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# A BILL FOR AN ACT

RELATING TO THE EMPLOYER-UNION HEALTH BENEFITS TRUST FUND.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the counties need  
2 representation on the board of trustees of the employer-union  
3 health benefits trust fund. The counties contribute a  
4 substantial amount to the fund and the health and well-being of  
5 their employees and retirees depend on the benefit decisions  
6 made by the board of trustees. Despite the material effect of  
7 board decisions on county finances and employees and retirees,  
8 the counties are not represented on the board. Despite their  
9 lack of representation, as public employers, the counties are  
10 affected by board decisions. In a recent case brought by  
11 retirees objecting to board of trustees benefit decisions, the  
12 counties were joined in the lawsuit even though they did not  
13 have any part in making the decisions.

14           The purpose of this Act is to require that four of the five  
15 seats on the board allocated to public employers be occupied by  
16 the county directors of finance, who will provide fiscal  
17 expertise and knowledge of county finances and the workplace.  
18 This will enable the effect of proposed benefit changes to the



1 county workplace and finances to be adequately considered in  
2 board decisions.

3 SECTION 2. Section 87A-5, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "§87A-5 Composition of board. The board of trustees of  
6 the employer-union health benefits trust fund shall consist of  
7 ten trustees [~~appointed by the governor~~] in accordance with the  
8 following procedure:

9 (1) Five trustees appointed by the governor, one of whom  
10 shall represent retirees, to represent employee-  
11 beneficiaries and to be selected as follows:

12 (A) Three trustees shall be appointed from a list of  
13 two nominees per trustee selected by each of the  
14 three exclusive representative organizations that  
15 have the largest number of employee-  
16 beneficiaries;

17 (B) One trustee shall be appointed from a list of two  
18 nominees selected by mutual agreement of the  
19 remaining exclusive employee representative  
20 organizations; and

21 (C) One trustee representing retirees shall be  
22 appointed from a list of two nominees selected by



1 mutual agreement of all eligible exclusive  
 2 representatives; and  
 3 (2) Five trustees to represent public employers, one who  
 4 shall be appointed by the governor, and four who shall  
 5 be the respective directors of finance of the city and  
 6 county of Honolulu and the counties of Hawaii, Maui,  
 7 and Kauai, ex officio.

8 Section 26-34 shall not apply to board member selection and  
 9 terms. Notwithstanding any other provision of this section, no  
 10 exclusive representative of a bargaining unit that sponsors or  
 11 participates in a voluntary employee beneficiary association  
 12 shall be eligible to select nominees or to be represented by a  
 13 trustee on the board.

14 As used in this section, the term "exclusive  
 15 representative" shall have the same meaning as in section 89-2."

16 SECTION 3. Statutory material to be repealed is bracketed  
 17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect upon its approval.  
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INTRODUCED BY:                     *Calvin K. King*                      
 By Request

**Report Title:**

Employer-Union Health Benefits Trust Fund; Board Membership

**Description:**

Requires 4 of the 5 seats on the board of trustees of the employer-union health benefits trust fund allocated to public employers to be occupied by the respective county directors of finance.

