

HB 543

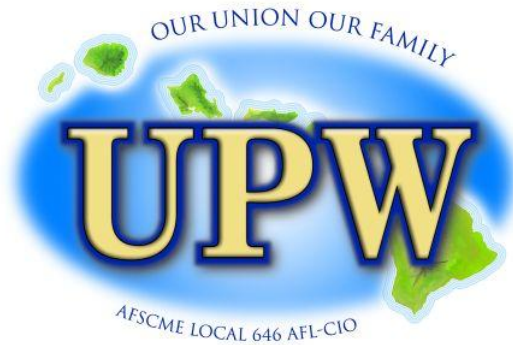
TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
ON
HOUSE BILL NO. 543

February 5, 2013

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND

House Bill No. 543 eliminates Medicare Part B reimbursements for employee-beneficiaries or spouses of employee-beneficiaries who are hired after June 30, 2013, and clarifies the amount to be paid to the Employer-Union Health Benefits Trust Fund (EUTF) by public employers for the Medicare Part B premiums of certain beneficiaries.

The Department of Budget and Finance strongly supports this measure as a means to partially address the State's Other Post-Employment Benefits unfunded liabilities of the EUTF. For FY 12, Medicare Part B reimbursements totaled \$50,166,129. While the financial impact will not be immediate, eliminating Medicare Part B reimbursements for employee-beneficiaries or spouses of employee-beneficiaries who are hired after June 30, 2013, will help the EUTF to reduce its unfunded liability which is currently estimated at \$16.3 billion - of which, the State's portion is \$13.6 billion.



THE HAWAII STATE HOUSE OF REPRESENTATIVES
The Twenty-Seventh Legislature
Regular Session of 2013

COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

The Honorable Rep. Mark Nakashima, Chair
The Honorable Rep. Mark Hashem, Vice Chair

DATE OF HEARING: Tuesday, February 5, 2013
TIME OF HEARING: 9 A.M.
PLACE OF HEARING: Conference Room 309

**TESTIMONY ON HB543 RELATING TO THE HAWAII EMPLOYER-UNION HEALTH
BENEFITS TRUST FUND**

By DAYTON M. NAKANELUA,
State Director of the United Public Workers, AFSCME Local 646, AFL-CIO

My name is Dayton M. Nakanelua and I am the State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive representative for approximately 11,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

The UPW strongly opposes HB543, which eliminates Medicare Part B reimbursements for employee-beneficiaries and spouses of employee-beneficiaries hired after June 30, 2013.

While the bill only affects prospective employees, the elimination of Medicare Part B reimbursements is part of an ongoing trend in which benefits for State and county workers are further reduced. The continued reduction of benefits will ultimately have an impact on the State and counties and their ability to attract and retain qualified and hard working employees. We ask that you do not pass HB543 out of Committee.

Thank you for the opportunity to testify on this measure.

HB 543

LATE TESTIMONY