

Honolulu, Hawaii

FEB 26 2010

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

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

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2849, S.D. 1, 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 measure is to make reforms to the Hawaii Employer-Union Health Benefits Trust Fund to improve its accountability and efficiency.

Specifically, the measure:

- (1) Imposes fiduciary duties upon the fiduciaries of the Employer-Union Health Benefits Trust Fund and establishes liability for breach of fiduciary duty;
- (2) Exempts the procurement of certain services relating to the trust fund from the procurement code;
- (3) Modifies the size, composition, term limits, and appointment process of the Board of Trustees of the Employer-Union Health Benefits Trust Fund;
- (4) Authorizes the Board of Trustees to retain independent legal counsel; and
- (5) Transfers jurisdiction over the Hawaii Employer-Union Health Benefits Trust Fund from the Department of Budget



and Finance to the Department of Human Resources Development.

Your Committee received written comments in opposition to this measure from the Department of Budget and Finance. The written comments may be reviewed on the Legislature's website.

Your Committee finds that this measure will improve the accountability and efficiency of the Hawaii Employer-Union Health Benefits Trust Fund. The revised composition of the Board of Trustees will provide efficient and effective trust fund operation with respect to negotiated health benefits.

Your Committee has amended this measure by:

- (1) 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 by this measure;
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure;
- (3) Repealing this measure on July 1, 2015; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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

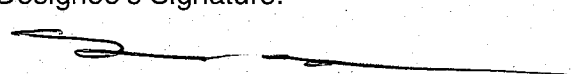
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONNA MERCADO KIM, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2849, SDA	LIBR/JGO, WAM	2/24/10		
<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
KIM, Donna Mercado (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
GALUTERIA, Brickwood	/			
HEE, Clayton	/			
HOOSER, Gary L.	/			
KIDANI, Michelle N.	/			
KOKUBUN, Russell S.	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred				/
TOTAL	11	0	0	1
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