

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

February 22, 2008

RELATING TO HEALTH.

Senate Bill No. 2262, Senate Draft (SD) 1 amends Act 245, Session Laws of Hawaii (SLH) 2005 as amended by Act 294, SLH 2007, to extend the pilot Voluntary Employees' Beneficiary Association Trust, (VEBA Trust) established in March 2006 for two (2) additional years through June 30, 2011. 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, 2011, 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. Act 245 was initially to sunset on June 30, 2008 but last session Act 294, SLH 2007 extended the sunset date for the pilot program for an additional year from June 30, 2008 to June 30, 2009.

Senate Concurrent Resolution 178 was also 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 21, 2008

TESTIMONY TO THE

SENATE COMMITTEE ON WAYS AND MEANS
For Hearing on February 22, 2008
11:00 a.m., Conference Room 211

BY

MARIE C. LADERTA, DIRECTOR

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

TO CHAIRPERSON BAKER AND MEMBERS OF THE COMMITTEE:

The stated purpose of the S.B. No. 2262, S.D. 1 is to extend the sunset date to July 1, 2011, for voluntary employees' beneficiary association (VEBA) trusts pilot program established pursuant to Act 245, SLH 2005, as amended. 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, 2010, another opportunity to make the transfer.

The Department of Human Resources Development **opposes** this measure.

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). Act 245 was initially to sunset on June 30, 2008, however, last session Act 294, SLH 2007, extended the sunset date for the pilot program for an additional year from June 30, 2008 to June

30, 2009. Furthermore, 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.

Senate Concurrent Resolution 178 was also adopted during the 2007 legislative session which requested that the legislative auditor 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, 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.

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

From: Justin Carvalho [justin_carvalho@hotmail.com]

Sent: Wednesday, February 20, 2008 3:48 PM

To: testimony

Subject: VEBA Trust

Aloha: Senate Committee on Ways and Means, Rosalyn H. Baker-Chair, Shan S. Tsutsui-Vice-Chair, and Senator Baker,

Please support bill SB 2262 SD 1 with the requested with the original language of SB 2262.

I am a teacher at Chiefess Kamakahahei Middle on Kauai.

Mahalo,
Justin Carvalho

Need to know the score, the latest news, or you need your Hotmail®-get your "fix". [Check it out.](#)

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 WAYS AND MEANS
ON
SENATE BILL 2262, S.D. 1

11:00 A.M., February 22, 2008

RELATING TO HEALTH

Chairperson Baker 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, S.D. 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 extend the sunset date by two years to June 30, 2011. The EUTF Board of Trustees, at its meeting of January 30, 2007, voted unanimously (with nine Trustees present) to oppose this bill in its original form. In the past the Board has voted to oppose any extension of Act 245.

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 extend Act 245 or make it permanent prior to receiving the results of the study.

Thank you for this opportunity to present this testimony in opposition to SB 2262, S.D. 1. I will be pleased to answer any questions from members of the Committee.

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 extend Act 245 or make it permanent prior to receiving the results of the study.

Thank you for this opportunity to present this testimony in opposition to SB 2262, S.D. 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

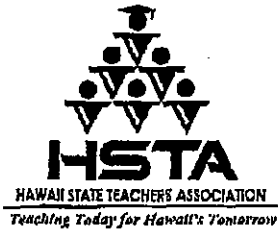
premium holiday amounted to an 8% reduction in the annual premium, with savings amounting to about \$8 million for employees and \$12 million for employers.

- 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.



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Roger K. Takabayashi
President

Wil Okabe
Vice President

Karolyn Mossman
Secretary-Treasurer

Mike McCartney
Executive Director

**TESTIMONY BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS**

RE: SB 2262, SD1 – RELATING TO HEALTH.

February 22, 2008

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

Chair Baker and Members of the Committee:

The Hawaii State Teachers Association supports SB 2262, as originally written, prior to SD1. Instead of extending the sunset date to 7/1/2011, HSTA favors repealing the sunset date of Act 245, SLH 2005, as amended, providing 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 amending SB 2262, SD1, by repealing the sunset date of Act 245, SLH 2005 (as amended) as opposed to extending the sunset date.

