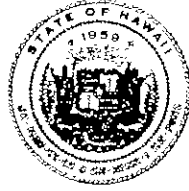


TESTIMONY

SB 2881



LINDA LINGLE
GOVERNOR

MARIE C LADERTA
CHIEF NEGOTIATOR

STATE OF HAWAII
OFFICE OF COLLECTIVE BARGAINING
EXECUTIVE OFFICE OF THE GOVERNOR
235 S. BERETANIA STREET, SUITE 1201
HONOLULU, HAWAII 96813

February 1, 2010

TESTIMONY to the
SENATE COMMITTEE ON LABOR
For Hearing on Tuesday, February 2, 2010
3:00 p.m., Conference Room 224

By

MARIE C. LADERTA
CHIEF NEGOTIATOR

**Senate Bill No. 2881
Relating to Collective Bargaining**

(WRITTEN TESTIMONY ONLY)

CHAIRPERSON TAKAMINE AND MEMBERS OF THE COMMITTEE:

The purpose of S.B. No. 2881 is to include health benefits in collective bargaining.

The Office of Collective Bargaining is strongly opposed to the proposed amendments to Chapter 89, HRS.

First, this bill unnecessarily usurps the statutory power and duties of the board of trustees of the employer-union health benefits trust fund under Chapter 87A, HRS, to establish health benefits plan(s) at a cost affordable to both the public employers and public employees.

Second, requiring the public employers and public employee to negotiate health benefits—as opposed to only the amount of the employer’s contribution—will have the untoward effect of bogging down negotiations as myriad providers are consulted to

present the multitude of benefit plans available for consideration at each bargaining unit negotiation.

Third, the level of benefits and costs of the plans could vary disproportionately between the different bargaining units, as health plan providers factor in the demographics of each bargaining unit's population. Accordingly, this bill negates the whole point of having the EUTF, which is to negotiate better plans with one big pool.

Finally, allowing a third-party arbitrator to determine the benefits and the amount of the employer's contribution via binding arbitration removes the ability and responsibility of the Legislature to help control labor costs by establishing the contribution amount if the parties are unable to agree to same.

Thank you for the opportunity to testify in opposition to this measure.

Respectfully Submitted,


for MARIE C. LADERTA

ERD



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Twenty-Fifth Legislature, State of Hawaii
Hawaii State Senate
Committee on Labor

Testimony by
Hawaii Government Employees Association
February 2, 2010

S.B. 2881 – RELATING TO
COLLECTIVE BARGAINING

The Hawaii Government Employees' Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 2881, which will permit unions to negotiate not only the contributions to the Employer Union Health Benefits Trust Fund (EUTF), but also the benefits provided through the health plans. This bill is part of a larger effort to reform the EUTF by changing the composition of the board and imposing stricter requirements on board members to fulfill their fiduciary responsibilities.

We believe that benefits are an integral part of employee compensation and should be negotiated between unions and employers. Other reform efforts through negotiation must include effective mechanisms for controlling costs, requiring information on provider performance and enhancing efficiency.

As presently organized, the EUTF is not providing affordable health care to public employees. Premiums are unaffordable for employees who need family coverage and those who are at lower pay range. By negotiating both premiums and benefits, unions can identify benefit features that can be reduced or restructured without eliminating key coverage areas. Another objective of negotiating benefits is to promote preventive care while discouraging care that is not needed.

Through negotiations, there will be greater incentives to implement wellness programs, which can help hold plan costs down over the long-term. Specific diseases with the greatest potential to reduce plan costs should be targeted by helping employees stay on appropriate therapies to avoid future complications and increased premiums.

Thank you for the opportunity to testify in support of S.B. 2881.

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director

CHARMAINE TAVARES
Mayor



LYNN G. KRIEG
Director

LANCE T. HIROMOTO
Deputy Director

COUNTY OF MAUI
DEPARTMENT OF PERSONNEL SERVICES

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February 1, 2010

The Honorable Dwight Y. Takamine, Chair
and Members of the Committee on Labor
The Senate
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

Dear Chair Takamine and Committee Members:

RE: **S.B. 2881**, RELATING TO COLLECTIVE BARGAINING

I am Lynn G. Krieg, Director of Personnel Services for the County of Maui, **writing in opposition** of this measure as it directly interferes with the statutory authority and obligations vested with the Hawaii Employer-Union Health Benefits Trust Fund ("EUTF"). Decisions regarding types of benefits and number of plans require the kind of expertise that the EUTF currently possesses or has at its disposal. Decisions of this magnitude should remain with a body like the EUTF.

Thank you for the opportunity to testify on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynn G. Krieg".

LYNN G. KRIEG
Director of Personnel Services

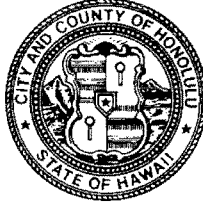
cc: Mayor Charmaine Tavares
Marian Feenstra, Executive Assistant

DEPARTMENT OF HUMAN RESOURCES

CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 10th Floor
HONOLULU, HAWAII 96813

MUFI HANNEMANN
MAYOR



NOEL T. ONO
ACTING DIRECTOR

February 1, 2010

The Honorable Dwight Y. Takamine, Chair
and Members of the Committee on Labor
The Senate
State Capitol
Honolulu, Hawaii 96813

Dear Chair Takamine and Members:

Subject: Senate Bill No. 2881
Relating to Collective Bargaining

The Department of Human Resources, City & County of Honolulu, **strongly opposes S.B. 2881**, which would dilute the statutory authority and obligations already vested with the Employer-Union Health Benefits Trust Fund ("EUTF"). Given the level of expertise the agency has regarding health benefits plans, we feel decisions regarding the types of benefits and number of plans offered to public employees should remain with the EUTF. Finally, the measure could have an unforeseen negative financial impact to public employees as health care costs will likely increase if health care providers are required to craft separate health care plans for the various bargaining unions.

We thank you for giving us the opportunity to testify on this matter.

Yours truly,

A handwritten signature in cursive script, appearing to read "Noel T. Ono".

Noel T. Ono
Acting Director