

SB2797

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON EDUCATION AND HOUSING AND LABOR
ON
SENATE BILL NO. 2797

February 2, 2010

RELATING TO VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION TRUSTS

Senate Bill No. 2797 would amend Act 245, SLH 2005, to make permanent the Voluntary Employees' Beneficiary Association Trust, which was established as a pilot program.

The Department of Budget and Finance **opposes this measure.**

The department has long held that a single health benefit delivery system provides State and county government employers, employee-beneficiaries and ultimately the taxpayer with the most cost effective and long-term sustainable alternative for health benefits. We are increasingly steadfast in this position given current financial conditions, the significant portion of the executive general fund request required to meet employer health benefit contributions, and State unfunded liabilities totaling \$7.19 billion for these benefits as of the July 1, 2007 valuation.

Under a Voluntary Employees' Beneficiary Association Trust, costs may be reduced and benefits improved for a **select** group as would be expected if the group has better utilization experience. Our focus, however, has been with the cost as a whole. The Hawaii Employer-Union Health Benefits Trust Fund's benefit consultant determined that total premium costs for the self-funded PPO plan would have been 4.3% lower or a savings of

\$8.6 million in plan year 2008, had the teachers remained with the Hawaii Employer-Union Health Benefits Trust Fund. Separate benefit delivery systems further contribute to higher costs at a time when expenditures need to be contained.

Permanent establishment of Voluntary Employees' Beneficiary Association Trusts as an option for all employee organizations ultimately negates a major portion of the Health Fund reforms enacted by Act 88, SLH 2001. It re-establishes adverse selection and its associated cost increases. It reinstates duplication of effort and additional administrative costs.

Finally, the Legislative Auditor, in her summary of findings and recommendations to the Legislature dated December 2, 2009, in regards to the requested analysis to determine the effects of the Hawaii State Teachers Association's Voluntary Employees Beneficiary Association Trust pilot program on the Hawaii Employer-Union Health Benefits Trust Fund stated that the Voluntary Employees' Beneficiary Association Trust pilot program:

1) promotes adverse selection and increases premium costs for the Hawaii Employer-Union Health Benefits Trust Fund enrollees; 2) duplicates administrative costs borne by the State employer (totaling over \$2.4 million paid to the Hawaii State Teachers Association's Voluntary Employees Beneficiary Association Trust instead of the Hawaii Employer-Union Health Benefits Trust Fund); and 3) cannot ensure transparency and accountability in providing health benefits for teachers and teacher retirees.

LINDA LINGLE
GOVERNOR OF HAWAII



MARIE C. LADERTA
DIRECTOR

CINDY S. INOUE
DEPUTY DIRECTOR

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

February 1, 2010

TESTIMONY TO THE
SENATE COMMITTEES ON EDUCATION AND HOUSING AND LABOR

For Hearing on Tuesday, February 2, 2010
2:45 p.m., Conference Room 224

BY

MARIE C. LADERTA, DIRECTOR

(WRITTEN TESTIMONY ONLY)

Senate Bill No. 2797, Relating to Voluntary Employees' Beneficiary Association Trusts

TO CHAIRPERSONS NORMAN SAKAMOTO, DWIGHT TAKAMINE AND MEMBERS OF THE
COMMITTEES:

The stated purpose of SB 2797 is to repeal the sunset date for voluntary employees' beneficiary association (VEBA) trusts pilot program established pursuant to Act 245, SLH 2005, as amended, to make VEBA trusts permanent.

The Department of Human Resources Development (DHRD) **opposes** this bill for the following reasons:

(1) The intent of Act 245, SLH 2005, was to allow employee organizations to establish a VEBA trust to provide health benefits for their members on a three-year pilot project basis to allow for a thorough analysis of the costs and benefits of the VEBA trust against those of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF). Act 294, SLH 2007, extended the pilot project for an additional year (to July 1, 2009) and required the VEBA trust to submit a report to the legislature on the status of the trust. In 2007, the legislature passed SCR 178 requesting the legislative auditor to conduct a study on the impact of VEBA trusts on public employees and employers and provide a basis for the legislature to decide whether to extend Act 245, SLH 2005. We are not aware if that study has been completed. Furthermore, Act 5,

SLH 2008, which extended the VEBA trusts to July 1, 2010 requested that the state auditor submit a report of its findings and recommendations to the legislature. Therefore, it would be premature to make Act 245 permanent prior to receiving the results of the Auditor's report.