Thank you for the opportunity to testify.

testimony

From: Beverly Gotelli [bgotelli@msn.com]
Sent: Wednesday, February 20, 2008 2:25 PM
To: testimony
Subject: Support Intent of SB 2262 SD 1

Senate Committee on Ways and Means

SB 2262 SD 1 Extends the sunset date to 7/1/2011, for voluntary employees' beneficiary association trusts pilot program established pursuant to Act 245, Session Laws of Hawaii 2005.

February 22, 2008

Conference Room 211

Chair Baker, Vice-Chair Tsutsui and members of the Committee:

Thank you for the opportunity to provide written testimony in support of the intent of SB 2262 SD 1. As a recently retired public school teacher who has been a member of the HSTA VEBA as an active and retired member I support the original intent of SB 2262 to repeal the sunset as pursuant of Act 245. The VEBA Trust has provided countless teachers and retirees with premiums that are less than the EUTF. For retirees there are no premiums but the coverage that is provided is better than our counterparts who stayed in the EUTF.

SB 2262 would repeal the sunset which I am in favor of. I would urge the committee to amend SB 2262 SD 1 by reinstating the original language that was in SB 2262 which would repeal the sunset of Act 245.

Thank you for the opportunity to testify.

Beverly A. Gotelli



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 Ways & Means Committee

RE: Senate Bill 2262, SD 1

February 21, 2008

Chairman Baker and Members of the Committee:

My name is Ray Sodehani, President of HSTA MBC 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 passage of SB2262, SD1, and respectfully request a complete repeal of the sunset and a provision to allow existing BU 5 retirees (enrolled in the EUTF retiree plan) one more opportunity to join the HSTA VEBA Trust.

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

testimony

From: B Kiakona [bkiakona@hotmail.com]
Sent: Wednesday, February 20, 2008 9:16 PM
To: testimony
Subject: Senate Committee on Ways and Means

Senate Committee on Ways and Means

Rosalyn H. Baker-Chair
Shan S. Tsutsui-Vice-Chair

I am a teacher at Olomana School and have been teaching for 20+ years. HSTA had their VEBA Trust set up for longer than 15 years before it was replaced by the EUTF. The VEBA Trust was "created" for the teachers, "run" by the teachers and "listened" to the teachers for changes that needed to be done. When the EUTF came in, it was made for all, got more expensive for all and didn't do all (that it was supposed to). Teachers asked the Legislators to look at the running of our VEBA Trust again and the amount of money that was being saved. The state handed it back to us reluctantly and belatedly with a provision that there be a sunset. We are asking that SB2262 SD 1 not look to extend the sunset date but rather that the sunset be REMOVED so that we may be able to further enjoy the health benefits that are set up with input from teachers and run by teachers to help the teachers.

Mahalo.

Sincerely,
Barbara Kiakona

E malama kekahi i kekahi.

To: Senator Rosalyn Baker, Chair-Senate Committee on Ways and Means
Subject: Testimony on Senate Bill 2262 SD1

Senate Committee on Ways and Means
Friday, February 22, 2008
Conference Room 211
11:00 a.m.

Re: Testimony in Support of SB2262 SD1 (VEBA Trusts; Bargaining Unit 5; Repeal Sunset)

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

The 3200 member Hawaii State Teachers Association-Retired Oahu District strongly supports SB2262 SD1, however, **we would like to see the sunset date of the VEBA Trust REMOVED instead of an extension of two years.**

Teacher retirees who switched from the EUTF to the HSTA VEBA did so because their medical plans (as active teachers) under the VEBA were significantly better than what was provided by the EUTF, and at a lower cost. Retirees also knew that they could count on the VEBA Trust to respond quickly when they called with a concern or question, unlike the lack of response from the EUTF when our members called them. They knew that VEBA Trustees would try to discover ways to enhance their health plans because the bottom line for the Trust was doing what was best for their Trust beneficiaries.

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. Similarly, active teachers would like their health plans under the VEBA Trust to continue uninterrupted until they are also ready to retire.

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 or 2011, as the bill now reads. The retirees I have personally talked to would like to see the **SUNSET REMOVED COMPLETELY.**

That being said, I humbly request that you please support SB2262 SD1 by reinserting the **REMOVAL** of the **SUNSET** instead of an extension to 2011.

