

LINDA LINGLE  
GOVERNOR OF HAWAII



MARIE C. LADERTA  
DIRECTOR

CINDY S. INOUE  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT  
235 S. BERETANIA STREET  
HONOLULU, HAWAII 96813-2437

February 6, 2010

TESTIMONY TO THE  
HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
For Hearing on Tuesday, February 9, 2010  
9:30 a.m., Conference Room 309  
BY  
MARIE C. LADERTA, DIRECTOR

**(WRITTEN TESTIMONY ONLY)**

**House Bill No. 7, Relating to Voluntary Employees' Beneficiary Association Trusts**

TO CHAIRPERSON KARL RHOADS AND MEMBERS OF THE COMMITTEE:

The stated purpose of HB 7 is to repeal the sunset date for the voluntary employees' beneficiary association (VEBA) trusts pilot program established pursuant to Act 245, SLH 2005, as amended, to make VEBA trusts permanent.

The Department of Human Resources Development (DHRD) **opposes** this bill for the following reasons:

(1) The intent of Act 245, SLH 2005, was to allow employee organizations to establish a VEBA trust to provide health benefits for their members on a three-year pilot project basis to allow for a thorough analysis of the costs and benefits of the VEBA trust against those of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF). Act 294, SLH 2007, extended the pilot project for an additional year (to July 1, 2009) and required the VEBA trust to submit a report to the legislature on the status of the trust. In 2007, the legislature passed SCR 178 requesting the legislative auditor to conduct a study on the impact of VEBA trusts on public employees and employers and provide a basis for the legislature to decide whether to extend Act 245, SLH 2005. Furthermore,

Act 5, SLH 2008, which extended the VEBA trusts to July 1, 2010 requested that the state auditor submit a report of its findings and recommendations to the legislature. It is noted that the Legislative Auditor, in her summary of findings and recommendations to the Legislature dated December 2, 2009, stated that the Voluntary Employees' Beneficiary Association Trust pilot program: 1) promotes adverse selection and increases premium costs for the Hawaii Employer-Union Health Benefits Trust Fund enrollees; 2) duplicates administrative costs borne by the State employer; and 3) cannot ensure transparency and accountability in providing health benefits for teachers and teacher retirees.

(2) If this bill is passed and VEBA trusts are made permanent, it would open the door for other employee organizations to establish a VEBA trust which will essentially negate a major portion of the Health Fund reforms enacted by Act 88, SLH 2001. Act 88 established the EUTF as a single health benefit delivery system that brought all state and county participants under a single group. Creation of the EUTF provided the employers and employees with better leverage in negotiating benefit contracts, eliminated the effects of "adverse selection," duplicative administrative costs, and the possible use of excess contributions for other than the beneficiaries. If additional VEBA trusts are established, and more participants are shifted out from the EUTF, it is likely that rates for the remaining EUTF participants will increase and have a significant cost impact to the State.

Given the State's current financial condition and the rising cost of health care we strongly feel there is a need to sunset the VEBA trust. In doing so, all public employees can be re-consolidated under a single health benefit delivery system – the EUTF. As an employer, we need to look out for the best interests and well-being of all employees, as a whole, in providing affordable health benefits.

Accordingly, we respectfully oppose this measure and urge the Committee to hold this bill.

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
ON  
HOUSE BILL NO. 7

February 9, 2010

RELATING TO VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION TRUSTS

House Bill No. 7 would amend Act 245, Session Laws of Hawaii 2005, to make permanent the Voluntary Employees' Beneficiary Association Trust, which was established as a pilot program.

The Department of Budget and Finance opposes this measure.

The department has long held that a single health benefit delivery system provides State and county government employers, employee-beneficiaries and ultimately the taxpayer with the most cost effective and long-term sustainable alternative for health benefits. We are increasingly steadfast in this position given current financial conditions, the significant portion of the executive general fund request required to meet employer health benefit contributions, and State unfunded liabilities totaling \$7.19 billion for these benefits as of the July 1, 2007 valuation.

