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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 16, 2010

H.C.R 88 – REQUESTING AN AUDIT OF
THE EMPLOYER – UNION HEALTH
BENEFITS TRUST FUND

The Hawaii Government Employees' Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of H.C.R. 88, which calls for the State Auditor to conduct a financial and program audit of the Employer-Union Health Benefits Trust Fund (EUTF). A financial and program audit would be very useful; however, the problems with the EUTF are so serious and wide ranging that reform measures must be implemented this legislative session. There is widespread agreement that the EUTF is not operating as originally intended for public employees and employers.

The HGEA and several other public sector unions strongly support S.B. 2849, which makes major changes to the governing structure and operating principles of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF). The EUTF governance system never worked very well and is now broken. Because the current system is flawed, the EUTF needs fundamental change. The status quo where the executive branch of state government is in control is the primary reason the EUTF is not serving its beneficiaries properly.

S.B. 2849 along with S.B. 2881 that permits the negotiation of health care benefits and contributions contains several significant reforms that will eliminate many of the problems making the EUTF ineffective and expensive. Benefits are an integral part of employee compensation and should be negotiated between unions and employers. In every other employment setting, it is the generally accepted expectation that unions would negotiate with employers over both salary and fringe benefits. Negotiating salary and fringe benefits are in the mutual interest of employers and employees. Thank you for the opportunity to testify in support of H.C.R. 88 and the other EUTF reform bills.

Respectfully submitted,

 Nora A. Nomura
Deputy Executive Director



Representative Sagum

2/12/10 HCR88

My name is Mike Martin and I am writing you this letter at the request of Darwin Ching. Informed Rx (formally NMHC) is now the primary supplier of medications for EUTF members. A lot of changes have taken place and I would like to share some of these with you.

First is mail order has caused many problems, as you have heard but it is only part of the problem.

Second, members have lost many of their drug benefits, like drugs not covered or requiring complicated prior approval. In my opinion the EUTF drug plan is the worst in Hawaii.

Third, when mail order started my contract was cancelled (without any notice). A new (much lower) reimbursement rate started the next day. Often I lose money filling EUTF. I have called Mike Ace (informed Rx contracts supervisor) several times asking for a contract with no success.

Fourth, Informed Rx is the claims processor, the pharmacy, formulary maker, you have turned over your checking account to them and you have no way of checking on them.

Fifth, few pharmacies have a signed contract with Informed Rx, therefore they really do not have a pharmacy network in Hawaii.

Last, Informed Rx will save you money on your drug bills by giving your membership less drug benefits, you are really paying more for a lot less.

Thank you for your time, Mike Martin, Pharmacist
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yamashita1-Kristen

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 13, 2010 8:15 AM
To: LABtestimony
Cc: thirr33@gmail.com
Subject: Testimony for HCR88 on 2/16/2010 11:00:00 AM

Testimony for LAB 2/16/2010 11:00:00 AM HCR88

Conference room: 309
Testifier position: support
Testifier will be present: No
Submitted by: Arvid Tadao Youngquist
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Submitted on: 2/13/2010

Comments:
I support HCR 88 EUTF audit.

Mahalo nui loa,

Arvid Youngquist