

Honolulu, Hawaii  
Feb 15, 2012

RE: H.B. No. 2661  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2661 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION  
HEALTH BENEFITS TRUST FUND,"

begs leave to report as follows:

The purpose of this measure is to address and improve the financial health of the Hawaii Employer-Union Health Benefits Trust Fund by requiring the Department of Budget and Finance to conduct a study to reform the Trust Fund in order to moderate costs and amortize the unfunded actuarial accrued liability.

The Department of Budget and Finance, Department of Budget and Fiscal Services of the City and County of Honolulu, and Department of Human Resources of the City and County of Honolulu testified in support of the intent of this measure. The United Public Workers, AFSCME, Local 646, AFL-CIO testified in opposition to this measure.

The State of Hawaii and the counties provide healthcare benefits to public employees, retirees, and their dependents through the Hawaii Employer-Union Health Benefits Trust Fund. As an agency of the State, the Trust Fund contracts with providers of medical, dental, vision, and life insurance plans to provide these benefits.

Currently, the unfunded liability of the Trust Fund stands at approximately \$14,000,000,000. Your Committee finds that



conducting a study to examine ways to better control active employee, as well as retiree, benefits costs, and thereby reduce the unfunded actuarial accrued liability of the Trust Fund is a worthwhile endeavor.

However, your Committee understands the concerns raised that the current parameters of the study may be too narrow in scope and may not achieve the goal of obtaining an overall picture of the Trust Fund thereby improving the efficiency and cost-effectiveness of the entire system. As such, your Committee has amended this measure by broadening the scope of the study to include numerous other factors besides simply moderating costs and amortizing the unfunded actuarial accrued liability.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2661, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2661, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Labor & Public  
Employment,



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KARL RHOADS, Chair



State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

HSCR 426-12

**Record of Votes of the Committee on Labor & Public Employment**

Bill/Resolution No.: <b>HD 2661</b>	Committee Referral: <b>LAB, FIN</b>	Date: <b>2-10-12</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.	/			
4. CULLEN, Ty	/			
5. ICHIYAMA, Linda	/			
6. LEE, Marilyn B.				/
7. LUKE, Sylvia				/
<del>8. OKAMURA, Tom</del>				
9. SAIKI, Scott K.				/
10. SOUKI, Joseph M.	/			
11. TAKUMI, Roy M.	/			
12. FONTAINE, George R.	/			
13. JOHANSON, Aaron Ling	/			
<b>TOTAL (13)</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>3</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small>				
Vice Chair's or designee's signature: _____ 				
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