Sincerely,

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

testimony

From: Alice Kotake [akotake@hawaii.rr.com]
Sent: Thursday, February 21, 2008 10:18 AM
To: testimony
Subject: SB2262 SD1 SUPPORT

Attention: Senate Committee on Ways and Means
Rosalyn H. Baker – Chair
Shan S. Tsutsui Vice-Chair

Hearing on Friday, February 22, 2008
Conference Room 211 at 11:00 AM
State Capitol
415 South Beretania Street

Alice Kotake
HSTA-R Secretary

Chair Rosalyn Baker:

My name is Alice Kotake and I am a retired teacher, serving the HSTA-R in various ways. I would like the Legislature to support SB2262 SD1 and our request for a REPEAL of the sunset. The repeal is important to us as we will be able to build a continued health program which will be the best and most responsive to our needs..

Thank you.

Sincerely,

/s/ Alice Y. Kotake
HSTA-Retired
State Secretary
Member of the HSTA-R Retirement Issues Committee

testimony

From: Lorraine Hora [lorrainehora@yahoo.com]
Sent: Wednesday, February 20, 2008 11:21 PM
To: testimony

SB 2262 SD 1
Friday, February 22, 2008
Conference Room 211
11:00 am

Senate Committe on Ways and Means
Roslyn H. Baker - Chair
Shan S. Tsutsui - Vice chair

Dear Senators Baker and Tsutsui,

I am asking for your support to repeal the sunset date of the VEBA Trust Pilot addressed in SB 2262 SD 1.

I am a retired teacher who joined VEBA and am realizing a tremendous savings on my prescription drug costs, while other colleagues have seen an increase in their drug costs just within the year of implementation. I would like to see VEBA continue because it meets the needs of teachers better than other plans.

Thank you for allowing me the opportunity to testify.

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

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testimony

From: Justin Wong [wongj060@hawaii.rr.com]
Sent: Thursday, February 21, 2008 1:02 AM
To: testimony
Subject: Fwd: Testimony on SB2262SD1

Begin forwarded message:

From: Linda Mew <mewg002@hawaii.rr.com>
Date: February 20, 2008 8:40:56 PM HST
To: Lorraine Hora <lorrainehora@yahoo.com>, Carol Nitta <cleonitta@yahoo.com>, Alice Kotake <akotake@hawaii.rr.com>, Leonard Habersham <lhhabersham@hawaiiantel.net>, Bev Gotelli <bgotelli@msn.com>, Steve Ono <stephenono@hotmail.com>, Linnea Francis <francis@wisperhawaii.com>, Jean Dobashi <dobashi@email.com>, Justin Wong <wongj060@hawaii.rr.com>, Donna Higashi <dhigashi46@hawaii.rr.com>, Sharmen Graydon <sharmen@maui.net>, Robert Gilmore <robert_gilmore@notes.k12.hi.us>, Vaughn Tokashiki <vtokashiki@lycos.com>
Cc: Michael McCartney <mmccartney@hsta.org>, Maurice Morita <mmorita@hsta.org>, Roger Takabayashi <rtakabayashi@hsta.org>
Subject: Testimony on SB2262SD1

I have written my testimony and tried to send it to the email address we were given. (testimony@capitol.hawaii.gov.) However it was returned as undeliverable. I don't have much to say, but i do want my voice heard.

I left Glenn Fernandez off the list because his mail is also undeliverable. (hiwahiwa333@hawaii.rr.com)

Testimony is below.

Senate Committee on Ways and Means

Rosalyn H. Baker-Chair

Shan S. Tsutsui-Vice Chair

HEARING DATE: Friday, February 22, 2008

HEARING TIME: 11:00 a.m.

HEARING PLACE: Conference Room 211
State Capitol

415 South Beretania Street

February 20, 2008

RE: SB2262 SD1

As an HSTA-R (Hawaii State Teacher Association-Retired) member, I was given the chance to join the VEBA Trust health plan. I have been completely satisfied with the service I have received and the out-of-pocket money I have saved. It is my understanding that HSTA VEBA Trust has been able to return money to the state. Therefore I am in favor of the Sunset section of the bill being removed. Please repeal the Sunset date.

