

SB 2059

LINDA LINGLE
GOVERNOR OF HAWAII



MARIE C. LADERTA
DIRECTOR

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

January 24, 2010

TESTIMONY TO THE
SENATE COMMITTEE ON TRANSPORTATION, INTERNATIONAL AND
INTERGOVERNMENTAL AFFAIRS
For Hearing on Monday, January 25, 2010
1:15 p.m., Conference Room 224

BY

MARIE C. LADERTA, DIRECTOR

Senate Bill 2059
Relating to the Hawaii Employer-Union Health Benefits Trust Fund Board of
Trustees
WRITTEN TESTIMONY ONLY

TO CHAIRPERSON J. KALANI ENGLISH AND MEMBERS OF THE COMMITTEE:

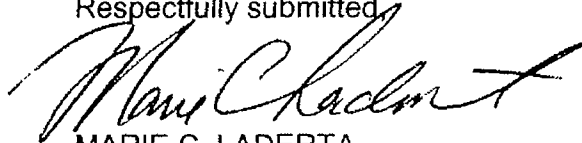
The purpose of S.B. No. 2059 is to add an eleventh trustee to the Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees to represent county public employers to ensure members are informed of programs and changes and that decisions are made considering county interests.

The Department of Human Resources Development is unable to support the intent of this bill because the current composition of the Board is already able to inform members of its actions and also consider county interests. However, if the intent of adding the eleventh member is to work through voting deadlocks and to balance the needs of both representatives of employee-beneficiaries and public employers, then we need to change the way the Board currently votes. To do this, we must amend Section 87A-11(b), HRS, which currently allows trustees representing the public employers to collectively have one vote and trustees representing the employee-beneficiaries to collectively have one vote. For any vote of the trustees representing the public employers to be valid, three of the five trustees must concur to cast such a

vote; and likewise, for the trustees representing the employee-beneficiaries. Therefore, the proposed amendment to Section 87A-5, HRS, is inconsistent with current law and will upset the balance of the Board and how future Board actions will be taken.

Thank you for the opportunity to testify on this matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Marie Laderta". The signature is fluid and cursive, with a long horizontal stroke at the end.

MARIE C. LADERTA
Director

Council Chair
Danny A. Mateo

Vice-Chair
Michael J. Molina

Council Members
Gladys C. Baisa
Jo Anne Johnson
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Bill Kauakea Medeiros
Wayne K. Nishiki
Joseph Pontanilla
Michael P. Victorino



Director of Council Services
Ken Fukuoka

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
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January 24, 2010

TO: The Honorable J. Kalani English, Chair
Senate Committee on Transportation, International and Intergovernmental Affairs

FROM: Joseph Pontanilla, Treasurer *J. Pontanilla*
Hawaii State Association of Counties

SUBJECT: **HEARING OF JANUARY 25, 2010; TESTIMONY IN SUPPORT SB 2059,
RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND (EUTF) BOARD OF TRUSTEES**

Thank you for the opportunity to testify in support this important measure. The purpose of this measure is to add a trustee to represent county public employers on the EUTF board of trustees.

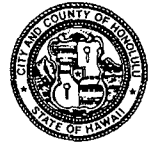
I am aware that the President of the Hawaii State Association of Counties (HSAC) has submitted testimony, on behalf of HSAC, in support of this measure, which is in the HSAC Legislative Package. As the Treasurer of HSAC, I concur with the testimony submitted by the President, and urge you to support this measure.

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Hawai'i State Association of Counties

Counties of Kaua'i, Maui, Hawai'i, and City & County of Honolulu



TESTIMONY OF DEREK S. K. KAWAKAMI
PRESIDENT, HAWAII STATE ASSOCIATION OF COUNTIES

SENATE COMMITTEE ON TRANSPORTATION, INTERNATIONAL AND
INTERGOVERNMENTAL AFFAIRS
MONDAY, JANUARY 25, 2010 AT 1:15 P.M.
CONFERENCE ROOM 224, STATE CAPITOL

- **Senate Bill No. 2059: Relating to the Hawai'i Employer-Union Health Benefits Trust Fund Board of Trustees**
- **Senate Bill No. 2175: Relating to the Employer-Union Health Benefits Trust Fund**

The Honorable J. Kalani English, Chair, Senate Committee on Transportation,
International and Intergovernmental Affairs and Committee Members

My name is Derek S. K. Kawakami, and I submit this testimony in my capacity as
President of the Hawai'i State Association of Counties (HSAC).

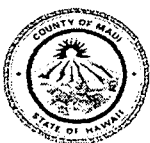
HSAC supports the common position expressed in Senate Bill No. 2059
(SB2059) and Senate Bill No. 2175 (SB2175), both of which propose to amend Section
87A-5 of Hawai'i Revised Statutes to provide for county representation on the Hawai'i
Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees.

As background, SB2059 has been submitted as part of HSAC's 2010 Legislative
Package. The Hawai'i Council of Mayors (HCOM) has also proposed similar legislation
as part of its legislative package in Senate Bill No. 2175 (SB2175), which is also being
heard by this Committee today.

The common ground and area of agreement between HSAC's SB2059 and
HCOM's SB2175 is to ensure that the Counties are represented on the EUTF Board of
Trustees.

While we recognize there are different avenues being proposed in how this
representation is to be achieved in HSAC's SB2059 and HCOM's SB2175, it is our firm
belief that these differences can be reconciled to support a single piece of proposed
legislation for adoption by the Legislature to provide for Counties' representation on the
EUTF Board of Trustees. In fact, HSAC and HCOM are currently in the process of
resolving these differences in order to provide a single bill for the Legislature's
consideration.

Thank you for this opportunity to submit this testimony and to address any
questions or concerns this Committee may have.





HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
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The Twenty-Fifth Legislature, State of Hawaii
Hawaii State Senate
Committee on Transportation, International and Intergovernmental Relations

Testimony by
Hawaii Government Employees Association
January 25, 2010

S.B. 2059 – RELATING TO THE
HAWAII EMPLOYER-UNION
HEALTH BENEFITS TRUST
FUND BOARD OF TRUSTEES.

The Hawaii Government Employees' Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of S.B. 2059, which would add an eleventh trustee to the EUTF board representing county employers. The representative would be selected by the Governor from a list of two nominees from the Hawaii Association of Counties to represent the City and County of Honolulu and the neighbor island counties.

The counties contribute a substantial amount to the fund. The health and well-being of county employees and retirees depend upon the benefit decisions made by the board of trustees. Therefore, the counties should be represented on the EUTF board.

However, we request that this matter be addressed through comprehensive legislation that would change not only the composition of the EUTF board, but how health benefits are actually provided to beneficiaries. There are serious problems with the current structure and operation of the EUTF that warrant comprehensive reform.

Consequently, we respectfully request that S.B. 2059 be deferred so consideration can be given to legislation currently being developed to resolve these and other important issues. Thank you for the opportunity to testify on S.B. 2059.

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director