(2) If this bill is passed and VEBA trusts are made permanent, it would open the door for other employee organizations to establish a VEBA trust which will essentially negate a major portion of the Health Fund reforms enacted by Act 88, SLH 2001. Act 88 established the EUTF as a single health benefit delivery system that brought all state and county participants under a single group. Creation of the EUTF provided the employers and employees with better leverage in negotiating benefit contracts, eliminated the effects of "adverse selection," duplicative administrative costs, and the possible use of excess contributions for other than the beneficiaries. If additional VEBA trusts are established, and more participants are shifted out from the EUTF, it is likely that rates for the remaining EUTF participants will increase and have a significant cost impact to the State.

Given the State's current financial condition and the rising cost of health care we strongly feel there is a need to sunset the VEBA trust. In doing so, all public employees can be re-consolidated under a single health benefit delivery system – the EUTF. As an employer, we need to look out for the best interests and well-being of all employees, as a whole, in providing affordable health benefits.

Accordingly, we respectfully oppose this measure and urge the Committee to hold this bill.

Thank you for the opportunity to provide testimony.

Respectfully submitted,


for MARIE C. LADERTA



1200 Ala Kapuna Street ♦ Honolulu, Hawaii 96819
Tel: (808) 833-2711 ♦ Fax: (808) 839-7106 ♦ Web: www.hsta.org

Wil Okabe
President

Karolyn Mossman
Vice President

Joan Kamila Lewis
Secretary-Treasurer

Dwight Takeno
Interim Executive Director

TESTIMONY BEFORE THE SENATE COMMITTEES ON
EDUCATION & HOUSING AND LABOR

RE: SB 2797 – RELATING TO VOLUNTARY EMPLOYEES’ BENEFICIARY
ASSOCIATION TRUSTS

February 2, 2010

WIL OKABE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Sakamoto, Chair Takamine, and Members of the Committees:

The Hawaii State Teachers Association **supports SB 2797**, which repeals the sunset date of Act 245, SLH 2005, as amended, and provides for the permanent establishment of voluntary employees’ beneficiary association (VEBA) trusts to offer health benefits for state and county employees. The intent of the VEBA trust is to provide a cost effective alternative to participation in the Hawaii Employer-Union Health Benefits Trust Fund for employees of a articular bargaining unit.

The HSTA VEBA Trust has provided medical benefits for Bargaining Unit 5 employees (teachers) and retired teachers since March 1, 2006 under a pilot program that is scheduled to expire on July 1, 2010. As noted in our first and second annual reports submitted to the legislature, the combined savings to the employer and the State of Hawaii has amounted to \$6,645,006 for the 40-month period beginning March 1, 2006 through June 30, 2009. This is based on lower employer contributions and experience refunds to the State of Hawaii. As of June 30, 2009, the Trust had 13,081 active employees participating in one or more benefit plans and 1,995 retirees participating in one or more benefit plans.

HSTA has reviewed State Auditor Marion Higa’s report dated December 2, 2009 and does not concur with her conclusions. HSTA has responded with a letter to Senate President Hanabusa and House Speaker Say with a copy to the State Auditor Marion Higa, which is attached as part of our testimony and is self-explanatory.

The Hawaii State Teachers Association has demonstrated that the VEBA trust provides an effective means of containing healthcare costs for its members and the State of Hawaii. HSTA respectfully requests your favorable consideration of SB 2797. Thank you for this opportunity to testify in support of this measure.

