



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 Ways and Means

Testimony by
Hawaii Government Employees Association
February 23, 2010

S.B. 2205, S.D. 1 – RELATING TO THE
HAWAII EMPLOYER-UNION HEALTH
BENEFITS TRUST FUND

The Hawaii Government Employees' Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 2205, S.D. 1, which would allow employees enrolled in a Hawaii Employer-Union Health Benefits Trust Fund (EUTF) health benefits plan to opt out of any requirement to purchase prescriptions by mail order.

The serious problems experienced by state and county employees due to this requirement are unacceptable and include long delays in receiving medication, increased costs and poor service. We maintain that public employees should be allowed to purchase prescriptions from local retail pharmacies. This will benefit the local economy and provide employees with timely treatment.

S.B. 2205, S.D. 1 highlights one of the fundamental problems with the EUTF. While it is a good start, we need to make sweeping changes to the structure and operating principles of the EUTF. There is widespread agreement that the EUTF is not operating as originally intended and has done considerable harm to state and county employees.

The current system is broken and needs a complete overhaul. That is why we support S.B. 2849, S.D. 1 along with S.B. 2881, which would permit the negotiation of health care benefits in addition to contributions, contains several significant reforms that will eliminate many of the problems that make the EUTF ineffective and expensive.

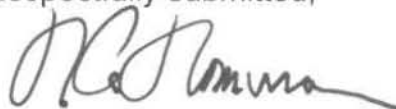
We believe that benefits are an integral part of employee compensation and should be negotiated between unions and employers. Other reform efforts that can be achieved through negotiation must include effective mechanisms for controlling costs, encouraging preventive care, implementing wellness programs, requiring information on

provider performance and enhancing efficiency. S.B. 2849, S.D. 1 contains the following reforms to the EUTF:

1. It changes the method of selecting benefit plan carriers, third party administrators, consultants and actuaries by exempting the process from Chapter 103D, HRS. This will provide the necessary flexibility to respond to problems faster.
2. Board members must act as a fiduciary of the trust. As fiduciaries, board members are required to make decisions based solely on the interest of the participants and beneficiaries. Any board member who violates his or her fiduciary responsibilities will be personally liable for any losses to the plan that occurs as a result of the breach of fiduciary responsibilities.
3. It increases the membership of the Board of Trustees from 10 to 12 and changes the representation requirements of the members and their terms.
4. It allows individual unions to establish a sub-trust and sub-board of trustees to administer that bargaining unit's contributions and benefits if they negotiate a specific contribution to apply only to that unit.
5. The board can appoint or retain legal counsel who is independent of the Attorney General.
6. Health plans shall be provided based on the collectively bargained contributions from both the employers and employees, not "at a cost affordable to both the public employers and employees."
7. For administrative purposes the fund controlled by the board is placed under the Department of Human Resources Development, not the Department of Budget and Finance.

We appreciate the changes proposed by S.B. 2205, S.D. 1, but prefer the comprehensive approach to reforming the EUTF provided through S.B. 2849, S.D. 1.

Respectfully submitted,



Nora A. Nomura
Deputy Executive Director

From: [Joel Fischer](#)
To: [WAM Testimony](#)
Subject: SB2205, SD1; WAM; 2/23/10; 10:10AM; Rm 211
Date: Friday, February 19, 2010 1:38:18 PM
Importance: High

SB2205, Relating to EUTF Trust Fund (Opting out of mail order meds)
WAM; Chair, Sen Mercado-Kim

PLEASE PASS THIS BILL!

Passage of this bill will give tens of thousands of state workers and retirees the OPTION of vastly improving the quality of their lives.

I can understand the need of the EUTF to attempt to conserve money. But the use of the Informed RX company is short-sighted and extraordinarily frustrating for many EUTF members.

The company is absolutely incompetent. Phone calls are never returned, no matter how often a return call is promised.

The company has devoted only one person to be on-site here in Hawai`i to handle hundreds of complaints. She is overwhelmed.

The company's operations are spread out in different locations, so a problem cannot be resolved with one call. Some of the operations do not work 24/7, despite the "availability" of certain representatives at all times.