Thank you for the opportunity to testify.

Sincerely,

/s/ Linda Mew,
HSTA-Retired

testimony

From: Justin Wong [wongj060@hawaii.rr.com]
Sent: Thursday, February 21, 2008 3:25 AM
To: testimony
Subject: SB2262,SD1

SENATE COMMITTEE ON WAYS AND MEANS
Senator Rosalyn Baker, Chair
Senator Shan Tsutsui, Vice Chair

DATE: Friday, February 22, 2008
TIME: 11:00 a.m.
PLACE: Conference Room 211
State Capitol
415 South Beretania Street

RE: SB2262, SD1, Relating to Health

Senator Baker and members of the Ways and Means Committee, the Hawaii State Teacher Association - Retired consisting of more than 4,300 retired teachers statewide supports the intent of SB2262,SD1 but prefers the bill as originally drafted.

When the VEBA Pilot began in 2006, Those teacher retirees, who had retired before the implementation of the VEBA Pilot, were given a one-time opportunity to choose between the State's EUTF medical insurance plans and HSTA's VEBA Trust plans. Over 1,000 of those teacher retirees made the switch to the HSTA VEBA plans. More than 5,000 chose to continue with the EUTF. Many of those who stayed with the EUTF were HSTA-R members and we continue to monitor the EUTF on their behalf.

Among the reasons why many of our members stayed with the EUTF were: satisfaction with the medical plans offered by the EUTF, lack of familiarity and experience with the HSTA VEBA plans, and the possible discontinuation of the VEBA Pilot in 2008. Since making the election to stay with the EUTF, many of our members are having second thoughts and have expressed unhappiness with some of the changes made by the EUTF, especially their new prescription drug plan. The change in the EUTF prescription drug plan was announced after the one-time decision was made by teacher retirees. Many of our members in EUTF have complained that they were not satisfied with the new EUTF drug plan and asked if they could switch to the HSTA VEBA. The only answer we could given them was that unless the law was changed they had to remain with the EUTF. They were not happy with that answer.

HSTA-R supports making the VEBA Pilot a permanent program by removing the sunset provision in the current law. Our members who chose to switch to the HSTA VEBA seen very satisfied. They would be very unhappy, if they had to go back to the EUTF, especially after what happen to those who stayed with the EUTF. If the sunset is removed, HSTA-R believes that retired teachers be given another chance to choose between the EUTF and HSTA VEBA plans

Please support SB2262 as originally written.

Justin Wong, President
Hawaii State Teachers Association - Retired

testimony

From: Eric_Kanemoto/LEEDO/HIDOE@notes.k12.hi.us

Sent: Thursday, February 21, 2008 3:40 PM

To: testimony

Subject: Testimony for Senate Bill 2262 SD1

Testimony

Friday, February 22, 2008

11:00 a.m.

Conference Room 211

425 South Beretania Street

Senate Committee on Ways and Means

Rosalyn H. Baker - Chair

Shan S. Tsutsui - Vice Chair

Chair Baker and Members of the Committee,

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

The following reasons are why I support SB 2262 to REMOVE the sunset Clause:

- The State saves money and members of HSTA VEBA Trust save as well in medical premiums because of competition. 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 for medical benefits.

It is very important that the sunset provision is REMOVED from SB 2262 this year.

Your favorable support is greatly appreciated.

Eric Kanemoto

Teacher

CKW School Support Center

Leeward District

2/21/2008

testimony

From: Kathy Carveiro [Kathy_Carveiro@members.hsta.org]
Sent: Thursday, February 21, 2008 4:16 PM
To: testimony
Subject: Senate Committee on Ways & Means

Dear Chairperson Baker,

I am a teacher at Kalaheo Elementary School on Kaua'i. My experience with the EUTF has been horrendous. I could never talk to a person nor get help and information. My premiums were higher than they are now and I received a lot less coverage. It doesn't make any sense to me why there is even a question as to why VEBA should continue. I am in favor of the intent of

SB2262 SDI with the request that there be a repeal of the sunset. Thank you for your time and I would greatly appreciate your support!

Sincerely,
Kathy Carveiro