

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 881
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 881 entitled:

"A BILL FOR AN ACT RELATING TO VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION TRUSTS,"

begs leave to report as follows:

The purpose of this measure is to change the repeal date of the law on voluntary employees' beneficiary association trusts from July 1, 2010 to July 1, 2009.

This measure also repeals the requirement that the Hawaii Employer-Union Health Benefits Trust Fund conduct a certified independent financial audit concerning retirees, employees, and employee-beneficiaries who have remained with the Hawaii Employer-Union Health Benefits Trust Fund.

Your Committee received testimony from four government agencies (including two testifiers from one agency), and one individual in support. Testimony in opposition was submitted by one organization and six individuals.

Copies of the testimony may be reviewed on the Legislature's website.

Your Committee finds that the intent of a voluntary employees' beneficiary association trust is to provide a cost effective alternative to participation in the Hawaii Employer-Union Health Benefits Trust Fund for employees of a particular



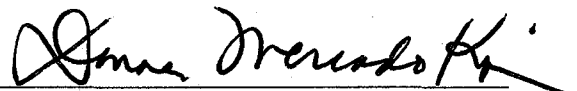
bargaining unit. Your Committee believes that the voluntary employees' beneficiary association trusts can provide an effective means of containing healthcare costs for its members, but must also stand on their own as independent entities.

Your Committee has amended this measure by restoring the sunset date of the voluntary employees' beneficiary association back to July 1, 2010, and include a new provision that requires, upon the insolvency of a voluntary employees' beneficiary association trust, the trust and the employee organization that established the trust to assume all liabilities and indemnify the State.

Your Committee also made a technical amendment for 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. 881, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 881, S.D. 1, and be placed on the calendar for Third Reading.

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



DONNA MERCADO KIM, Chair