Under a Voluntary Employees' Beneficiary Association Trust, costs may be reduced and benefits improved for a select group as would be expected if the group has better utilization experience. Our focus, however, has been with the cost as a whole. The Hawaii Employer-Union Health Benefits Trust Fund's benefit consultant determined that total

premium costs for the self-funded PPO plan would have been 4.3% lower or a savings of \$8.6 million in plan year 2008, had the teachers remained with the Hawaii Employer-Union Health Benefits Trust Fund. Separate benefit delivery systems further contribute to higher costs at a time when expenditures need to be contained.

Permanent establishment of Voluntary Employees' Beneficiary Association Trusts as an option for all employee organizations ultimately negates a major portion of the Health Fund reforms enacted by Act 88, Session Laws of Hawaii 2001. It re-establishes adverse selection and its associated cost increases. It reinstates duplication of effort and additional administrative costs.

Finally, the Legislative Auditor, in her summary of findings and recommendations to the Legislature dated December 2, 2009, in regards to the requested analysis to determine the effects of the Hawaii State Teachers Association's Voluntary Employees' Beneficiary Association Trust pilot program on the Hawaii Employer-Union Health Benefits Trust Fund stated that the Voluntary Employees' Beneficiary Association Trust pilot program:

- 1) promotes adverse selection and increases premium costs for the Hawaii Employer-Union Health Benefits Trust Fund enrollees; 2) duplicates administrative costs borne by the State employer (totaling over \$2.4 million paid to the Hawaii State Teachers Association's Voluntary Employees Beneficiary Association Trust instead of the Hawaii Employer-Union Health Benefits Trust Fund); and 3) cannot ensure transparency and accountability in providing health benefits for teachers and teacher retirees.



William P. Kenoi  
Mayor



Nancy E. Crawford  
Director

Deanna S. Sako  
Deputy Director

## County of Hawaii

### Finance Department

25 Aupuni Street, Room 118 • Hilo, Hawaii 96720  
(808) 961-8234 • Fax (808) 961-8248

February 8, 2010

The Honorable Karl Rhoads, Chair  
and Members of the House Committee on Labor & Public Employment  
Hawai'i State Capitol  
415 South Beretania Street  
Honolulu, Hawai'i 96813

RE: Testimony in Opposition of House Bill No. 7  
Hearing Tuesday, February 9, 2010, at 9:30 a.m., Conference Room 309

Honorable Chair Rhoads and Members of the Committee:

Hawai'i County **opposes** HB 7, which seeks to make the Voluntary Employees' Beneficiary Association trust law permanent. This bill would increase the cost of health benefits for public employers and public employees by eliminating the opportunity for health benefits to be administered under one system. As health care costs continue to rise, we oppose this measure as we look for ways to keep our costs down.

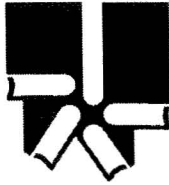
Fringe benefits for our employees, which includes health benefits, is one of our largest expenditures each year. We are anticipating a 13 to 20% increase in health care costs for active employees next fiscal year, on top of the 23% increase during this current fiscal year. We feel that every effort should be made to consolidate plans to ensure the lowest possible premiums for not only the State and Counties, but for our employees as well.

During these tough economic conditions, every effort should be made to keep costs down whenever possible. In addition, if Voluntary Employees' Beneficiary Association Trusts are made permanent, additional costs will be incurred as actuarial studies need to be completed for financial reporting purposes relating to other post employment benefits.

Thank you for your attention to our concerns.

Sincerely,

Handwritten signature of Nancy E. Crawford.  
Nancy Crawford  
Director of Finance



House Committee on Labor & Public Employment  
Tuesday, February 9, 2010  
9:30 a.m

**HB 7, Relating to Voluntary Employees' Beneficiary Association Trusts.**

Dear Chairman Rhoads and Committee Members:

The University of Hawaii Professional Assembly does not support the passage of this bill, and we believe that it is time to uniformly apply the same principles for the determination of health insurance benefits to all thirteen bargaining units under HRS Chapter 89. We recognize that the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) is in substantial need of reform, and to that end we strongly support the provisions set forth in SB 2849. Enactment of these provisions would be sufficient to meet the arguments that originally gave rise to Act 245, Session Laws of Hawaii 2005, that has been subsequently extended. The best interests of both the public employers and the public employees of the State of Hawaii over the need for health insurance benefits are met through an inclusive EUTF with the authority to have discrete benefit packages tailored to the negotiated position of employers and employees. The continuation of the VEBA concept only undermines a unified employer-employee trust model for health insurance.

