

Honolulu, Hawaii

APR 23 2010

, 2010

RE: S.B. No. 2849
S.D. 2
H.D. 1
C.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2849, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to improve the efficiency and accountability of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) by among other things:

- (1) Exempting the procurement of carriers, administrators, consultants, actuaries, and auditors from the Procurement Code;
- (2) Imposing fiduciary duties, restrictions, and liabilities on fiduciaries of the EUTF;



- (3) Enabling the Board of Trustees of the EUTF (Board) to access attorneys with specific experience in highly technical legal field and independent of the Attorney General;
- (4) Changing the number of trustees on the Board from ten to twelve, how they are appointed, their terms of office, and quorum and voting requirements;
- (5) Transferring jurisdiction over the EUTF from the Department of Budget and Finance to the Department of Human Resources Development;
- (6) Requiring the Director of Human Resources Development to report to the Legislature prior to the Regular Sessions of 2013 and 2015 on the cost effectiveness of the amendments made pursuant to this measure; and
- (7) Stipulating that the arbitration panel shall render a final and binding decision on state and county contributions to the EUTF.

Your Committee on Conference finds that in providing for the effective operation of the EUTF in paying for trust fund benefits it is essential that all funds appropriated to the EUTF by the Legislature are paid directly to the EUTF and not be subject to the allotment procedures under chapter 37, Hawaii Revised Statutes, or subject to the powers granted to the Governor and Director of Finance under sections 37-32 through 37-41, Hawaii Revised Statutes. Your Committee on Conference also finds that providing each trustee of the EUTF with a vote will promote more efficiency and fairness in deciding Board actions. Your Committee on Conference further finds that it is imperative that any sums contributed or paid to the EUTF remain within the EUTF for the exclusive use and benefit of employee-beneficiaries and dependent-beneficiaries.

Your Committee on Conference has amended this measure by replacing its contents with a new part in chapter 37, Hawaii Revised Statutes, and two amendments to chapter 87A, Hawaii Revised Statutes.

Specifically, your Committee on Conference has amended this measure by:

- (1) Creating a restriction in chapter 37, Hawaii Revised Statutes, that requires all appropriations made to the



EUTF by the Legislature be transferred directly to the EUTF and not be subject to the allotment procedures under chapter 37, Hawaii Revised Statutes, or subject to the powers granted to the Governor and the Director of Finance under sections 37-32 through 37-41, Hawaii Revised Statutes;

- (2) Changing the voting requirements to transact Board business from one vote for all public employer trustees and one vote for all employee-beneficiaries trustees to one vote for each individual trustee; and
- (3) Clarifying under section 87A-30, Hawaii Revised Statutes, that all sums contributed or paid to the EUTF shall be for the exclusive use and benefit of the EUTF employee-beneficiaries and dependent-beneficiaries and shall not be subject to appropriation or transfer for any other purpose.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2849, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2849, S.D. 2, H.D. 1, C.D. 1.

Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



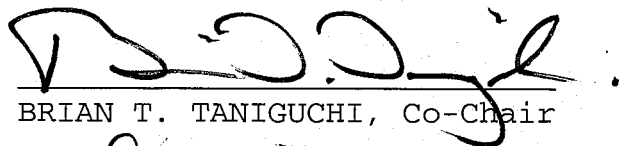
MARCUS R. OSHIRO, Co-Chair



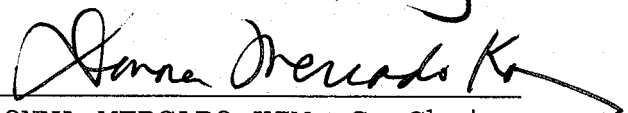
KARL RHOADS, Co-Chair



DWIGHT Y. TAKAMINE, Chair



BRIAN T. TANIGUCHI, Co-Chair



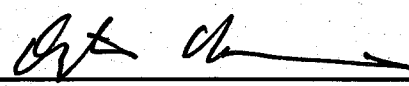
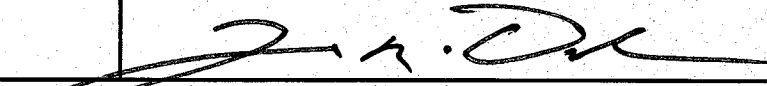
DONNA MERCADO KIM, Co-Chair



Hawaii State Legislature

Record of Votes of a
Conference Committee

153-10

Bill / Concurrent Resolution No.: SB 2849, SD 2, HD 1					Date/Time: 4/23/10 9:21 PM						
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).											
<input type="checkbox"/> The Committee is reconsidering its previous decision.											
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.						
Senate Managers		A	WR	N	E	House Managers		A	WR	N	E
TAKAMINE, Dwight Y., Chr.		✓				OSHIRO, Marcus R., Co-Chr.		✓			
TANIGUCHI, Brian T., Co-Chr.		✓				RHOADS, Karl, Co-Chr.		✓			
KIM, Donna Mercado, Co-Chr.		✓				YAMASHITA, Kyle T.		✓			
KOKUBUN, Russell S.		✓									
TOTAL		4	0	0	0	TOTAL		3	0	0	0
A = Aye		WR = Aye with Reservations			N = Nay			E = Excused			
Senate Recommendation is:						House Recommendation is:					
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted						<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					
Senate Lead Chair's or Designee's Signature:						House Lead Chair's or Designee's Signature:					
											
Distribution:				Original		Yellow		Pink		Goldenrod	
				File with Conference Committee Report		House Clerk's Office		Senate Clerk's Office		Drafting Agency	