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LATE TESTIMONY

The Twenty-Seventh Legislature, State of Hawaii
House of Representatives
Committee on Labor and Public Employment

Testimony by
Hawaii Government Employees Association
March 12, 2013

LATE TESTIMONY

S.B. 867, SD2 Relating to Employer-Union Health Benefits Trust Fund

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes of S.B. 867, S.D.2 as amended, which provides an unspecified base monthly contribution to the EUTF for each enrolled employee beneficiary effective January, 2014 and instead supports a complete repeal of the base monthly contribution.

The HGEA contends that Hawaii Supreme Court held that "health benefits for retired state and county employees constitutes 'accrued benefits' pursuant to article XVI Section 2 of the Hawaii Constitution." This means that the Hawaii Constitution prohibits the Legislature from passing any bill that diminishes or impairs retirees' health or pension benefits already earned.

Public employees currently pay a share of the cost of health premiums for health benefits. In retirement, retired state and county employees receive a base monthly contribution health premium benefit depending on their hire date. In other words, there is a "cap" on the amount the employers will pay for medical, prescription drug, dental and vision premiums. The cap has not been an issue since its inception on July 1, 2003 through June 30, 2012. However on July 1, 2012, one carrier exceeded the base monthly contribution premium for non-Medicare retirees. The difference between the base monthly contribution premium and the non-Medicare retiree premium represented the out-of-pocket cost to the retiree which diminished the 'accrued' retirees' health benefit, in direct conflict of article XVI, Section 2 of the Hawaii Constitution.

Let us not forget the promise, the social and moral obligation to State and County employees of free health insurance benefits upon retirement. HGEA supports the original language of the bill and opposes Senate Draft 2. Thank you for the opportunity to testify.

Respectfully submitted,

Mahie Trask
HGEA Retirees Unit Administrator