Respectfully submitted,

J.N. Musto, Ph.D.  
Executive Director

UNIVERSITY OF HAWAII  
PROFESSIONAL ASSEMBLY

1017 Palm Drive · Honolulu, Hawaii 96814-1928  
Telephone: (808) 593-2157 · Facsimile: (808) 593-2160  
Web Page: <http://www.uhpa.org>



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**

AFSCME Local 152, AFL-CIO

**RANDY PERREIRA**  
*Executive Director*  
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The Twenty-Fifth Legislature, State of Hawaii  
Hawaii State House of Representatives  
Committee on Labor & Public Employment

Testimony by  
Hawaii Government Employees Association  
February 9, 2010

H.B. 7 – RELATING TO VOLUNTARY  
EMPLOYEES' BENEFICIARY  
ASSOCIATION TRUSTS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes H.B. 7. Act 245 passed in 2005 creating Voluntary Employees' Beneficiary Association Trusts (VEBAs) for active bargaining units, and allowing retirees of each unit a one-time option to join and requiring all subsequent retirees of that unit be a part of that VEBA. At this time, only one bargaining unit and certain retirees of that bargaining unit have a VEBA plan. The plan was to sunset in 2008 but was twice extended, first to July 1, 2009 and then to July 1, 2010.

HGEA is deeply concerned about the escalating cost of health benefits for all employees. Currently, active employees in HGEA pay more than 60% of their premiums, with rates continuing to rise with each renewal. Unfortunately, due to governance and other issues, the EUTF has not realized the cost savings it should for employee health care. While we hope that legislation in this session will address some of these concerns, we also recall the reason for EUTF's inception. EUTF was created to bring all state and county participants under a single health delivery system. It was supposed to ensure that all employees regardless of their work classification received the same benefits in employment and retirement. Allowing one group to remain separate does not promote equity.

Another inequity is the requirement of select retirees to join VEBAs thereby creating two classes of retirees. The employees and employers in the EUTF continue to pay higher premium contributions for the benefit of a select group of retirees. It has created a *de facto* class system: two or more levels of retirees; the younger VEBA retirees receiving more benefits than the older EUTF retirees. All retirees should be part of EUTF and receive equal treatment.

Thank you for the opportunity to testify in opposition of H.B. 7.

Respectfully submitted,

Nora A. Nomura  
Deputy Executive Director



1200 Ala Kapuna Street + Honolulu, Hawaii 96819  
Tel: (808) 833-2711 + Fax: (808) 839-7106 + Web: www.hsta.org

Wili Okabe  
President  
Karolyn Mossman  
Vice President  
Joan Kamila Lewis  
Secretary-Treasurer  
Dwight Takeno  
Interim Executive Director

TESTIMONY BEFORE THE SENATE COMMITTEE ON  
LABOR AND PUBLIC EMPLOYMENT

RE: HB 7 – RELATING TO VOLUNTARY EMPLOYEES' BENEFICIARY  
ASSOCIATION TRUSTS

February 9, 2010

WIL OKABE, PRESIDENT  
HAWAII STATE TEACHERS ASSOCIATION

Chair Rhoads and Members of the Committees:

The Hawaii State Teachers Association supports HB 7, which repeals the sunset date of Act 245, SLH 2005, as amended, and provides for the permanent establishment of voluntary employees' beneficiary association (VEBA) trusts to offer health benefits for state and county employees. The intent of the VEBA 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.