Attachment



1200 Ala Kapuna Street ♦ Honolulu, Hawaii 96819
Tel: (808) 833-2711 ♦ Fax: (808) 839-7106 ♦ Web: www.hsta.org

Wil Okabe
President

Karolyn Mossman
Vice President

Joan Kamila Lewis
Secretary-Treasurer

Dwight Takeno
Interim Executive Director

February 1, 2010

The Honorable Colleen Hanabusa
President of the Senate
State Capital, Room 409
Honolulu, Hawaii 96813

The Honorable Calvin K.Y. Say
Speaker of the House
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Hanabusa and Speaker Say:

SUBJECT: Response to the State Auditor's Report

The following is a summary of our comments concerning the State Auditor's report of December 2, 2009.

1. The State Auditor's report states that the Trust financial and utilization reports are not available. On March 27, 2009, Roger Takabayashi, former President of HSTA, personally delivered the first annual report of the VEBA Trust to the Senate President's Office, the Speaker of the House, and State Auditor Marion Higa. The first annual report of the VEBA Trust provided substantial detail for Active Employees and Retirees including contributions, premiums paid, experience refunds, and utilization reports for plan years 2006-2007 (16 months) and 2007-2008. The State Auditor does not even acknowledge that she was presented with the first annual report in March 2009.

Moreover, at the time the State Auditor inquired with the HSTA and HSTA VEBA Trust, the Trust had not received utilization reports from the health carriers for the July 1, 2008 through June 30, 2009 plan year. In addition, the VEBA Trust financials were under audit by Acuity, LLC, an independent certified public accounting firm. The final audit by Acuity, LLC was received by HSTA on January 14, 2010, and the second annual report of the VEBA Trust was sent by HSTA to the Legislature on January 22, 2010. The second annual report, which details contributions received from the employer and from the employees and the premium payments made to carriers, also provides experience reports and utilization reports for the July 1, 2008 through June 30, 2009 plan year.

February 1, 2010

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2. The State Auditor's report states, "We found the VEBA trust pilot program: 1) promotes adverse selection and increases premium costs for EUTF enrollees." However, nothing in the report supports that statement. The Legislature, in making the determination to allow a bargaining unit to be exempt from the EUTF, made it clear that all employees of Bargaining Unit 5 had to transfer into the VEBA Trust, so there is no adverse selection. As previously reported in her report #99-20 Hawaii Public Employees Health Fund (HPEHF), an Active employee could choose whether to enroll in an employee organization plan or stay in the HPEHF. The State Auditor's representation in that report was fairly accurate since employees could choose between the Health Fund and the employee organization plans. However, it is not true for the HSTA VEBA Trust since the employees and retirees do not have a choice.
3. HSTA notes with dismay that the State Auditor's report makes no reference to the contribution savings that the employer has received, or the experience refunds that have been given back to the State of Hawaii, which the employers do not enjoy with the EUTF (any surplus in the EUTF is not returned to the employer but is retained in the EUTF). For the 2006-2007, 2007-2008, and 2008-2009 plan years, the savings to the State of Hawaii amounted to \$6,645,006.
4. The State Auditor's report states that the VEBA Trust "duplicates administrative costs borne by the State employer." The State Auditor fails to acknowledge that the dollar value given to the VEBA Trust is the exact same dollar value that the State would pay to the EUTF if the teachers were covered in the EUTF. The employer only pays one dollar value, whether it is to the EUTF or to the VEBA Trust. If it is not paid to the VEBA Trust, it would have been paid to the EUTF. Therefore, there is no duplicative administrative cost to the employer.
5. The State Auditor's report states that the VEBA Trust "cannot ensure transparency and accountability in providing health benefits for teachers and teacher retirees." HSTA submits that the accountability and transparency in providing benefits to Teachers and Teacher Retirees is far superior than that provided by the EUTF for their covered Active employees and Retirees. The HSTA VEBA Trust complies with all federal and state requirements in greater detail than the EUTF has provided thus far. One only needs to read the newspaper to see how inefficient the EUTF has become and how much more costly it has become for employers and for the employees of the State and County jurisdictions.

