

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 815

February 25, 2011

RELATING TO PUBLIC EMPLOYEES

House Bill No. 815: 1) makes employer contributions to the Hawaii Employer-Union Health Benefits Trust Fund non-negotiable under collective bargaining; 2) establishes employer contributions for active public employees at 50% of monthly cost of the health benefits plan; 3) limits the trust fund to offering to active employees a medical benefits plan that provides not more than the minimum benefits required under the Hawaii Prepaid Health Care Act; and 4) requires only a medical benefits plan, prescription drug plan, dental plan and vision plan be offered. The provisions are effective July 1, 2011 through June 30, 2015 and do not apply to contracts entered into prior to July 1, 2011.

The Department of Budget and Finance is open to exploring this concept as a temporary measure to control costs, but does not want to compromise the collective bargaining process or jeopardize reaching agreements concerning negotiations currently underway. Currently, all but one of the public employee bargaining unit contracts expire on June 30, 2011.

It should be noted that the 50% share of costs represents a significant reduction from the share of health benefit premiums as agreed to with all bargaining units beginning March 1, 2011.

However, the proposed statutory formula commits the State to sharing 50% of future premium increases for the next four fiscal years.

Furthermore, it appears the current HMSA HMO, Kaiser Comprehensive, and HMA 90-10 plans would not be permitted to be offered to employees under this measure because the benefits are currently greater than the minimum required under the Prepaid Health Act. The measure also appears to require the Hawaii Employer-Union Health Benefits Trust Fund to offer only self-insured medical plans, which would eliminate the Kaiser Basic Plan. As an alternative, this measure could be structured in such a way as to allow the Hawaii Employer-Union Health Benefits Trust Fund to continue to offer these plans while requiring the employee to pick up the added costs over the basic medical plan on which the 50% contribution would be based.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA
Executive Director
Tel: 808.543.0011
Fax: 808.528.0922

NORA A. NOMURA
Deputy Executive Director
Tel: 808.543.0003
Fax: 808.528.0922

DEREK M. MIZUNO
Deputy Executive Director
Tel: 808.543.0055
Fax: 808.523.6879

The Twenty-Sixth Legislature, State of Hawaii
The House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association
February 25, 2011

H.B. 815 – RELATING TO
PUBLIC EMPLOYEES

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly opposes the purpose and intent of H.B. 815, which makes the Employer contributions to the Employer-Union Health Benefits Trust Fund (EUTF) non-negotiable under collective bargaining, establishes the Employer contribution for active employees to be 50% of the monthly cost of the health benefits plan, limits the EUTF to offer only the minimum benefits required under the Hawaii Pre-Paid Health Care Act, and requires the EUTF to offer separate prescription drug, dental and vision plans.

During the Regular Session of 1999, the Legislature passed S.B. 1518, which became Act 100, Session Laws of Hawaii, 1999. Section 2 of the legislation amended §89-9 HRS by denying the Exclusive Representatives and Employers the ability to negotiate health benefit cost items for the biennium 1999 – 2001. In 2002, the Hawaii Supreme Court upheld the 1999 Circuit Court ruling that Section 2 of Act 100, SLH 1999 violated the rights of public employees as stipulated under Article XIII, Section 2 of the Hawaii State Constitution, and that the Legislature went beyond its constitutional authority by abrogating the rights of public employees to organize for the purpose of collective bargaining.

Collectively, the language stipulated in H.B. 815, Section 4, which amends §87A-32 HRS by directing the State and the Counties to pay to the EUTF fund a monthly contribution equal to fifty percent of the cost of the health benefits plan; Section 5, which amends §89-2 HRS by deleting from the definition of "collective bargaining" the amounts of contributions to the EUTF; Section 6, which amends §89-9 HRS by deleting the amount of contributions to the EUTF from the scope of negotiations, are in direct violation of the Hawaii State Constitution and the 2002 Supreme Court ruling. There is a direct correlation between the amendments proposed in H.B. 815 and Section 2 of Act 100, SLH 1999.