The HSTA VEBA Trust has provided medical benefits for Bargaining Unit 5 employees (teachers) and retired teachers since March 1, 2006, under a pilot program that is scheduled to expire on July 1, 2010. As noted in our first and second annual reports submitted to the legislature, the combined savings to the employer and the State of Hawaii has amounted to \$6,645,006 for the 40-month period beginning March 1, 2006 through June 30, 2009. This is based on lower employer contributions and experience refunds to the State of Hawaii. As of June 30, 2009, the Trust had 13,081 active employees participating in one or more benefit plans and 1,995 retirees participating in one or more benefit plans.

HSTA has reviewed State Auditor Marion Higa's report dated December 2, 2009 and does not concur with her conclusions. HSTA has responded with a letter to Senate President Hanabusa and House Speaker Say with a copy to the State Auditor Marion Higa, which is attached as part of our testimony and is self-explanatory.

The Hawaii State Teachers Association has demonstrated that the VEBA trust provides an effective means of containing healthcare costs for its members and the State of Hawaii. HSTA respectfully requests your favorable consideration of HB 7. Thank you for this opportunity to testify in support of this measure.

Attachment



1200 Ala Kapuna Street • Honolulu, Hawaii 96819  
Tel: (808) 833-2711 • Fax: (808) 839-7106 • Web: www.hsta.org

Wil Okabe  
President  
Karolyn Moseman  
Vice President  
Joan Kamila Lewis  
Secretary-Treasurer  
Dwight Takeno  
Interim Executive Director

February 1, 2010

The Honorable Colleen Hanabusa  
President of the Senate  
State Capital, Room 409  
Honolulu, Hawaii 96813

The Honorable Calvin K.Y. Say  
Speaker of the House  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Hanabusa and Speaker Say:

**SUBJECT: Response to the State Auditor's Report**

The following is a summary of our comments concerning the State Auditor's report of December 2, 2009.

1. The State Auditor's report states that the Trust financial and utilization reports are not available. On March 27, 2009, Roger Takabayashi, former President of HSTA, personally delivered the first annual report of the VEBA Trust to the Senate President's Office, the Speaker of the House, and State Auditor Marion Higa. The first annual report of the VEBA Trust provided substantial detail for Active Employees and Retirees including contributions, premiums paid, experience refunds, and utilization reports for plan years 2006-2007 (16 months) and 2007-2008. The State Auditor does not even acknowledge that she was presented with the first annual report in March 2009.

Moreover, at the time the State Auditor inquired with the HSTA and HSTA VEBA Trust, the Trust had not received utilization reports from the health carriers for the July 1, 2008 through June 30, 2009 plan year. In addition, the VEBA Trust financials were under audit by Acuity, LLC, an independent certified public accounting firm. The final audit by Acuity, LLC was received by HSTA on January 14, 2010, and the second annual report of the VEBA Trust was sent by HSTA to the Legislature on January 22, 2010. The second annual report, which details contributions received from the employer and from the employees and the premium payments made to carriers, also provides experience reports and utilization reports for the July 1, 2008 through June 30, 2009 plan year.

2. The State Auditor's report states, "We found the VEBA trust pilot program: 1) promotes adverse selection and increases premium costs for EUTF enrollees." However, nothing in the report supports that statement. The Legislature, in making the determination to allow a bargaining unit to be exempt from the EUTF, made it clear that all employees of Bargaining Unit 5 had to transfer into the VEBA Trust, so there is no adverse selection. As previously reported in her report #99-20 Hawaii Public Employees Health Fund (HPEHF), an Active employee could choose whether to enroll in an employee organization plan or stay in the HPEHF. The State Auditor's representation in that report was fairly accurate since employees could choose between the Health Fund and the employee organization plans. However, it is not true for the HSTA VEBA Trust since the employees and retirees do not have a choice.
3. HSTA notes with dismay that the State Auditor's report makes no reference to the contribution savings that the employer has received, or the experience refunds that have been given back to the State of Hawaii, which the employers do not enjoy with the EUTF (any surplus in the EUTF is not returned to the employer but is retained in the EUTF). For the 2006-2007, 2007-2008, and 2008-2009 plan years, the savings to the State of Hawaii amounted to \$6,645,006.
4. The State Auditor's report states that the VEBA Trust "duplicates administrative costs borne by the State employer." The State Auditor fails to acknowledge that the dollar value given to the VEBA Trust is the exact same dollar value that the State would pay to the EUTF if the teachers were covered in the EUTF. The employer only pays one dollar value, whether it is to the EUTF or to the VEBA Trust. If it is not paid to the VEBA Trust, it would have been paid to the EUTF. Therefore, there is no duplicative administrative cost to the employer.
5. The State Auditor's report states that the VEBA Trust "cannot ensure transparency and accountability in providing health benefits for teachers and teacher retirees." HSTA submits that the accountability and transparency in providing benefits to Teachers and Teacher Retirees is far superior than that provided by the EUTF for their covered Active employees and Retirees. The HSTA VEBA Trust complies with all federal and state requirements in greater detail than the EUTF has provided thus far. One only needs to read the newspaper to see how inefficient the EUTF has become and how much more costly it has become for employers and for the employees of the State and County jurisdictions.

