

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON JUDICIARY & LABOR
ON
SENATE BILL NO. 2262

February 14, 2008

RELATING TO HEALTH.

Senate Bill No. 2262 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.

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

February 13, 2008

TESTIMONY TO THE
SENATE COMMITTEE ON JUDICIARY AND LABOR
For Hearing on February 14, 2008
10:00 a.m., Conference Room 016

BY

MARIE C. LADERTA, DIRECTOR

WRITTEN TESTIMONY ONLY

S.B. No. 2262
Relating to Health

TO CHAIRPERSON TANIGUCHI 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:

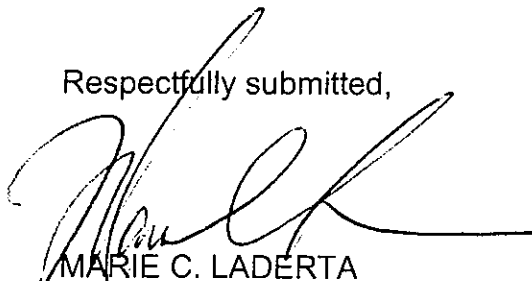
(1) The intent of Act 245, SLH 2005, was to allow employee organizations to establish a VEBA trust to provide health benefits for their members on a three-year pilot project basis to allow for the analysis of the costs and benefits of the VEBA trust against those of the Hawaii Employer Union Health Benefits Trust Fund (EUTF). Pursuant to Act 294, SLH 2007, the employee organization that establishes 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 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 JIM WILLIAMS
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR
ON
SENATE BILL 2262

10:00 A.M., February 14, 2008

RELATING TO HEALTH

Chairperson Taniguchi 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.

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 SB 2262. 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 Kahooahanohano,
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

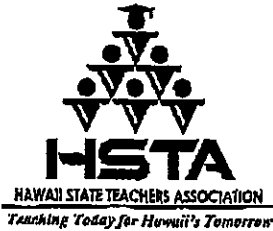
premium holiday amounted to an 8% reduction in the annual premium, with savings amounting to about \$8 million for employees and \$12 million for employers.

- 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.



1200 Ala Kapuna Street • Honolulu, Hawaii 96819
Tel: (808) 833-2711 • Fax: (808) 839-7106 • Web: www.hsta.org

Roger K. Takabayashi
President

Wil Okabe
Vice President

Karolyn Mossman
Secretary-Treasurer

Mike McCartney
Executive Director

**TESTIMONY BEFORE THE SENATE COMMITTEE ON
JUDICIARY**

RE: SB 2262 – RELATING TO HEALTH.

February 14, 2008

**ROGER TAKABAYASHI, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION**

Chair Taniguchi and Members of the Committee:

The Hawaii State Teachers Association supports SB 2262, 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 health care costs for its members and the State of Hawaii. We respectfully request your favorable consideration of SB 2262.

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

Testimony to the Judiciary and Labor Committee

Re: SB2262

February 14, 2008

Chairman Taniguchi and Members of the Committee,

My name is Ray Sodehani, Administrator of the HSTA VEBA Trust.

I speak in favor of SB2262 which repeals the sunset for the VEBA Trust and allows the present retirees in the EUTF one more opportunity to join the VEBA Trust. Mr. Chairman and Members of the Committee the VEBA Trust does save the State money by charging a lower rate and returns the State's portion of the unused funds.

We continue to receive numerous calls from retirees requesting to join VEBA and even more calls from both active and retired teachers telling us how much they appreciate VEBA.

We strongly urge the passage of SB2262.

Thank you Mr. Chairman and Members of the Committee for allowing us to testify.

To: Senator Brian Taniguchi, Chair-Senate Committee on Judiciary and Labor
Subject: Testimony on Senate Bill 2262

Senate Committee on Judiciary and Labor
Thursday, February 14, 2008
Conference Room 016
10:00 a.m.

Re: Testimony in Support of SB2262 (VEBA Trusts; Bargaining Unit 5; Repeal Sunset)

Chair Taniguchi and members of the committee, thank you for accepting my testimony.

