

HB 2492,HD1

**TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR
HOUSE BILL NO. 2492, H.D. 1**

March 14, 2012

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

House Bill No. 2492, H.D. 1 changes the date that the base monthly contribution is annually adjusted from July 1 of each year to January 1 of each year.

The Department of Budget and Finance strongly supports this Administration bill which will align the Employer Union Health Benefit Trust Fund (EUTF) retiree plan year and Base Monthly Contribution (BMC) adjustment date with the federal Medicare part B adjustment date. The alignment of the dates will ensure that there will only be one rate change on January 1 of each year. This proposed change will be administratively more efficient and less costly from the standpoint of EUTF to implement, but more importantly, this change will be less confusing and daunting for retirees who currently must deal with two annual rate adjustments due to the misalignment of the dates.

The Administration believes that this measure is necessary for the administrative simplification, cost, and efficiency aspects in regards to the EUTF and because state and county retirees will also benefit because they will need to only cope with one annual rate adjustment.