February 1, 2010
Page 3 of 3

6. On page 2 of the State Auditor's report, the State Auditor states, "Moreover, we assert the HSTA, not the Legislature or the Auditor, must prove the VEBA trust results in actual savings to the State." HSTA has submitted the first annual report of the VEBA Trust which detailed the savings to the State of Hawaii equaling approximately \$5,258,543.00, and the second annual report of the VEBA Trust, transmitted on January 22, 2010 which reflected savings of \$1,386,463, with all supporting documentation and calculations.

The HSTA and the HSTA VEBA Trust representatives are more than willing to appear at hearings to respond to the State Auditor's report and provide additional information and documents to confirm other inaccuracies in the State Auditor's report. Thank you.

Sincerely,



Wil Okabe
President

cc: HSTA VEBA Board of Trustees
State Auditor Marion Higa
Rod Shinno, ATPA
Paul A. Tom, BPS

TO: COMMITTEE ON EDUCATION AND HOUSING
Senator Norman Sakamoto, Chair
Senator Michelle Kidani, Vice Chair

COMMITTEE ON LABOR
Senator Dwight Takamine, Chair
Senator Brian Taniguchi, Vice Chair

DATE: Tuesday, February 2, 2010
TIME: 2:45pm.
PLACE: Conference Room 224
State Capitol
415 South Beretania Street

Re: SB2797 RELATING TO VOLUNTARY EMPLOYEES' BENEFICIARY
ASSOCIATION TRUSTS Makes permanent the voluntary employees'
beneficiary association trusts, established in 2005 as a temporary program.

FROM: Donna Higashi, Vice President
HSTA - Retired

My name is Donna Higashi, HSTA - Retired Vice President and a member of the Legislative Action Team of HSTA - Retired. We are in **strong support of this bill.**

While I was an active teacher, I belonged to the HSTA VEBA Trust. However when I retired in June 2002, I switched to the State's Public Employees Health Fund since retirees were not eligible to be part of VEBA. Subsequently the State disbanded PEHF and established the EUTF for all actives and retirees including the members of HSTA.

For the next few years, teachers lobbied to return to their own benefit plan and in July 2005, Act 245 became law without the Governor's signature. However, this was different because for the first time, retirees would remain in VEBA. In addition, BUM 05 retirees, like myself, were given a one time option to switch from EUTF to VEBA. About 1400 retirees switched.

Today, VEBA has over 13,000 active teachers and close to 2,000 teacher retirees.

Last year, I testified encouraging the State Auditor to complete her report comparing the benefit plans and although her recommendations are all not positive towards VEBA, I still offer support to VEBA and include some of the following reasons:

1. Teachers (actives and newer retirees) will continue to have an undisruptive health benefit program since 2006.
2. A strong health benefit program helps to attract and retain public school teachers.
3. VEBA has saved the Employer as well as its members money.
4. The State of Hawaii has received close to \$5.2 million from VEBA savings for the period 3/06 - 6/07
4. Competition between health providers (EUTF/VEBA) and health carriers, such as HMSA, HMA, Kaiser, etc. is "healthy"
5. HSTA-R members are generally satisfied with their respective health providers. (Internal survey conducted in December 2009)

Since most of our HSTA - R members are in EUTF, we do monitor monthly EUTF Board meetings. We also are represented as retirees on the HSTA VEBA Trust Board. We want to do what is right for our members. Can't EUTF and VEBA coexist?

Thank you for this opportunity to testify.

sakamoto2 - Erin

Subject: FW: VEBA testimony (SB2797)

From: Alice Kotake [mailto:akotake@hawaii.rr.com]

Sent: Monday, February 01, 2010 12:40 PM

To: sentakamine@capitol.hawaii.gove

Subject: VEBA testimony (SB2797)

To: Senator Takamine
Chairman of the Senate Committee on Labor
Vice Chairman Brian Taniguchi

Senator Sakamoto
Chairman of the Senate Committee on Education and Housing
Vice Chairman Michelle Kidani

From: Alice Kotake, Director, HSTA-R
26 Kepola Place
Honolulu, Hawaii 96817
(808) 595-0370
akotake@hawaii.rr.com

Date: Hearing on Tuesday, February 2, 2010
Time: 2:45 PM
Place: Conference Room 224
State Capitol, 415 South Beretania Street

RE: SB2797 RELATING TO VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION TRUSTS
Makes permanent the voluntary employees' beneficiary association trusts, established in
2005 as a temporary program.