February 1, 2010  
Page 3 of 3

6. On page 2 of the State Auditor's report, the State Auditor states, "Moreover, we assert the HSTA, not the Legislature or the Auditor, must prove the VEBA trust results in actual savings to the State." HSTA has submitted the first annual report of the VEBA Trust which detailed the savings to the State of Hawaii equaling approximately \$5,258,543.00, and the second annual report of the VEBA Trust, transmitted on January 22, 2010 which reflected savings of \$1,386,463, with all supporting documentation and calculations.

The HSTA and the HSTA VEBA Trust representatives are more than willing to appear at hearings to respond to the State Auditor's report and provide additional information and documents to confirm other inaccuracies in the State Auditor's report. Thank you.

Sincerely,



Wil Okabe  
President

cc: HSTA VEBA Board of Trustees  
State Auditor Marion Higa  
Rod Shinno, ATPA  
Paul A. Tom, BPS

## yamashita3-Mark

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 08, 2010 2:27 PM  
**To:** LABtestimony  
**Cc:** mraloha@clearwire.net  
**Subject:** Testimony for HB7 on 2/9/2010 9:30:00 AM  
**Attachments:** Rhoads.doc

Testimony for LAB 2/9/2010 9:30:00 AM HB7

Conference room: 309  
Testifier position: support  
Testifier will be present: Yes  
Submitted by: Cliff Fukuda  
Organization: Individual  
Address: PO Box 1363 Kaneohe Hawaii  
Phone: 5427886  
E-mail: [mraloha@clearwire.net](mailto:mraloha@clearwire.net)  
Submitted on: 2/8/2010

**Comments:**

Aloha Representative Rhoads,

I understand your position with the VEBA Health Plan, but if you would allow it to be placed for the full House vote, we would sincerely appreciate it.

Currently I am losing \$532.15, "net" from each of my pay checks and there is "talk" about taking planning days away, now so I can plan my lessons on my holidays and church sundays.

Now, the legislature is planning to take away my health plan, and possibly making me pay more.

Please reconsider and pass the bill out of committee.

Sincerely Yours,

Cliff Fukuda  
teacher at Aiea High School



February 7, 2010

Aloha. My name is Lawrence Denis III and I am a teacher at Chiefess Kapiolani Elementary School in Hilo. I strongly support HB 7 which would make our HSTA VEBA Trust permanent.

This is a very important bill for my fellow teachers and I. VEBA has been able to keep the co-pay and premiums down for us, especially in this hard economic time with Furlough Fridays. It has also saved the state millions of dollars.

Going back to EUTF would cause a huge burden on their system which is already overwhelmed. For example, in a recent memo from the DOE, we learned that EUTF switched thousands of workers to HMA last month because they “didn’t have enough time to process the 45,000+ forms they received to keep their members with HMSA.” Can you imagine if they had to handle another 14,000 teachers, and their families? Not including the retirees!

EUTF would also charge teachers higher premiums every month as well as higher co-pays for office visits and procedures.

Also, EUTF requires their members to fill their prescription drugs with a mail order company in Florida. Representatives, how is that helping our local economy here in Hawaii? Not at all.

