

**SB 2175**

# HAWAII COUNCIL OF MAYORS

Testimony of the

## Hawaii Council of Mayors

Bernard Carvalho, Jr., Mayor of Kauai County  
Mufi Hannemann, Mayor of the City and County of Honolulu  
Billy Kenoi, Mayor of Hawaii County  
Charmaine Tavares, Mayor of Maui County

Before a Hearing of the  
**Senate Committee on Transportation,  
International and Intergovernmental Affairs**

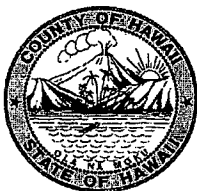
January 25, 2010

### **Senate Bill 2175, Relating to the Employer-Union Health Benefits Trust Fund**

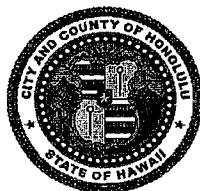
The Hawaii Council of Mayors supports Senate Bill 2175, which amends Section 87A-5 of the Hawaii Revised Statutes to provide for county representation on the Employer-Union Health Benefits Trust Fund board of trustees.

The EUTF board of trustees administers and implements health and other benefit plans for state and county employees. In this role, it decides which health and other benefits will be provided to public employees and retirees. Through its negotiations with insurance companies and benefit providers, it also determines the cost of the benefit packages to public employers. Thus, the EUTF affects public employers in two ways: The benefits provided affect the health and morale of employees and retirees, and the cost of the benefits package affects government budgets, both immediately and over the longer term.

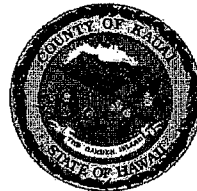
The current statute sets aside five seats on the board for public employers. However, the appointments for these seats are at the discretion of the governor, and counties have not been represented on the board for a number of years. Left without a voice, the counties' role is limited to funding EUTF board decisions.



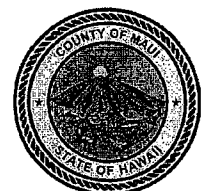
**Mayor Billy Kenoi**  
County of Hawaii  
25 Aupuni Street  
Hilo, Hawaii 96720



**Mayor Mufi Hannemann**  
City and County of Honolulu  
530 South King Street  
Honolulu, Hawaii 96813



**Mayor Bernard Carvalho, Jr.**  
County of Kauai  
4444 Rice Street, Suite 235  
Lihue, Hawaii 96766



**Mayor Charmaine Tavares**  
County of Maui  
200 South High Street, 9th Floor  
Wailuku, Hawaii 96793

The level of funding provided by the counties is significant, as county employees are an important part of EUTF membership. The members of the Legislature are keenly aware of the double-digit increases in health insurance costs imposed by the EUTF earlier this fiscal year, and the hikes anticipated in the coming months. The counties are being apprised of these unprecedented increases without having any formal role in the process.

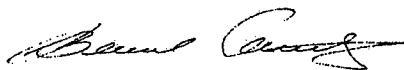
In one extreme example, the counties have even been sued for decisions made by the EUTF board, without the knowledge or consent of the counties. In June 2006, the counties, along with the state, EUTF, and its trustees, were named as defendants in a lawsuit filed by several state retirees in federal court. In the case, Everson, et al. v. State of Hawaii, et al., Civil No. 06-1-1141-06, the plaintiffs alleged that they were entitled to medical and dental benefits substantially equal to active employees, and that the medical and dental benefits provided to retirees were inferior to the benefits guaranteed by law. The counties argued that the lawsuit should be directed to the EUTF, but were not successful, and have spent considerable time and resources defending this case. The Everson case illustrates another way the actions of the EUTF profoundly affect counties, as employers.

Changes to the benefit package made by the EUTF board, whether by vote or negotiations with the benefit providers, directly and immediately affect all county employees and retirees. The coverage provided in the past could be decreased. Coverage for drugs or treatment could be eliminated or reduced. Should this occur, county employees may similarly attempt to hold their employers accountable.

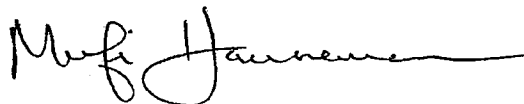
The mayors believe that the counties should be able to vote on policies and costs we have to bear, and that we should be able to make those decisions that affect our employees and retirees.

The HCOM strongly supports passage of this bill, and thanks the committee for its consideration of this measure.

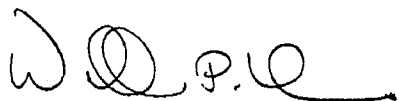
Mahalo.



Bernard P. Carvalho, Jr.  
Mayor of Kauai County



Mufi Hannemann  
Mayor of the City and County of Honolulu



William P. Kenoi  
Mayor of Hawaii County



Charmaine Tavares  
Mayor of Maui County

Council Chair  
Danny A. Mateo

Vice-Chair  
Michael J. Molina

Council Members  
Gladys C. Baisa  
Jo Anne Johnson  
Sol P. Kaho'ohalahala  
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  
[www.mauicounty.gov/council](http://www.mauicounty.gov/council)

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 2175,  
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. Legislation with a similar purpose is included in the HSAC Legislative Package; however, the Maui County Council has not had the opportunity to take a formal position on this matter. Therefore, as the Treasurer of HSAC and as Maui County's representative to HSAC, I concur with the testimony submitted by the President, and urge you to support this measure.



# 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).

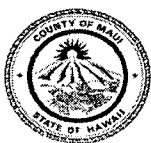
HSAC supports the common position expressed in Senate Bill No. 2059  
(SB2059) and Senate Bill No. 2175 (SB2175), both of which propose to amend Section  
87A-5 of Hawai'i Revised Statutes to provide for county representation on the Hawai'i  
Employer-Union Health Benefits Trust Fund (EUTF) Board of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

AFSCME Local 152, AFL-CIO

**RANDY PERREIRA**  
*Executive Director*  
Tel: 808.543.0011  
Fax: 808.528.0922

**NORA A. NOMURA**  
*Deputy Executive Director*  
Tel: 808.543.0003  
Fax: 808.528.0922

**DEREK M. MIZUNO**  
*Deputy Executive Director*  
Tel: 808.543.0055  
Fax: 808.523.6879

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. 2175 – RELATING TO THE  
HAWAII EMPLOYER-UNION  
HEALTH BENEFITS TRUST FUND

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 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, counties should be represented on the EUTF board. As proposed, one of the employer trustees would be appointed by the Hawaii Council of Mayors to represent the City and County of Honolulu and the neighbor island counties.

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. 2175 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. 2175

Respectfully submitted,

Nora A. Nomura  
Deputy Executive Director