employer Union Trust Fund (EUTF).

The Legislature, through its own initiative, created the EUTF at time when the public sector unions of the State of Hawaii were allowed to have free standing health insurance programs for their own members, funded in part from the negotiated health insurance premium contributions made by the State, Counties, and other governmental entities in the capacity of employers. These health insurance programs were offered by various unions as an alternative to the Hawaii Public Employee Health Fund. However, Governor Cayetano and a majority of the elected state legislators believed that it was in the best interest of the State to have one EUTF to maximize cost savings through a risk pool comprised all public employees, including those excluded from unionization under state law. With the exception of the Hawaii State Teachers Association, all public employees and retirees have been required to participate in the EUTF. If the basic premise upon which the EUTF was created is viable, there should be no exclusions from participation. Any group allowed to create its own health insurance offerings, whether through a VEBA or any other organization, only diminishes the potential for overall lower premium rates by restricting the size of that risk pool.

Act 294, amending Act 245, granted a special exemption to allow the Hawaii State Teachers Association to continue its established VEBA and specified that the provisions would be subject to 1) an audit on the impact and effect of the VEBA on the provision of health insurance and premium rates for all public employees by November, 2008, and 2) an expiration date for the separate VEBA to occur in June 2009. To pass a permanent extension to this law, at this time, is at least premature. Should the audit of the current VEBA show that it had no effect on the premium rates charged to the EUTF or if it is determined that the VEBA actually reduced premium rates, then there would be no reason to continue the EUTF for active public employees represented by any union.

On the other hand, if the continuation of a separate public employee health insurance provider undermines the EUTF as shown by the audit, then the current VEBA should sunset.

The entire motivation for establishing the EUTF was the misguided notation that somehow public sector unions were making money by offering health insurance, therefore causing the public employers' cost to rise. Notwithstanding the fact that the public employers' contribution was, and is, subject to negotiations, the "carve out" for one union program is inequitable. If this is to continue, then the legislature should amend HRS Chapter 89 to include within the scope of bargaining the right of every one of the thirteen bargaining units to negotiate, a) the share of the health insurance premium to be paid by the employee and the employer, b) the coverage of the health insurance programs, c) the structure of the premiums, e.g., deductibles if any, and d) the carrier for the health insurances. Under the terms of the National Labor Relations Act, were it to apply to public employees, these subjects would be negotiable.

The State of Hawaii has determined that public employees should all be included in one retirement system, the ERS, without the right to negotiate any terms related to pensions. If the EUTF is to model that concept, then there should be no exclusions of any public employees.

Fundamentally, we believe that health insurance should not differentiate either in cost or coverage between public sector employees. We should all have the same choices, be subject to the same group rates, and expect that the public employers will provide the same premium contributions regardless whether we are fire fighters, police officers, civil service employees, university professors, or K-12 teachers.

Thank you for the opportunity to present testimony on S.B. 2262, H.D. 1.

TESTIMONY BEFORE THE HOUSE COMMITTEE ON
FINANCE

RE: SB 2262, SD 1, HD 1

WEDNESDAY, MARCH 26, 2008

ROGER TAKABAYASHI, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Marcus Oshiro and Members of the Committee:

The Hawaii State Teachers Association supports SB 2262, SD 1, HD 1, to repeal the sunset date for the voluntary employee's beneficiary association trusts pilot program established pursuant to Act 245, SLH 2005, as amended.

We have submitted checks to the Employer via Budget and Finance proving the HSTA VEBA Trust does save the Employer money. This is the intent of the pilot to show the Legislature the HSTA VEBA Trust is able to save the Employer monies.

We urge the committee to keep this bill alive for further discussion.

Thank you for the opportunity to testify.

FINTestimony

From: carol seielstad [kumu@mail.com]
Sent: Wednesday, March 26, 2008 5:34 AM
To: FINTestimony
Cc: repmorita@capital.hawaii.gov
Subject: Pls Support SB 2262, SD 1, HD 1 – RELATING TO HEALTH

Subject: SB 2262, SD 1, HD 1

Carol Seielstad

Teacher at Hanalei School

House Committee on Finance

Agenda #4

Wednesday, March 26, 2008

Conference Room 308

2:00 p.m.