Please continue to fight for HSTA and make VEBA a permanent trust so we can focus on other important issues in this and future legislative sessions.

Mahalo,  
Lawrence Denis III  
Chiefess Kapiolani Elementary School  
Hilo, HI  
[denis2654@hawaiiantel.net](mailto:denis2654@hawaiiantel.net)

Dear Representatives,

My name is Marilou Bulagay. I am a teacher at Salt Lake Elementary School in Honolulu. I am also a parent of two children in the public school system. As a family we are already struggling just to pay for our mortgage. I really cannot begin to imagine how much more difficult things will be for us without the VEBA trust. My husband works for the City and they participate with EUTF. We are so glad that we have the VEBA trust as an option for getting medical benefits.

Otherwise, almost one-third of my husband's check will go for paying our medical benefits, making it very difficult for us to make ends meet. With the VEBA medical coverage we get, we save so much towards medical costs. With two children to take care of medical is very important to us and therefore value the benefits that VEBA has to offer us.

Looking at the data that shows the benefits of VEBA, it shows that not only do teachers benefit, but also the state. Making the HSTA VEBA Trust a permanent benefit for teachers will help all of us.

The teacher shortage in Hawaii is of great concern to the Department of Education, teachers, parents, and the community. Over the years, we have worked diligently with a variety of parties, including the legislature, to provide the incentives needed to keep quality teachers in our children's classrooms. Quality health care coverage is an important incentive for any employee. It is one benefit, if strengthened, that would be a valuable part of an incentive package the DOE can leverage to combat our state's teacher shortage.

We are working to help teachers do the best job possible when teaching our children. We support our legislators in their efforts to make Hawaii a place that our children can choose to call home. At times, this means looking at new and innovative ways of doing things.

Given the 7.9% pay reduction teachers have absorbed through furloughs, putting us back into the EUTF will mean a significant increase to the amount I will pay for medical premiums.

Please help support the teaching profession by making the HSTA VEBA Trust permanent.

I would like to ask your consideration of HB 7, relating to the HSTA VEBA Trust. This bill authorizes and sets forth the continuation of a VEBA Trust to provide health benefits for public school teachers at an affordable rate while at the same time providing a savings to the state. In addition, savings created by the VEBA Trust may be diverted to other state programs and services.

Mahalo for your time and consideration.

Sincerely,

Marilou Bulagay

Sunday February 7, 2010

Aloha House Committee Chair and Members on Labor and Public Employment,

I am writing in support of HB 7: VEBA Trust. Thank you so much for hearing this bill. My name is Melanie P. Mundon. I am blessed to call Kane'ohe home. I have been a 4th Grade teacher at Mokapu Elementary in Kailua O'ahu on the Marine Corps Base for the last 8 years.

I want to thank you for your support of teachers in the past. I support our legislators in all their efforts to make Hawai'i a place that our keiki can receive a quality public education by employing and retaining highly qualified teachers.

In the 1950's my parents moved away from Hawai'i soon after high school in hopes of being able to support a family. They met each other, pursued their careers, and raised their family in California. My mother retired after 35 years as public school teacher in the Montebello School District in southeast L.A. Now I have been fortunate enough to return to their island home a generation later and have been able to support myself as a teacher while also serving my community. I love Hawai'i and its children and hope to be able to continue to call it my home forever.

I would like to ask for your support of HB 7, relating to making the HSTA VEBA Trust permanent. This bill authorizes and sets forth the continuation of a VEBA Trust to provide health benefits for public school teachers at an affordable rate while at the same time providing a savings to the state. In addition, savings created by the VEBA Trust may be diverted to other state programs and services.

VEBA is due to sunset in July 2010. I am very concerned about the possibility of its sunset and ask that you make VEBA permanent for its members and the state to benefit from. In these tough times, everyone, including us teachers, could use every bit of help we can get to survive during these times of hardship. Together we can achieve anything.

Mahalo for your support in the passing of HB7 VEBA Trust.