The 3200 member Hawaii State Teachers Association-Retired Oahu District strongly supports SB2262, which would extend the remove the sunset date of the VEBA Trust Program.

Teacher retirees who switched from the HEUTF to the HSTA VEBA did so because they believed they would receive better health benefits under the HSTA VEBA. They also remembered that their medical plans under the VEBA were better than what was provided by the state, and at a lower cost. Retirees also 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 VEBA Trustees would work to improve their health plans.

Removing the sunset date would give encouragement to retirees that their health plans 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 the chance to take part in Chiropractic care.

Teacher retirees are concerned that their improved health plan benefits under the HSTA VEBA will cease if they are forced to return to the EUTF if the VEBA sunsets in 2009. The retirees I have personally talked to would like to see the sunset removed, and they will certainly encourage their friends and families to help, in any way they can, to remove the sunset provision entirely.

That being said, I humbly request that you please support SB2262.

Sincerely,

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

TESTIMONY BEFORE THE
SENATE COMMITTEE ON JUDICIARY AND LABOR

RE: SB 2262 – Relating to Health
Committee on Judiciary and Labor
Brian T. Taniguchi, Chair

Thursday, February 14, 2008
10:00 AM
Conference Room 016
State Capitol
415 South Beritania Street

Dear Chair Taniguchi and Members of the Senate Committee on Judiciary and Labor,

We are teachers from Benjamin Parker Elementary on the Windward side. Thank you for allowing us to present testimony in SUPPORT of SB 2262.

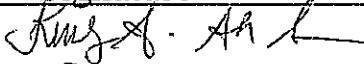
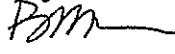
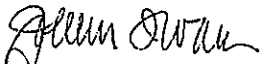
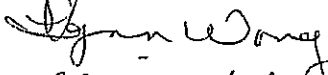




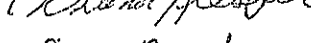

All of us have benefited from having our VEBA Trust. Many of us can share stories of the rising cost of health care and how much it meant to have a great health plan with VEBA. The VEBA Trust is an important benefit to us. It has created more benefits and choices for us with more savings – for doctor 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, we felt appreciation through VEBA.

We sincerely ask for your support in passing HB 2481 in repealing the sunset date for VEBA. It means so much to all of us and our families.

Thank you Mr. Chairman and members of the Senate Committee on Judiciary and Labor for the opportunity to testify.

TEACHERS OF BENJAMIN PARKER ELEMENTARY IN FAVOR OF
SB 2262 – REPEALING SUNSET DATE OF VEBA TRUST:

Name (print)	Signature
1. Kimberly Ah Soon	
2. Barbara Bass	
3. JoAnn Iwami	
4. Lynn Wong	
5. Elissa Johnson	
6. Maresa mailes	
7. Randy Lau	
8. Pat Kamijiri	
9. Diana Hieser	
10. Carissa Medeiros	

TESTIMONY BEFORE THE
SENATE COMMITTEE ON JUDICIARY AND LABOR

RE: SB 2262 – Relating to Health
Committee on Judiciary and Labor
Brian T. Taniguchi, Chair

Thursday, February 14, 2008
10:00 AM
Conference Room 016
State Capitol
415 South Beritania Street

Dear Chair Taniguchi and Members of the Senate Committee on Judiciary and Labor,

We are teachers from Benjamin Parker Elementary on the Windward side. Thank you for allowing us to present testimony in SUPPORT of SB 2262.

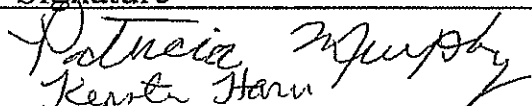

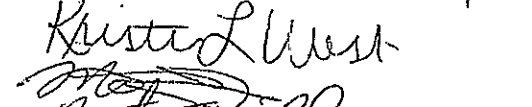
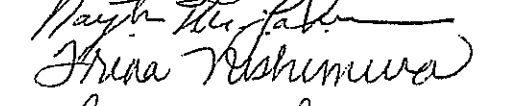
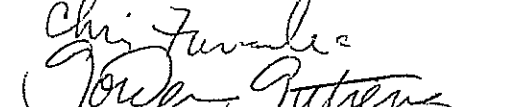



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We sincerely ask for your support in passing HB 2481 in repealing the sunset date for VEBA. It means so much to all of us and our families.