It took the company three months to correctly get some of my medications to me. THREE MONTHS! They kept telling me the doctor hadn't faxed in my prescription, but I saw the prescriptions that the doctor had to fax in several times!

It takes multiple phone calls to solve even the smallest problems. Ten calls per problem is not unusual.

All profits for this program go out of state. Why cannot we find some provider in state to sell us our medications? Did you know Walmart sells many generics at a lower price than Informed RX? So would Costco and other providers if given the chance.

My mailbox is in an outdoor area directly in the sun. Since I do not know exactly when the medications will arrive, and I have a number of activities, my meds sometimes have to sit in the sun for seven hours until I can retrieve them! This can play havoc with the effectiveness of the medications.

The list goes on and on. PLEASE give me and my fellow workers and retirees the option of buying locally.

Thank you so much for passing this bill.

Aloha, joel

Dr. Joel Fischer, ACSW
Professor (Ret.)
University of Hawai'i, School of Social Work
Henke Hall
Honolulu, HI 96822

"It is reasonable that everyone who asks justice should DO justice."
Thomas Jefferson

"There comes a time when one must take a position that is neither safe, nor politic, nor popular, but one must take it because one's conscience tells one that it is right."

Dr. Martin Luther King, Jr.

"Never, never, never quit."
Winston Churchill

COMMENTS

SENATE BILL 2205, SD 1

RELATING TO EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

BEFORE THE COMMITTEE ON WAYS AND MEANS

DATE : Thursday, February 23, 2010

TIME : 10:10 a.m.

PLACE : Conference Room 211
State Capitol

COMMENTS FROM:

Paul K. Ferreira
316 Ainaola Drive
Hilo, Hawai'i 96720

Paul K. Ferreira
316 Ainaola Drive
Hilo, Hawai'i 96720

February 19, 2010

Senator Donna Mercado Kim
Chair and Members
Committee on Ways and Means
State Capitol
415 South Beretania Street, Room 211
Honolulu, Hawai'i 96813

Re: Senate Bill 2205, SD 1, Relating To Employer-Union Health Benefits Trust Fund

Aloha Senator Kim and Members:

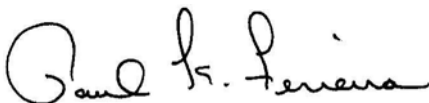
I am a current employee with the County of Hawai'i, with 27 ½ years of service and strongly support the passage of SB 2205, Relating to Employer-Union Health Benefits Trust Fund (EUTF), that seeks to allow individual beneficiaries enrolled in a Hawaii employer-union health benefits trust fund health benefits plan to opt out of any requirement to purchase prescriptions by mail order.

During these hard economic times, I am appalled that the State of Hawai'i has opted to require its government employees to purchase their medication from a mainland company through this mail-order program, forsaking the **local pharmacies**. The Governor and the Legislature keeps sending the message that we need to spend locally and support local businesses, yet this ludicrous mail-order drug program was accepted by the EUTF Board. What message is the State of Hawai'i sending to the students that are enrolled in the University of Hawai'i College of Pharmacy, we want to educate you in this honorable profession, but we do not support local pharmacies.

It has been my experience in refilling a prescription for maintenance drugs that the InformedRX company, operates fraudulently, outside of the information that was passed on to members. There representatives took it upon themselves, with no input from me to contact my physician and change my medication from a Preferred Drug to a generic drug, that in my research is not the same. Then when confronted by me, their representative stated falsely in writing that it was my physician that made the change, not their company. Additionally, because of the delay in processing the order (which was placed well in compliance of their re-order deadlines), because the company was altering the prescription, my medication was delayed causing me to be without the medication for a week.

Another issue I have with the current company is the method in which medication is shipped to a member. The medication is not in any type of tamper proof bottle and is packed simply in a plastic U.S. Postal envelope, that can easily be accessed and the medication tampered with.

Thank you for the opportunity to voice my concerns and strongly urge you to pass this legislation.



Paul K. Ferreira
316 Ainaola Drive
Hilo, Hawai'i 96720