

Honolulu, Hawaii

April 1, 2010

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

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 2849, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this bill 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 12, 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 (B&F) to the Department of Human Resources Development (DHRD); and
- (6) Requiring the Director of DHRD 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.

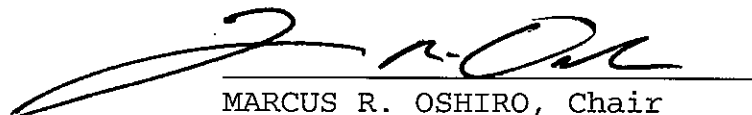
The University of Hawaii Professional Assembly; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; and United Public Workers, AFSCME, Local 646, AFL-CIO supported this bill. B&F and the Department of the Attorney General opposed this measure. DHRD, City and County of Honolulu Department of Human Resources, and a concerned individual submitted comments.

Your Committee has amended this bill by:

- (1) Inserting provisions stipulating that the arbitration panel shall render a final and binding decision on state and county contributions to the EUTF;
- (2) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (3) Making technical, nonsubstantive changes for clarity, consistency, and style.

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

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