Further, H.B. 815, Section 3 makes amendments to §87A-16 HRS, by mandating that the health benefit plans shall provide not more than the minimum health care benefit for active employees. As written, the legislation confines the statutory authority of the Board's powers to define the medical benefit plans and is inconsistent with the intent of HRS §89A – to give the EUTF Board of Trustees broad authority and discretion to design health benefits for both active and retired employees and retiree dependents.

Similar legislation of this scope and intent have been challenged in the past. If this legislation, as currently written, becomes law, it, too, will likely face legal challenges based on the constitutionality of the law and violation of public employees' rights to organize for collective bargaining. For these reasons, we strongly oppose H.B. 815 and respectfully request the Committee to defer the measure.

Respectfully submitted,



Randy Perreira
Executive Director



House Committee on Finance
Friday, February 25, 2011
10:00 am

HB 815, Relating to Employer-Union Health Benefit Trust Fund; Employer Contributions

Dear Chairman Oshiro and Committee Members,

On behalf of the Board of Directors of the University of Hawaii Professional Assembly (UHPA) the union strongly opposes HB 815. These proposals to take away bargaining rights, reduce benefits, and restrict the employers health benefit contributions further devalues current public employee salaries by offloading premiums to taxable income. These proposals do not appropriately address rising health care costs. This proposal, submitted as a cost saving device, masks its real intent which is to restrict the rights of public employees to have a voice in determining their wages and benefits.

UHPA believes that the expansion of collective bargaining rights to fully negotiate wages and benefits is an appropriate mechanism to allocate available funds with wages increases often lessened to ensure fringe benefits are provided. When benefits, copes, provider, and premium levels can be fully negotiated there is greater stability in providing fringe benefits. Full negotiations over wages and benefits also means that parties to a contract can more quickly address developing premium and benefit challenges.

UHPA encourages this committee to oppose passage of HB 815.

Respectfully submitted,

Kristeen Hanselman
Associate Executive Director

UNIVERSITY OF HAWAII
PROFESSIONAL ASSEMBLY

1017 Palm Drive • Honolulu, Hawaii 96814-1928
Telephone: (808) 593-2157 • Facsimile: (808) 593-2160
Web Page: <http://www.uhpa.org>



FINTestimony

From: Joel Fischer [jfischer@hawaii.edu]
Sent: Wednesday, February 23, 2011 12:13 PM
To: FINTestimony
Subject: HB815; FIN; 2/25/11; 10AM; Rm 308

Importance: High

HB815, Relating to Public Employees
FIN; Chair, Rep Oshiro

PLEASE KILL THIS BILL, MAKE-DIE-DEAD!!

Today's entire agenda (#1) is absolutely frightening to me. I have never seen any set of bills that are more anti-worker and anti-elderly. How can a democratic Governor and Democrat-controlled legislature countenance this attack on your most important constituencies? Even Republican administrations would never submit these attacks on workers and the elderly. **HEWA!**

The budget problems in Hawai'i nei are not the fault of workers and retirees. But there is a clear line of blame for these problems: first, the hundreds of millions of dollars wasted on tax credits that do virtually nothing to create jobs, and, second, the tax changes introduced in faux-liberal Ben Cayetano's regime that absolutely robbed the state of hundreds of millions of tax dollars from the rich under the absolutely false assumptions of the trickle-down theory.

Until the Governor and Legislature really attack these inequities, I am unalterably opposed to the bills on today's agenda.

"Everybody" sharing the burden does NOT mean only the poor, elderly and state workers!!

Aloha, joel

Dr. Joel Fischer, ACSW
Professor (Ret.)
University of Hawai'i, School of Social Work
Henke Hall
Honolulu, HI 96822

"It is reasonable that everyone who asks justice should DO justice."
Thomas Jefferson

"There comes a time when one must take a position that is neither safe, nor politic, nor popular, but one must take it because one's conscience tells one that it is right."
Dr. Martin Luther King, Jr.

"Never, never, never quit."
Winston Churchill

It is better to be "over the hill" than under it.
Anonymous