SB 2262, SD 1, HD 1 – RELATING TO HEALTH

Chair Marcus Oshiro, and Members of the Committee:

My name is Carol Seielstad and I am a teacher at Hanalei School. I support SB 2262, SD 1, HD 1 – RELATING TO HEALTH to repeal the sunset of our VEBA Trust pilot.

The VEBA Trust is very important to teachers because it:

- provides greater benefit to its members than EUTF.
- is accountable to the Federal government for its expenditures.
- requires full disclosure on how the trust funds are used.
- it creates a smaller pool of members to allow a number of health insurance carriers to submit bids to be the carrier. The competition will allow for the VEBA Trust to negotiate a better premium and better benefits.

Thank you for the opportunity to testify.

Sincerely,
Carol Seielstad
3676 Kaweonui Rd
Princeville, HI 96722

--

Want an e-mail address like mine?
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To...FINtestimony@capitol.hawaii.gov

Cc...

Bc...mmorita@hsta.org

Subject: SB 2262, SD 1, HD 1

From Carlo Marchetti, teacher at Kamalii Elementary School
to the
House Committee on Finance
Agenda #4
Wednesday, March 26, 2008
Conference Room 308
2:00 p.m.

SB _2262, SD 1, HD1_____

Chair Marcus Oshiro, and Members of the Committee:

My name is Carlo Marchetti, special education teacher and I am a teacher at Kamalii Elementary School. I support SB _2262, SD1, HDA to repeal the sunset of our VEBA Trust pilot.

The VEBA Trust Pilot needs to be made permanent for HSTA public teacher employees. The HSTA/VEBA trust has shown much savings over the last several years, and has enabled teachers to reduce their out of pocket cost for medical benefits, and health costs. The administrative savings in this trust will lead to better medical and cheaper medical cost for teachers, and lead to attracting and retaining teachers in Hawaii.

Currently families pay over 300 a month out of pocket cost for medical and health insurance, and that is a crime. To punish teachers in Hawaii with such costs, leads to teachers leaving the profession. Keeping VEBA will help retain teachers in Hawaii. The VEBA trust saves cost for the state and helps retain teachers.

from Carlo Marchetti, Kamalii Elementary School Special Education teacher, on Maui

Thank you for the opportunity to testify.

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HOUSE COMMITTEE ON FINANCE
Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice Chair

Date: Wednesday, March 26, 2008
Time: 2:00 p.m.
Place: Conference Room 308/State Capitol

Re: SB2262 SD1 HD1: VEBA TRUSTS

Chairman Oshiro, Vice-Chair Marilyn Lee, and members of the House Committee on Finance, good afternoon. My name is Odetta Fujimori. I am a charter member of the HSTA and an active member of our retired teachers organization. Today, I humbly ask for your support of the House Committee on Labor's HD1, which repeals the sunset provision of the VEBA Trust and allows HSTA to finally put into place a permanent health benefits program for Bargaining Unit 5 members and retirees.

HSTA's VEBA Trust's trustees have been diligent at reinstating and offering benefits to meet the needs of its participants, while at the same time, lowering the cost of certain medical expenses. For example, through the mail order program, my 90 days supply of generic drugs is \$9.00, and \$27.00 for the preferred brand. I am totally dependent on four different medications and HSTA's VEBA program is a big help to me as a retiree on a fixed income.

HSTA has a proven record of providing affordable health care for its participants. I also appreciate its service to its members. Whenever I call our Member Benefits office, I get an immediate response from a staff member. They were most helpful when I was attempting to sort through Medicare's Part D program. In another situation, when I emailed them about a teacher friend who was denied the same medication after she was released from the hospital, HSTA's staff member was eager to assist her.

