

# LATE TESTIMONY

TESTIMONY BY BARBARA CORIELL  
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST  
FUND, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR  
ON  
HOUSE BILL NO. 2491, H.D. 1

March 14, 2012, 10:00 a.m.

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST  
FUND

Chairperson Hee and Members of the Committee:

As the Administrator of the Hawaii Employer-Union Health Benefits Trust Fund I am testifying in support of House Bill 2491, HD1, which was recommended by the Board of the EUTF.

House Bill 2491, H.D. 1, creates a separate irrevocable Trust for employer funding of the retiree health care liability referred to as the Other Post Employment Benefits or OPEB liability. A separate Trust is a requirement of GASB 43 for funds to be considered OPEB contributions for employers' financial statements.

The Government Accounting Standards Board (GASB) 43 which addresses the issue of funding the OPEB liability requires the entity holding the funds to be an irrevocable trust set up specifically for OPEB contributions. In this way OPEB funding can only be used for its stated purpose – funding retiree health care costs. The EUTF does not currently qualify as a Trust per GASB 43.

Although the EUTF is an irrevocable trust itself, and OPEB contributions are accounted for separately and invested in their own investment accounts,

there is nothing that certifies that these funds cannot be used for active employee plan expenses. Because of this, OPEB funds held by the EUTF are currently being shown in employer financial reports as donations and not as OPEB contributions. The EUTF was made aware of this in our June 30, 2010 financial report which was issued in April 2011.

We need to create a specific irrevocable OPEB trust within the EUTF Trust to correct this situation. This change should have a positive financial impact for employers who fund their OPEB liability allowing them to realize the full benefit of that funding in their financial statements.