I am a retired Unit 5 teacher who served 23.5 years in Hawaii. Yes, I SERVED. Teachers were promised a health benefit plan which would be free of complicated paper work. In the years that VEBA has carried our health programs, I have been satisfied with their efforts. I believe competition between EUTF and VEBA is "healthy". Allow VEBA to continue to serve teachers.

The Legislative Process is worth our time and effort so I will try to find parking, find your hearing room and "be there" since our teachers are at work on Tuesday. Who is testifying? Our members? Providers? Administrators? I believe VEBA can provide better programs for teachers without the problems of a large organization like the EUTF.

Thank you for sponsoring this bill and giving VEBA a voice.

sakamoto2 - Erin

From: hagiwaras001@hawaii.rr.com
Sent: Saturday, January 30, 2010 8:02 PM
To: EDH Testimony
Subject: SB 2797 - Support

TO: EDHTestimony@ Capitol.hawaii.gov

SUBJECT: SB 2797 Relating to Voluntary Employees' Beneficiary Association Trusts

Senate Committee on Education and Housing Senate Committee on Labor Tuesday, February 02, 2010
2:45 PM
Conference Room 224

My name is Susan Hagiwara and I am writing in **strong support of SB 2797** which seeks to make permanent the voluntary employees' beneficiary association trusts that were established in 2005 as a temporary program. I retired in 2007 having taught in our public schools for 35 years. I currently serve as secretary for the HSTA-R Oahu District Council and am a member of the HSTA-R Legislative Action Team.

As an active teacher, I participated in the HSTA VEBA from its inception and was very pleased to have had the choice of continuing to do so when I retired. I have been VERY satisfied with the benefits provided by the HSTA VEBA program and would like to be able to continue. As I am not yet medicare eligible and living on a retiree pension, the co-payment costs under the HSTA VEBA plan are more beneficial to retirees than that of the EUTF. I believe that current HSTA VEBA members have been prudent in our use of the program and will continue to access the services responsibly.

Chair Sakamoto, as one of your constituents, please support SB 2797. By doing so, you will be able to help both the active teachers and retirees to address the increasing cost of health care in this economic downturn. Any additional out-of-pocket costs will be detrimental for those on fixed incomes especially.

Thank you.

Susan Hagiwara
HSTA-Retiree

sakamoto2 - Erin

From: Lorraine Hora [lorrainehora@yahoo.com]
Sent: Sunday, January 31, 2010 11:11 AM
To: EDH Testimony
Subject: Testimony re: SB 2797

To: Committee on Education and Housing
Senator Norman Sakamoto, Chair
Senator Michelle Kidani, Vice Chair

Committee on Labor
Senator Dwight Y. Takamine, Chair
Senator Brian T. Taniguchi, Vice Chair

Tuesday, February 2, 2010
2:45 pm
Conference Room 224
State Capitol
415 South Beretania Street

RE: SB 2797 RELATING TO VOLUNTARY EMPLOYEES BENEFICIARY ASSOCIATION TRUSTS

Dear Senators,

My name is Lorraine M. Hora and I am an HSTA-Retired member of the VEBA Trust. I want VEBA Trust to become a permanent program. When I have questions about my medical plan, I can call or email VEBA and communicate promptly with a person. Accessibility is important to me. I continue to be pro-active about my health and participate in preventive activities. I want to continue an uninterrupted health benefit program without worry of changes in health carriers or administrators.

I understand EUTF has a major restructuring problem at present. I am concerned that EUTF would not be able to provide the same kind of service for me if they have to absorb close to 20,000 members in five months.

Please let VEBA Trust continue.

Thank you for this opportunity to testify.

Sincerely,
Lorraine M. Hora
HSTA-Retired
648 Hinano Street
Hilo, HI 96720

3920 Hunakai St.
Lihue, HI 96766
January 28, 2010

SB 2797 RELATING TO VOLUNTARY EMPLOYEE TRUSTS
COMMITTEES ON EDUCATION AND LABOR
TUESDAY, FEBRUARY 02, 2010
2:45 P.M.