HSTA's VEBA program has been tested and it works. Help us to make it a permanent program by removing the sunset and allowing Unit 5 retirees who were uncertain about HSTA's VEBA, an opportunity to join.

Thank you very much for allowing me to testify before this committee. I ask for your favorable support of SB2262 SD1 HD1.

With much appreciation,

Odetta Fujimori

To: Representative Marcus Oshiro
Subject: Testimony on Senate Bill 2262 SD1 HD1

House Committee on Finance
Wednesday, March 28, 2008
State Capitol
415 South Beretania Street
Conference Room 308
2:00 p.m.

**Re: Testimony in Support of SB2262 SD1 HD1, Relating to VEBA;
Bargaining Unit 5; Repeal Sunset.**

Honorable Chairperson Oshiro and members of the committee, thank you for accepting my testimony.

The 3200 member Hawaii State Teachers Association-Retired Oahu District strongly SUPPORTS SB 2262 SD1 HD1, which would REPEAL the SUNSET date of the HSTA VEBA Trust Pilot Program, in effect making the VEBA Trust permanent.

Retirees who switched from the EUTF to the HSTA VEBA during the enrollment period from October to November 2006, did so because they knew that they would receive better benefits under the HSTA VEBA. They remembered that their medical plans under the VEBA were better than what was provided by the EUTF, and at a lower cost. As an added benefit, retirees knew that they could count on the VEBA Trust to respond quickly whenever a Trust beneficiary called with a concern or question. They knew that the VEBA Trustees would continue to explore ways to improve their medical, dental, drug, and vision plans.

Retirees 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 the inclusion of a chiropractic plan, and they definitely want their benefits to continue into the future. REMOVING THE SUNSET would encourage non-VEBA teacher retirees the opportunity to opt into the VEBA since they would be given a one-time option to do so.

Teacher retirees are worried that their improved benefits under the HSTA VEBA will cease if they are forced to return to the EUTF with the sunset of

the VEBA. The retirees I have personally talked to would like to see the SUNSET REMOVED PERMANENTLY.

That being said, I humbly ask that you please support SB2262 SD1 HD1, which would permanently remove the sunset from our VEBA Trust.

Sincerely,

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

FINTestimony

From: Beverly Gotelli [bgotelli@msn.com]
Sent: Monday, March 24, 2008 4:52 PM
To: FINTestimony
Cc: Rep. Marilyn Lee; Rep. James Tokioka; Rep. Roland Sagum; repnakasone@hawaii.gov; Rep. Tom Brower; Rep. Pono Chong; Rep. Sharon Har; Rep. Karen Awana; Rep. Michael Magaoay; Rep. John Mizuno; Rep. Joey Manahan; Rep. Karl Rhoads; Rep. Mele Carroll; Rep. Faye Hanohano; repbellatti@capitol.hawaii.gov
Subject: Support SB 2262 SD1, HD1

House Committee on Finance

Representative Marcus R. Oshiro, Chair

Representative Marilyn B. Lee, Vice Chair

Wednesday, March 26, 2008

2:00 p.m.

Conference Room 308

State Capitol

415 South Beretania Street

Chair Oshiro, Vice-Chair Lee and Members of the Committee:

My name is Beverly Gotelli and thank you for accepting my testimony in SUPPORT of SB 2262 SD1 HD1 VEBA Trusts; Bargaining Unit 5; Repeal Sunset. I am in full support of this bill. As a recent HSTA retiree I have been in both the EUTF and VEBA. VEBA has provided me with better benefits than the EUTF. My drug coverage is lower than the EUTF and for retirees cost is very important.

I recently had an unexpected emergency which found me in the Emergency Room twice and being transported by ambulance on one of those visits. My co-payment to the hospital and EMS services for the ambulance were very nominal. It ended up being the tax portion that is not covered by the providers. Had I been with the EUTF I don't know what my out of pocket cost would be.

