

Honolulu, Hawaii

FEB 12 2010

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

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

Madam:

Your Committees on Labor and Judiciary and Government
Operations, to which was referred S.B. No. 2849 entitled:

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

beg leave to report as follows:

The purpose of this measure is to:

- (1) Add three new sections on selection of benefit plan carriers, fiduciary duties, and liability for breach of fiduciary duty;
- (2) Exempt the Hawaii Employer-Union Health Benefits Trust Fund from the requirement to use the Attorney General;
- (3) Increase the membership of the Board of Trustees from ten to twelve and change the representation requirements of the members and their terms;
- (4) Authorize the Board of Trustees to retain an attorney who is independent of the Attorney General as legal advisor; and
- (5) Transfer the Employer-Union Health Benefits Trust Fund from the Department of Budget and Finance to the Department of Human Resources Development.



Testimony in support of this measure was submitted by one county agency, three private organizations, and two individuals. Testimony in opposition of this measure was submitted by two state agencies. Written testimony presented to the Committees may be reviewed on the Legislature's website.

Your Committees find that a change in the composition of the Board of Trustees for the Hawaii Employer-Union Health Benefits Trust Fund ("Trust Fund") is necessary for the efficient and effective operation of the Trust Fund as it pertains to negotiated health benefits. Your Committees also find that allowing the Board of Trustees to appoint a legal advisor that has Employee Retirement and Income Security Act experience and who is independent from the Attorney General will alleviate any concerns related to independent representation and would benefit the Trust Fund in exploring other alternatives or affiliations in the future.

Your Committees have amended this measure by:

- (1) Authorizing the Governor to appoint each of the trustees representing employee-beneficiaries, and authorizing the applicable respective collective bargaining units to select a nominee to submit to the Governor for appointment for each of those trustee positions;
- (2) Clarifying language regarding the appointment by the Governor of two trustees to represent public employers and the provision of two alternate trustees from the unrepresented counties; and
- (3) Making technical, nonsubstantive amendments for the purpose of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Labor and Judiciary and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2849, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2849, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Labor and
Judiciary and Government
Operations,

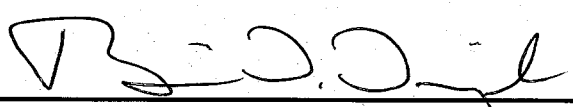

BRIAN T. TANIGUCHI, Chair


DWIGHT Y. TAKAMINE, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Labor
LBR

Bill / Resolution No.:* SB2849	Committee Referral: LBR/JCD, WAM	Date: 2/9/10		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TAKAMINE, Dwight Y. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
BUNDA, Robert				✓
HEE, Clayton				✓
SLOM, Sam			✓	
TOTAL	2	0	1	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

