
A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the Hawaii employer-
2 union health benefits trust fund, as well as public employees
3 and taxpayers, face major financial problems. The unfunded
4 actuarial accrued liability of the trust fund is considerable
5 and requires drastic action for amortization within a thirty-
6 year period. Health benefits plan premiums and costs are also
7 rising, placing a greater burden on both public employees and
8 employers.

9 The purpose of this Act is to assist the board of trustees
10 of the Hawaii employer-union health benefits trust fund with
11 resolving these problems by making the board more proactive.
12 Specifically, this Act:

- 13 (1) Adds an eleventh board member to represent the general
14 public;
- 15 (2) Changes board voting to one-vote per member from the
16 current one-vote per block of employee- and employer-
17 representatives;



1 (3) Changes the number of board members that constitutes a
2 quorum to a simple majority of the board, without
3 regard to the interests represented by the trustees;
4 and

5 (4) Requires board decisions to be made by a vote of a
6 majority of the trustees to which the board is
7 entitled, unless a greater vote is required by law.
8 Current law requires board decisions to be made by a
9 concurrence of collective votes divided between
10 employer and employee interests.

11 This Act also clarifies the fiduciary duties of the board.

12 SECTION 2. Section 87A-5, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "§87A-5 **Composition of board.** The board of trustees of
15 the employer-union health benefits trust fund shall consist of
16 [~~ten~~] eleven trustees appointed by the governor in accordance
17 with the following procedure:

18 (1) Five trustees, one of whom shall represent retirees,
19 to represent employee-beneficiaries and to be selected
20 as follows:

21 (A) Three trustees shall be appointed from a list of
22 two nominees per trustee selected by each of the



1 three exclusive representative organizations that
2 have the largest number of employee-
3 beneficiaries;

4 (B) One trustee shall be appointed from a list of two
5 nominees selected by mutual agreement of the
6 remaining exclusive employee representative
7 organizations; and

8 (C) One trustee representing retirees shall be
9 appointed from a list of two nominees selected by
10 mutual agreement of all eligible exclusive
11 representatives; and

12 (2) Five trustees to represent public employers[-]; and

13 (3) One trustee to represent the general public; provided
14 that:

15 (A) The trustee shall not be an employee, employee-
16 beneficiary, dependent-beneficiary, or employee's
17 spouse; and

18 (B) If, during the trustee's term of office, the
19 trustee becomes an employee, employee-
20 beneficiary, dependent-beneficiary, or employee's
21 spouse, the trustee's term shall automatically
22 terminate.



1 ~~[Section]~~ Except for the trustee representing the general
2 public, section 26-34 shall not apply to board member selection
3 and terms.

4 Notwithstanding any other provision of this section, no
5 exclusive representative of a bargaining unit that sponsors or
6 participates in a voluntary employee beneficiary association
7 shall be eligible to select nominees or to be represented by a
8 trustee on the board.

9 As used in this section, the term "exclusive
10 representative" shall have the same meaning as in section 89-2."

11 SECTION 3. Section 87A-11, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "~~[+]§87A-11[+]~~ **Quorum; board actions; voting.** (a) Six
14 trustees ~~[, three of whom represent the public employer and three~~
15 ~~of whom represent employee beneficiaries,]~~ shall constitute a
16 quorum for the transaction of business.

17 (b) ~~[Trustees representing the public employers shall~~
18 ~~collectively have one vote. Trustees representing the employee-~~
19 ~~beneficiaries shall collectively]~~ Each trustee shall have one
20 vote.

21 ~~[For any vote of the trustees representing the public~~
22 ~~employers to be valid, three of these trustees must concur to~~



1 ~~cast such a vote. In the absence of such concurrence, the~~
2 ~~trustees representing the public employers shall be deemed to~~
3 ~~have abstained from voting.~~

4 ~~For any vote of the trustees representing the employee-~~
5 ~~beneficiaries to be valid, three of these trustees must concur~~
6 ~~to cast such a vote. In the absence of such concurrence, the~~
7 ~~trustees representing the employee beneficiaries shall be deemed~~
8 ~~to have abstained from voting.]~~

9 An abstention shall not be counted as either a vote in
10 favor or against a matter before the board.

11 (c) Any action taken by the board shall be by the
12 concurrence of ~~[at least two votes. In the event of a tie vote~~
13 ~~on any motion, the motion shall fail. Upon the concurrence of~~
14 ~~six trustees, the board shall participate in dispute~~
15 ~~resolution.]~~ a majority of the trustees to which the board is
16 entitled, except when a greater vote is required by law."

17 SECTION 4. Section 87A-15, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "[+]§87A-15[+] ~~Administration]~~ Duties of the board;
20 administration of the fund. (a) The board shall have the
21 fiduciary duty to administer and carry out the purpose of the



1 fund. [~~Health and other benefit plans shall be provided at a~~
2 ~~cost~~]

3 (b) The board shall provide health benefits plans to
4 employee-beneficiaries and dependent-beneficiaries that are
5 affordable to both the public employers and the public
6 employees.

7 (c) The board shall implement and recommend policies, in
8 accordance with law, to amortize the unfunded actuarial accrued
9 liability within thirty years from January 1, 2014.

10 (d) The board shall expend the employers' and employees'
11 contributions received for the costs of the health benefits
12 plans in compliance with appropriations acts and other
13 applicable law."

14 SECTION 5. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 6. This Act shall take effect on July 1, 2013.
17
18

INTRODUCED BY:

[Handwritten signatures: Z. A. Dshin, Calvin...]



H.B. NO. 592

Report Title:

Hawaii Employer-Union Health Benefits Trust Fund; Board of Trustees

Description:

Adds an eleventh member to the EUTF board of trustees to represent the general public. Changes board voting to one-vote per member. Changes quorum to a simple majority of the board. Requires board action to be made by a majority of the board, except when a greater number is required by law. Imposes fiduciary duty on board members. Requires board to amortize unfunded liability of EUTF within 30 years from 1/1/14.

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