DEAR SENATORS SAKAMOTO, TAKAMINE AND MEMBERS OF THE EDUCATION
AND LABOR COMMITTEES:

My name is Janice S. Bond, and I am a retired middle/high school teacher on Kauai.

Thank you for your past support of the HSTA VEBA Trust. I am writing to ask you for your consideration in making VEBA TRUST permanent. I was last year Kauai County Senior Female Volunteer of the Year and the Hawaii Education Association Volunteer of the Year for Kauai. I mention these in consideration for the continuation of VEBA as it has helped me with my health and being able to give back to my community. I was medically retired early due to health issues, but continued to have good care and continued to be able to assist others. I have also been a foster parent to 30 children through the years.

I humbly ask your consideration of HB 7, relating to the HSTA VEBA Trust. These bills authorize and set forth the continuation of a VEBA Trust to provide health benefits for public school teachers at an affordable rate while at the same time providing a savings to the state.

The VEBA Trust consistently demonstrated significant cost savings and benefits of a VEBA Trust when compared to the Hawaii EUTF.

I hope that you will agree with me that it makes sense to continue a program that helps both teachers and the state. In these difficult economic times, it sometimes means looking at new and innovative ways of doing things. By saving the state money, VEBA allows those funds to be available for other state programs and services.

Thank you for the opportunity to share with you.

Sincerely,

Janice S. Bond

Committee on Education and Housing and
Committee on Labor

RE: SB 2797: Relating to Voluntary Employees' Beneficiary Association Trusts

Chairs Sakamoto and Takamine and members of the Committees:

My name is Beverly Gotelli and retired teacher speaking as an individual who supports SB 2797, which would make VEBA permanent.

Since its conception as a pilot VEBA has been beneficial for its participants. It has also shown a savings to the State and funds have been returned to the State. It is only appropriate at this time to make this permanent and not have to return to the Legislature continuously for extensions.

The plan has been good for those who recently retired and are not on Medicare. There is a difference on coverage and as a non Medicare participant I have found it to be very beneficial.

I urge the committee to please adopt SB 2797 so active members and retirees of Bargaining Unit 05 may continue to have uninterrupted medical coverage.

Thank you for the opportunity to testify.

Beverly Gotelli

sakamoto2 - Erin

From: Jonathan_Gillentine/PARKER/HIDOE@notes.k12.hi.us
Sent: Monday, February 01, 2010 12:51 PM
To: EDH Testimony
Subject: SB2797

Dear Senator Takamine,

Thank you for introducing this bill on our behalf. It is an important provision for teachers and will provide some support for us in this tough economy. I urge you and your committee members to **pass this bill out.**

Mahalo,

Jonathan Gillentine

sakamoto2 - Erin

From: Joe Tanaka [jtan@interpac.net]
Sent: Monday, February 01, 2010 3:47 PM
To: EDH Testimony
Subject: email testimony, SB2797

TO: COMMITTEE ON LABOR
Senator Dwight Takamine, Chair
Senator Bryan Taniguchi, Vice Chair

Re: SB2797 RELATING TO VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION TRUSTS

FROM: "Joe" Y. Tanaka, public h.s. counselor, retired

"Aloha! and mahalo" for this opportunity to testify. My name is Yoshiichi "Joe" Tanaka and I write in support of SB2797.

I opted for VEBA about four years ago for two basic reasons: service and governance. A small, but not too small insurance provider I surmised at the time, should be able to provide more personalized service than otherwise in delivering health insurance benefits. Having received person-to-person service without phone tag or other inconveniences since, my expectations have been fulfilled more than satisfactorily. Problems (I've had one) or complaints for example, receive attention and redress in a timely manner. Prompt, courteous and efficient service from staff has been typical. Moreover, public elementary and secondary school educators, including a retiree, constitute the Board of Directors (BOD) of VEBA. The BOD's responsibility is to manage VEBA in the best interests of the beneficiaries of which they themselves are a part of. This element of trust of a governing body deciding upon health issues affecting us all did weigh heavily on my decision too. Experience since has shown me that the BOD is most concerned about doing right for its beneficiaries. Putting trust in my colleagues has not failed me.