Thank you Mr. Chairman and members of the Senate Committee on Judiciary and Labor for the opportunity to testify.

TEACHERS OF BENJAMIN PARKER ELEMENTARY IN FAVOR OF
SB 2262 – REPEALING SUNSET DATE OF VEBA TRUST:

<u>Name (print)</u>	<u>Signature</u>
11. Patricia Murphy	
12. Kerster Haru	
13. April Bierman	
14. Kristin West	
15. Matt Waley	
16. Dayton Labanon	
17. Trina Nishimura	
18. Chris Funasaki	
19. Gordon Gutierrez	
20. Amber Bryson	

TESTIMONY BEFORE THE
SENATE COMMITTEE ON JUDICIARY AND LABOR

RE: SB 2262 – Relating to Health
Committee on Judiciary and Labor
Brian T. Taniguchi, Chair

Thursday, February 14, 2008
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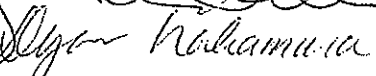
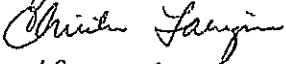
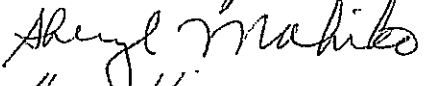

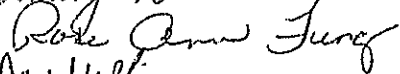
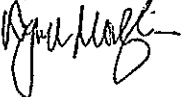
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Having our VEBA back has been a tremendous relief amidst the pressures of our profession that we face each day. Despite the growing responsibilities and added duties to our job descriptions, we felt appreciation through VEBA.

We sincerely ask for your support in passing HB 2481 in repealing the sunset date for VEBA. It means so much to all of us and our families.

Thank you Mr. Chairman and members of the Senate Committee on Judiciary and Labor for the opportunity to testify.

TEACHERS OF BENJAMIN PARKER ELEMENTARY IN FAVOR OF
SB 2262 – REPEALING SUNSET DATE OF VEBA TRUST:

<u>Name (print)</u>	<u>Signature</u>
21. Jonathan Gillettine	
22. Dyan Nakamura	
23. Christine Tanigawa	
24. Sheryl Mahiko	
25. Stacey Kim	
26. R. Fung	
27. Lynn Mochizuki	

February 12, 2008

Senator Brian Taniguchi, JDL Chair

Thursday, February 14, 2008

8:30 a.m.

Conference Room 016

State Capitol

415 South Beretania Street

Chairman Taniguchi and Members of the Committee,

Thank you for this opportunity to present my testimony in SUPPORT of SB 2262 (VEBA Trusts; Bargaining Unit 5; Repeal Sunset Provision 2009)

The following reasons are why I support SB 2262:

- The State saves money and members of HSTA VEBA Trust save as well in medical premiums. This is a win-win situation for teachers and the State of Hawaii.
- Medical Benefits have been equal to or better than EUTF.
- 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 beneficial for my family with low co-pay for prescription and copayment of for medical benefits.

It is very important that we get the sunset provision in SB 2262 removed this year. Your favorable support is greatly appreciated.


Eric Kanemoto

Teacher – CKW School Support Center – Leeward District

From: Robbin_Serikawa/LEEDO/HIDOE@notes.k12.hi.us
Sent: Wednesday, February 13, 2008 2:30 PM
To: Sen. Brian Taniguchi
Subject: testimony

February 12, 2008

Senator Brian Taniguchi, JDL Chair

Thursday, February 14, 2008

8:30 am

Conference Room 016
State Capitol
415 South Beretania Street

Chariman Taniguchi and Memembers of the Committee,

Thank you for this opportunity to present my testimony in SUPPORT of SB 2262 (VEBA Trusts; Bargaining Unit 5; Repeal Sunset Provision 2009)

The following reasons are why I support SB 2262:

- The State saves money and memembers of HSTA VEBA Trust save a well in medical premiums. This is a win-win situation for teachers and the State of Hawaii.
- Medical Benefits have been equal to or better than EUTF.
- The lower payments per month for medical helps me to be able to afford and live in Hawaii.