Malama Pono,

Melanie P. Mundon  
4<sup>th</sup> Grade Teacher/ Mokapu Elem

## yamashita3-Mark

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**From:** Donna Nooney [nooney@hawaiiantel.net]  
**Sent:** Sunday, February 07, 2010 10:08 PM  
**To:** LABtestimony  
**Subject:** HB7

Committee on Labor and Public Employment  
Representative Karl Rhoads, Chair  
Representative Kyle T. Yamashita, Vice Chair

Aloha To Our Esteemed Representatives,

I am a retired teacher writing to emphasize the importance of the VEBA Trust Bill. It must be made a permanent benefit to all teachers. Teachers in Hawaii need to be of the highest caliber in order to facilitate our youth in becoming Hawaii's leaders, labor force, and business owners. The pay being offered to teachers is not competitive when compared to many other states, but because teachers choose to stay in Hawaii, or move to Hawaii, they must be offered incentives to put their trust in the State of Hawaii to continue to provide for their health even after they retire.

I was privileged to teach for 36 years, and I need to know that my VEBA provided health benefits will not be negatively impacted by legislation. Being retired is fantastic, but only when we are able to maintain our health. We gave our all with joy when we were working and in great health. As we age, we must monitor our health and receive care for our weakening bodies. My husband would be lost without the VEBA health care. He has Parkinson's Disease, COPD, and he suffers from depression. I personally have a weakening heart and a genetic pool which includes stroke, heart disease, and cancer, so I monitor closely for these diseases.

I write to beseech our elected representatives to stand by the individuals who served during times of good health, and who now need health care more than ever before.

Demonstrating loyalty to teachers will keep and attract effective teachers in Hawaii.

Thank you for your efforts to support us,

Donna Nooney  
Retired HSTA

**yamashita3-Mark**

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**From:** Marvel Bento [marvelbento@hawaii.rr.com]  
**Sent:** Sunday, February 07, 2010 11:47 PM  
**To:** LABtestimony  
**Subject:** HB7

Committee on Labor and Public Employment  
Representative Karl Rhoads, Chair  
Representative Kyle T. Yamashita, Vice Chair

Tuesday, February 9, 2010  
9:30 am  
Conference Room 309  
State Caitol  
415 South Beretania Street

RE: HB7 - Relating to Voluntary Employees' Beneficiary Association Trusts

My name is Marvel H. Bento and I am a HSTA-Retired member of the VEBA Trust. Please pass HB7 out of your committee at this time. I would like to see the VEBA Trust become permanent because of easy access and quick response to concerns about my medical plan. I cringe at the systemic changes that would be required should the existing program come to an end in June.

As a retired educator I have worked to promote teacher recruitment and retention in the state of Hawaii as a member of the the Hawaii Alliance for Future Teachers and the Advisory and Advocacy Group to the Education Department at UH Hilo, and have helped with the New Hire Orientation in east Hawaii district for many years. I firmly believe that a stable and comprehensive health benefit plan for teachers will continue to attract and retain qualified teachers for Hawaii's public school system and provide a greater incentive for employment than salary alone.

Thank you for this opportunity to testify on behalf of HB7. Please give it your time and consideration for the highest good.

Sincerely,  
Marvel H. Bento  
HSTA-Retired  
285 W. Kawaihani St.  
Hilo, HI 96720

**From:** Lorraine Hora [lorrainehora@yahoo.com]  
**Sent:** Saturday, February 06, 2010 2:24 PM  
**To:** LABtestimony  
**Subject:** HB7

Committee on Labor and Public Employment  
Representative Karl Rhoads, Chair  
Representative Kyle T. Yamashita, Vice Chair

Tuesday, February 9, 2010  
9:30 am  
Conference Room 309  
State Caitol  
415 South Beretania Street

RE: HB7 - Relating to Voluntary Employees' Beneficiary Association Trusts

My name is Lorraine M. Hora and I am a HSTA-Retired member of the VEBA Trust. I want VEBA Trust to be come a permanent program. When I have questions about my medical plan, I can call or e-mail VEBA and communicate promptly with a PERSON. Accessibility is very important to me, especially when I am stressed and confused about a medical situation. I want to continue an uninterrupted health benefit program without worry about changes in health carriers or administrators. Please let VEBA continue.