Nothing in the Universe is permanent, so even if SB2797 passes, the Legislature can do otherwise if it so chooses. Ms. Higa did her best on the VEBA study reporting with the caveat acknowledged at the outset, of regret in being unable to get all the info she needed. I really wish that all info had been available. As it is, no one can be sure of her conclusions one way or another on permanency. Also, dollars for health insurance are subject of negotiations between unions and the state. As such the state can and must instill in contract strict accounting of monies to hold VEBA(s) transparent and accountable? So, there are other avenues here for stretching the mind; rather than only permanency to be or not.

Health is #1 in life and my wife and I are very thankful for our health and do our best to sustain same. And, being in VEBA provides a good measure of security for us which we wish for others too. Summing up, looking back and ahead, I for one am convinced that health insurance first and foremost must be made available to all without exception, and likely smaller providers like the present VEBA can probably best deliver that service. So, if I may, please just apply the KISS principle here: "Keep it simple stupid!" Mahalo again for the chance to present testimony on this very important matter.

Respectfully submitted,
"Joe" Y. Tanaka

sakamoto2 - Erin

From: Egan Kawamoto [egan.kawamoto@hotmail.com]
Sent: Monday, February 01, 2010 9:28 PM
To: EDH Testimony
Subject: SB 2797

Dear Senator Sakamoto, Senator Takamine and members of the education and labor committees,

My name is Egan Kawamoto and I teach at Wheeler Middle School. Please **pass bill HB 2797** to make the HSTA VEBA Trust permanent. The HSTA VEBA trust provides quality affordable health insurance to teachers. While I am aware of the findings of the auditors report, it does not provide the data necessary to sunset VEBA. The conclusions seem to be based on a lack of data and not from an analysis of available data.

The audit failed to report that the state received a reimbursement from the trust. Before the EUTF, when the state requested data from the unions HSTA complied because we had a VEBA trust. I believe the data is available but was not at the time requested. Also the VEBA pilot program was delayed because of the governor's refusal to sign it on a timely basis. Because of this accurate data was compromised that can be corrected given more time.

When teachers first lost our VEBA medical many were adversely affected by higher premiums, higher deductibles, and less services than previous plans.

Egan Kawamoto
808-292-4986

Your E-mail and More On-the-Go. Get Windows Live Hotmail Free. [Sign up now.](#)

sakamoto2 - Erin

From: Inez Butterfield [molowa@sbcglobal.net]
Sent: Sunday, January 31, 2010 12:00 PM
To: EDH Testimony
Subject: SB 2797

My name is Inez Butterfield, and I am a retired teacher from Kalani High School in Honolulu. I live in Fernley, a small town about 40 miles east of Reno, Nevada.

SB 2797 authorizes and sets forth the continuation of a VEBA Trust to provide health benefits for public school teachers at an affordable rate while at the same time providing a savings to the state.

As of June 30, 2009, there were 13,081 teachers participating in one or more benefit plans and 1,995 retired teachers participating in one or more benefit plans under the Trust.

The VEBA Trust consistently demonstrates significant cost savings and benefits of a VEBA Trust when compared to the Hawaii EUTF.

I hope that you will agree with me that it makes sense to continue a program that helps both teachers and the state. In these difficult economic times, it sometimes means looking at new and innovative ways of doing things. By saving the state money, VEBA allows those funds to be available for other state programs and services.

The Department of Education (DOE) realized lower contribution rates for teachers (from March 1, 2006 through June 30, 2009, the employer contribution savings was \$3,145,309.00).

In addition, the State of Hawaii General Fund received experience refunds for teachers totaling \$3,518,760.00.

The DOE and the State of Hawaii realized a total savings of \$6,664,069.00 from March 1 2006 through June 30, 2009.

For Retirees, the State of Hawaii has essentially been at breakeven between contributions, costs, and refunds as compared to EUTF.

