

TESTIMONY BY JIM WILLIAMS
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON LABOR
ON
SENATE BILL 1138

2:45 P.M., February 13, 2009

RELATING TO HAWAII HEALTH SYSTEMS CORPORATION

Chairperson Takamine and Members of the Committee:

My name is Jim Williams, and I am Administrator of the Hawaii Employer-Union Health Benefits Trust Fund (also known as the EUTF). Thank you for this opportunity to present this testimony in opposition to Senate Bill 1138.

The EUTF provides health and life insurance benefits to approximately 92,000 public employees and retirees (55,000 actives and 37,000 retirees). EUTF is governed by a ten-member Board of Trustees.

This bill provides for the Hawaii Health Systems Corporation (HHSC) to establish its own personnel system, including a separate collective bargaining unit, separate pension system and separate health benefits system. The EUTF Board of Trustees, at its meeting of January 28, 2009, voted unanimously to oppose this bill.

The EUTF opposes this bill because the Trustees believe that the EUTF can best provide health benefits for public employees and retirees. Just as the Board opposed legislation to permit collective bargaining units to leave the EUTF through the formation of VEBAs, the Board likewise opposes this attempt to withdraw a group of employees of one employer sub-group from the EUTF. Currently, HHSC has approximately 3,800

employees enrolled in the EUTF at an annual cost (employer) estimated at \$14.2 million. Although this bill provides that only new employees would be enrolled in the separate HHSC health benefits plan, over time the impact would eventually amount to all employees.

Thank you for this opportunity to present this testimony in opposition to SB 1138. I will be pleased to answer any questions from members of the Committee.