As a retired educator, I truly believe that a strong health benefit program would attract and retain qualified teachers for our public school system. A stable and comprehensive health benefit plan is a more desirable incentive for employment than salary.

Thank you for the opportunity to testify. I ask that you please pass this bill out of committee.

Sincerely,  
Lorraine M. Hora  
HSTA-Retired  
648 Hinano Street  
Hilo, HI 96720

TESTIMONY OF BRIAN KAU  
BEFORE THE HOUSE COMMITTEE ON  
LABOR AND PUBLIC EMPLOYMENT

FEBRUARY 9, 2010  
9:30 A.M.  
ROOM 309

HOUSE BILL NO. 7

RELATING TO VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION TRUSTS

Chairperson Rhoads, and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2797. The purpose of this bill is to make the voluntary employees' beneficiary association (VEBA) trusts permanent. I **strongly support** this bill.

My wife and I have two young children and are both employees of the State of Hawaii government. She is a teacher and I am an engineer. Until December 31, 2009, my family's health insurance was under my EUTF plan. Due to poorly explained reasons, in July of 2009, my family premium went from \$371.66 per month to \$587.74 per month, an increase of over 58%! Two months later, my wife was furloughed. Shortly after that, I was furloughed. When calculating in the \$2,593 per year increase in health care premiums, our overall gross income dropped by over 10%. We had to pull our children out of morning care and after school activities. We also halted discretionary expenditures, and had a very lean holiday season. We have never lived "above our means" as our cars are sixteen and twenty-six years old and our mortgage is reasonable. As public workers, we acknowledge the state of the economy and that we must "do our part". We are also grateful that neither of us have lost our jobs and understand that many in the public (and private) sector were not so lucky. Comparing the health costs under the EUTF and the Hawaii State Teachers Association VEBA trust revealed that if we switched to the VEBA plan, our family's health care costs would revert to almost the same level it was back in July of 2009 prior to the increase. In addition, the drug plan seems to be significantly better and all of our doctors participate

with the new provider. This has been a tremendous help to our household finances and we hope to utilize the savings to reenroll our children in one or two of their after school activities. If the VEBA trust were to sunset, we would be forced to go back on the EUTF system with the unexplainably high premiums.

My family and I sincerely appreciate your hearing of this bill and urge its passage. Conversations with several other families and individuals under VEBA indicate similar feelings of a better managed program and significant cost savings. Thank you for the opportunity to testify.



Testimony for LAB 2/9/2010 9:30:00 AM HB7

Conference room: 309

Testifier position: support

Testifier will be present: No

Submitted by: Sienna Makarewicz

Organization: Individual

Address:

Phone:

E-mail: [maka.ohana@hawaiiantel.net](mailto:maka.ohana@hawaiiantel.net)

Submitted on: 2/8/2010

Comments:

Please support the VEBA Trust Bill. The teachers have been hit very hard with furloughs and at the same time we were switched into an insurance plan that had very poor coverage. The time I was in HMA was financially devastating. Even though I have to pay more to choose HMSA I am better covered. Please do not take away the VEBA Trust. It is a successful option for teachers and it pays for itself.

COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

Rep. Karl Rhoads, Chair

Rep. Kyle T. Yamashita, Vice Chair

**SUPPORT: HB7 RELATING TO VOLUNTARY EMPLOYEES'  
BENEFICIARY ASSOCIATION TRUSTS.**

**Makes Voluntary Employees' Beneficiary Association trust law permanent.**

February 8, 2010

Dear Chair Rhoads,

As a recently retired school counselor at Lanai High & Elementary School I ask your committee's support for VEBA Trust bill. Teachers serving at Lanai School need the strongest support for a full and affordable range of medical services, as services are very limited on Lana'i therefore requiring travel to Maui or O'ahu to obtain the level of care provided through VEBA. With airfares ranging to \$200 round-trip via Island Air, the only major provider, costs for basic care are expensive for a family.

Sincerely,

Fairfax Reilly

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