There has been no adverse selection since the law requires that all teachers in Bargaining Unit 5 must be enrolled in the EUTF plan as an employee.

Thank you for the opportunity to share my feelings with you.

Inez Butterfield
1041 Iris Lane
Fernley, NV 89408
775-575-5144

Reference: These facts were provided by the HSTA VEBA Trust

sakamoto2 - Erin

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 30, 2010 9:34 AM
To: EDH Testimony
Cc: kimkspringer@gmail.com
Subject: Testimony for SB2797 on 2/2/2010 2:45:00 PM

Testimony for EDH/LBR 2/2/2010 2:45:00 PM SB2797

Conference room: 224
Testifier position: support
Testifier will be present: No
Submitted by: Kim Springer
Organization: Individual
Address: 1722 Kaiao Street Hilo
Phone: (808) 987-9982
E-mail: kimkspringer@gmail.com
Submitted on: 1/30/2010

Comments:

HSTA VEBA provides far better benefits than EUTF does, at a cheaper rate for teachers and the state. Being able to fill our prescriptions at our local pharmacies, instead of sending them off to the mainland and making another state rich, is something we enjoy as VEBA members.

Given the 7.9% pay reduction teachers have absorbed through furloughs, putting us back into the EUTF will mean a significant increase to the amount I will pay for medical premiums. Please help support the teaching profession by making the HSTA VEBA Trust permanent.

I would like to ask your consideration of HB 7, relating to the HSTA VEBA Trust. This bill authorizes and sets forth the continuation of a VEBA Trust to provide health benefits for public school teachers at an affordable rate while at the same time providing a savings to the state. In addition, savings created by the VEBA Trust may be diverted to other state programs and services.

Mahalo for your time and consideration.

sakamoto2 - Erin

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, January 31, 2010 8:48 PM
To: EDH Testimony
Cc: honua@mac.com
Subject: Testimony for SB2797 on 2/2/2010 2:45:00 PM

Testimony for EDH/LBR 2/2/2010 2:45:00 PM SB2797

Conference room: 224
Testifier position: support
Testifier will be present: No
Submitted by: Terry Low
Organization: Individual
Address: 4762 Hauaala Rd. Kapaa, HI
Phone: 808-822-3790
E-mail: honua@mac.com
Submitted on: 1/31/2010

Comments:

It is critical to the teachers in Hawaii that the VEBA Trust be continued. If the facts are heard, I think you will agree that it has not hurt the state financially, but actually saved the state money. Teachers have taken an enormous financial hit already with furloughs, making many of us struggle to meet our basic needs. To increase health expenses at this point will dramatically hurt teachers and ultimately students. Too many of us must need second or third jobs to survive economically in Hawaii, even before the furloughs. Teachers should be compensated in way that allows them to put their entire focus on their most important work: educating Hawaii's children. The VEBA Trust plays an important part of that compensation. Please keep it alive.

Aloha,
Terry Low

sakamoto2 - Erin

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 01, 2010 7:34 PM
To: EDH Testimony
Cc: trusso@hawaii.rr.com
Subject: Testimony for SB2797 on 2/2/2010 2:45:00 PM

Testimony for EDH/LBR 2/2/2010 2:45:00 PM SB2797

Conference room: 224
Testifier position: support
Testifier will be present: No
Submitted by: Lilian Y. Yamasaki
Organization: Individual
Address: 1088 Bishop St #1225 Honolulu, HI 96813
Phone: 524-4063
E-mail: trusso@hawaii.rr.com
Submitted on: 2/1/2010

Comments:

I am submitting this testimony on behalf of myself and other teachers similarly affected. The continuing existence of VEBA is important to me for the following reasons:

I am a left-above knee amputee TEACHER, who wears a prosthesis. The cost of such an item, without the benefit of VEBA would not only increase the cost of my medical insurance, but also increase the out of pocket amount I would have to pay.

The net effect of that would be to find other employment to cover costs, which someone in my position is not likely to obtain. Moreover, it needs to be said that even with VEBA, my out of pocket expenses as an amputee are high. VEBA allows for them to be tolerable.