

HB 541

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
ON
HOUSE BILL NO. 541

February 5, 2013

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND

House Bill No. 541 increases the base monthly contributions paid by the State and counties for the health benefit plans of retired employees by 30% for 10 years, effective July 1, 2013.

The Department of Budget and Finance opposes this measure. Raising the base monthly contribution by 30% for 10 years will unnecessarily increase the State's and counties' expenses. Per data from the Employer-Union Health Benefits Trust Fund, only four retirees (receiving 100% benefits) have exceeded their monthly caps. This was a result of the combination of plans selected by the retirees. In these four instances, the retirees selected self medical/prescription plans, but chose family vision and dental plans, thereby exceeding the base monthly contribution allowable. The retirees were then responsible for paying the amounts above the base monthly contribution. With 61,600 retirees and beneficiaries currently receiving varied levels of benefits, that only four exceeded the base monthly contribution, shows that the amounts are sufficient at this time.

Testimony of
Paul T. Matsuo
on HB 541

Chair Nakashima and members of the Labor Committee

Thank you for the opportunity to submit testimony on HB 541 Relating to the EUTF. I support the intent of this bill. I am currently President of the Oahu Chapter, HGEA Retiree Unit. There are approximately 6,850 members and all are members of the EUTF Health Plans. Our members are all retired public employees on a fixed income, who depend on the EUTF to provide for their retirement health benefits.

With the health care cost increasing the medical insurance premiums will also rise, but retirees do not have sources of income to draw upon to cover such increases. Currently the existing cap on the insurance premium fully covers any increase.

Last year, 2012 the insurance premium for some of our retirees' Kaiser Health plan did indicate that the cap will be exceeded by \$300 year. This will cause a hardship, as our retirement benefits will never cover such a large costs and will need to be covered by reducing some of our living expenses.

We respectfully urge that Committee act favorably on HB 541.

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LATE TESTIMONY