As an active member I have wholeheartedly supported any measure that would repeal the sunset of VEBA as an HSTA-R member I continue to support any measure that will do this. You now have the opportunity to repeal the sunset and allow retirees another opportunity to enroll in VEBA with SB 2262 SD1 HD1.

I urge you to support your active and retired teachers by passing SB 2262 SD1 HD 1.

3/25/2008

Thank you for the opportunity to testify.

FINTestimony

From: Eric_Kanemoto/LEEDO/HIDOE@notes.k12.hi.us
Sent: Monday, March 24, 2008 4:34 PM
To: FINTestimony
Subject: SB2262 SD 1 HD 1 Relating to Health, VEBA Trusts; Bargaining Unit 5; Repeal Sunset

Testimony

March 24, 2008

House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
Wednesday, March 26, 2008
2:00 p.m.
Conference Room 308
State Capitol
415 South Beretania Street

Chair Oshiro and Vice Chair Lee,

Thank you for accepting my testimony in SUPPORT of SB 2262 SD 1 HD 1 VEBA Trusts; Bargaining Unit 5; Repeal Sunset. I am fully in SUPPORT of this bill because:

- The State saves money and member of HSTA VEBA Trust save as well on medical premiums. This is a win-win situation for teachers and the State of Hawaii.
- Enhanced Medical Benefits is one way to recruit future teachers to help our teacher shortage.
- My family is receiving excellent services from our Servicing Agency Members Benefits Corporation.
- We support the opportunity for retirees to join the VEBA Trust enhanced Retirees Plan.

We humbly request this proposal to take effect upon approval. I sincerely ask for your SUPPORT for our active and retired teachers from the State of Hawaii by passing SB 2262 SD 1 HD 1.

Thank you, Chair Oshiro and Members of the House Finance Committee for allowing my testimony.

Eric Kanemoto
CKW School Support Center - Leeward
Malama Pono

3/25/2008

COMMITTEE ON FINANCE
Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice Chair

DATE: Wednesday March 26, 2008
TIME: 2:00 p.m..
PLACE: Conference Room 308
State Capitol
415 South Beretania Street

March 25, 2008

RE: SB2262, SD1, HD1 Relating to Health

Dear Representative Marcus Oshiro and members of the House Finance Committee,

I strongly support SB2262, SD1 HD1 which repeals the sunset date for VEBA (voluntary employees' beneficiary association trusts) pilot program established pursuant to Act 245, Session Laws of Hawaii 2005. As one of the 1,000 "older" retirees who switched from EUTF to VEBA, I am very satisfied with my medical, dental, vision and drug coverage. I continue to have good coverage, easy communication with the VEBA administrator, and save money on a retiree's budget. However, many of my retiree colleagues chose to stay with EUTF because they felt VEBA was only a pilot and that they would have to change once more, but that "feeling" can be corrected if VEBA becomes permanent. I understand VEBA has saved the State of Hawaii money and has returned a sizable amount of funds back to the State.

HSTA-Retired has close to 4,300 members and about 75% belong to EUTF and 25% belong to VEBA. We are not a union and although there is a retired trustee on the EUTF Board, we feel somewhat disconnected as far as communications is concerned. However, we continue to monitor the monthly EUTF Board and Committee meetings on behalf of our members.

In SB2262, SD1 HD1 there is language for "older" retirees to once again have an opportunity to join VEBA. We have heard many of our members express a desire for this to happen. We hope it will be made possible with the passage of this bill - namely repealing the sunset date completely thus making VEBA permanent and allowing for "older" retirees another chance to join VEBA.

Thank you for the opportunity to testify.