It is important that we get the sunset provision in SB 2262 removed this year. Your favorable support is greatly appreciated.

Robbin Serikawa
Teacher - CKW School Support Center - Leeward District

testimony

From: Hillary_Slater/KEKAULIKE/HIDOE@notes.k12.hi.us
Sent: Wednesday, February 13, 2008 1:15 PM
To: testimony
Subject: VEBA

Testimony Before the Senate Committee on
Judiciary and Labora

RE: SB 2262 – RELATING TO HEALTH.

February 14, 2008

Your Name

Chair Taniguchi and Members of the Committee:

My name is Hillary Slater and I am a teacher at King Kekaulike High School. I support SB 2262 - Relating to Health, etc.

The cost of living on Maui is huge and the medical bills and insurance are no less. VEBA allows me the same amount of coverage for a lower price. Please let me keep my VEBA

Thank you for the opportunity to testify.

2/13/2008

testimony

From: Kim Springer [kimkeiko@hotmail.com]
Sent: Wednesday, February 13, 2008 4:05 PM
To: testimony
Subject: SB 2262 – RELATING TO HEALTH

Testimony Before the Senate Committee on
Judiciary and Labor

RE: SB 2262 - RELATING TO HEALTH.

February 14, 2008

From: Kim Springer
Teacher, Grade 4
Chiefess Kap'iolani Elementary School
Hilo, Hawaii

Chair Taniguchi and Members of the Committee:

My name is Kim Springer, and I am a teacher at Chiefess Kapi'olani Elementary School. Thank you for allowing me to present testimony in SUPPORT of SB 2262 (REALTING TO HEALTH VEBA Trusts; Bargaining Unit 5; Repeal Sunset)

I saved lots of money having my medical insurance through the HSTA VEBA Trust. When we were with the EUTF, I spent more out of pocket than before for co-pays. Now that teachers get their insurance benefits through our 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 had excellent service through our Member Benefits office also. The savings teachers receive goes right back into the state's economy.

I know that my colleagues also rejoice in the savings they enjoy because of their enrollment in the HSTA VEBA Trust. This Trust has saved the teachers AND the state money. The HSTA VEBA Trust sent 2 HUGE checks back to the state - \$900,000+ and \$300,000.

I am humbly asking for your support to get the sunset provision to ACT 245 removed this year.

Thank you for the opportunity to testify.

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

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LATE

testimony

From: Niyati333@aol.com
Sent: Wednesday, February 13, 2008 5:51 PM
To: Niyati333@aol.com
Subject: SB 2262

Testimony Before the Senate Committee on
Judiciary and Labora

RE: SB 2262 – RELATING TO HEALTH.

February 14, 2008

Your Name

Chair Taniguchi and Members of the Committee:

My name is Niyati Brown and I am a teacher at Pa'auilo Elem. & Intermediate School on the Big Island. I support SB 2262 - Relating to Health. It is very important to bargaining unit #5 (HSTA) members to have affordable health care. With the cost of all health care insurance plans looking to raise at more cost to the state, it is gratifying to note that HSTA's VEBA trust is actually SAVING money and returning it to the state. We have sent back more than a million dollars already with more on the way each quarter.

I am a diabetic. I need medicine daily to stay alive. Under the VEBA trust, my prescriptions cost me half as much out of pocket money each month. At 60, every penny counts. For our retirees on fixed incomes as well as active members we need this kind of help. My doctor visits are less and I have more coverage than I did under EUTF.

Please repeal the "sunset" date for the VEBA trust bill. I think it would be difficult to explain to the public that our union was returning millions of dollars to the state and you cut that off , in favor of a plan more expensive to the state.