Sincerely,

/s/ Donna Higashi,
HSTA-Retired
State Vice-President

FINTestimony

From: Eric_Kanemoto/LEEDO/HIDOE@notes.k12.hi.us
Sent: Monday, March 24, 2008 4:30 PM
To: FINTestimony
Subject: SB2262 SD 1 HD 1 Relating to Health, VEBA Trusts; Bargaining Unit 5; Repeal Sunset

Testimony

March 24, 2008

House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
Wednesday, March 26, 2008
2:00 p.m.
Conference Room 308
State Capitol
415 South Beretania Street

Chair Oshiro and Vice Chair Lee,

Thank you for accepting my testimony in SUPPORT of SB 2262 SD 1 HD 1 VEBA Trusts; Bargaining Unit 5; Repeal Sunset. I am fully in SUPPORT of this bill because:

- The State saves money and member of HSTA VEBA Trust save as well on medical premiums. This is a win-win situation for teachers and the State of Hawaii.
- Enhanced Medical Benefits is one way to recruit future teachers to help our teacher shortage.
- My family is receiving excellent services from our Servicing Agency Members Benefits Corporation.
- We support the opportunity for retirees to join the VEBA Trust enhanced Retirees Plan.

We humbly request this proposal to take effect upon approval. I sincerely ask for your SUPPORT for our active and retired teachers from the State of Hawaii by passing SB 2262 SD 1 HD 1.

Thank you, Chair Oshiro and Members of the House Finance Committee for allowing my testimony.

Malama Pono

3/25/2008

FINTestimony

From: wil okabe [wmoka@hawaiiantel.net]
Sent: Tuesday, March 25, 2008 12:05 PM
To: FINTestimony
Subject: SB 2262, SD 1, HD 1

Wil Okabe
556 Wainuenue Ave.
Hilo High School
Hilo, Hawaii 96720

Chair Marcus Oshiro, and Members of the Committee:

My name is Wil Okabe and I am a teacher at Hilo High School. I support SB 2262, SD 1, HD 1 to make an appropriation for our collective bargaining costs or to repeal the sunset of our VEBA Trust pilot.

These are some areas to consider your support for this bill:

- * Save state money
- * Recruit and retain active teachers in Hawaii *Provide excellent medical coverage to our members and retired teachers.

Thank you for the opportunity to testify.

wil

FINTestimony

From: Rae Yamanaka [yamanaka@members.hsta.org]
Sent: Monday, March 24, 2008 2:59 PM
To: FINTestimony
Subject: SB2262SD1HD1

Testimony for House Committee on Finance Chair Marcus Oshiro Vice Chair Marilyn Lee
Committee meeting on Wed. March 26, 2008 2pm, Conf. Room 308

Dear Chair Oshiro and members of the committee;

Thank your for the opportunity to testify on SB2262, SD1, HD1 - Relating to Health, VEBA.
Please approve the repeal of the sunset date for VEBA.

I am a teacher at Waiakea High School and VEBA has greatly improved the medical
opportunities for myself and my family. Costs have decreased in both prescription and
health services. We have an increase in the types of benefits available to us and the
service we have received from the HSTA Member Benefits Corporation staff have been
excellent. I no longer have to worry about getting the best coverage available for my
family.

Please vote to repeal the sunset of SB2262 SD1 HD1.

Thank you.

Sincerely,

Rae A. Yamanaka
Waiakea High School
74 Kekela St.
Hilo, HI 96720

Rae.Yamanaka@members.hsta.org

FINTestimony

From: louise cayetano [louise_cayetano@members.hsta.org]
Sent: Tuesday, March 25, 2008 11:31 PM
To: FINTestimony
Subject: SB 2262, SD 1, HD 1 – RELATING TO HEALTH

Louise Cayetano

Teacher at Fern Elementary School

House Committee on Finance

Agenda #4

Wednesday, March 26, 2008

Conference Room 308

2:00 p.m.

SB 2262, SD 1, HD 1

Chair Marcus Oshiro, and Members of the Committee:

My name is Louise Cayetano and I am a teacher at Fern Elementary School. I support SB 2262, SD 1, HD 1 to repeal the sunset of our VEBA Trust pilot.

VEBA Trust has provided significant savings to its members. This has been proven when compared to the EUTF plan. In addition, chiropractic care is available to VEBA enrollees whereas, the EUTF plan does not offer this as a benefit. Please support SB2262, SD1, HD 1.

Thank you for the opportunity to testify