Thank you for the opportunity to testify on behalf of eliminating the sunset date on our VEBA trust SB 2262. 13,800 teachers say mahalo for doing the smart thing.

Sincerely yours,

Niyati Brown

HSTA Board of Directors

Hamakua Chapter President

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LATE

testimony

From: Beverly Gotelli [bgotelli@msn.com]
Sent: Wednesday, February 13, 2008 7:21 PM
To: testimony
Subject: Support SB 2262

LATE

Senate Committee on Judiciary and Labor

February 14, 2008
Support of SB 2262

Chair Senator Brian Taniguchi and Vice-Chair Senator Clayton Hee and members of the Committee. I am Beverly Gotelli, a recent public school teacher retiree and would like to speak in support of SB 2262 which would repeal the sunset of the VEBA Trust.

As a recent retiree I can tell you that teachers have been able to see a reduction in premium and prescription cost. Teachers have been able to enjoy this benefit and would like to see it continued. As a retiree I have been able to see the differences in my co-payment for medical services that have been provided.

I strongly urge the Committee to pass SB 2262 which will have a positive impact on teachers.

Thank you for the opportunity to testify.

Beverly A. Gotelli

testimony

From: nalhk@aloha.net
Sent: Thursday, February 14, 2008 10:14 AM
To: testimony
Subject: SB2262

February 14, 2008

Chair Taniguchi and Members of the Committee

My name is Lawrence Kawasaki and I am a teacher at Lanai High & Elementary School. I support SB2262 which repeals the sunset for the VEBA Trust.

Through the VEBA Trust I have been getting enhanced benefits as compared to that I enjoyed through the EUTF. The HSTA VEBA Trust has also been much more responsive to my needs for information or other help. I urge your support for this bill.

Thank you for this opportunity to testify.

LATE

testimony

From: Nora Kawasaki [nora_kawasaki@members.hsta.org]
Sent: Thursday, February 14, 2008 10:46 AM
To: testimony
Cc: MBC@hstambc.net

Testimony Before the Senate Committee on Judiciary and Labor

RE: SB 2262 - RELATING TO HEALTH.

February 14, 2008

Nora Kawasaki

Chair Taniguchi and Members of the Committee:

My name is Nora Kawasaki and I am a teacher at Lanai High and Elementary School.

I support SB 2262 - Relating to Health, etc. I need a conducive plan to assist me with my maintenance drugs. I need quick assistance whenever I call for inquiry. Through experience, VEBA Trust has provided this for me.

I plead for your support on SB 2262.

Mahalo for the opportunity to testify.

LATE

Susan Miyao

From: P Nakashima [pnakashi@yahoo.com]

Sent: Wednesday, February 13, 2008 11:46 PM

To: Sen. Brian Taniguchi; Sen. Clayton Hee; Sen. Mike Gabbard; Sen. Russell Kokubun; Sen. Clarence Nishihara; Sen. Sam Slom

Subject: SB2262

Testimony to the Judiciary and Labor Committee

Re: SB2262

February 14, 2008

Chairman Taniguchi and Members of the Committee,

My name is Peter Nakashima, Trustee of the HSTA VEBA Trust.

I speak **in favor** of SB2262 which **repeals the sunset** for the HSTA VEBA Trust and allows present retirees in the EUTF **one more opportunity to join** the HSTA VEBA Trust. Mr.

Chairman and Members of the Committee, it is clear that the HSTA VEBA Trust saves the State money. The HSTA VEBA Trust will return hard dollars to the State. The EUTF will not. **I strongly urge the passage of SB2262.**

Thank you Mr. Chairman and Members of the Committee for allowing us to testify.

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LATE

TESTIMONY BEFORE THE SENATE COMMITTEE ON
JUDICIARY AND LABOR

RE: SB 2262 – RELATING TO HEALTH

February 14, 2008

MAURICE MORITA
HAWAII STATE TEACHERS ASSOCIATION

Chair Taniguchi and Members of the Committee:

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 risen 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.