



RETIREES UNIT
888 Mililani Street, Suite 601
Honolulu, Hawaii 96813-2991

Telephone: 808.543.0054
Facsimile 808.523.6879

www.hgea.org

The Twenty-Seventh Legislature, State of Hawaii
The Senate
Committee on Judiciary and Labor

Testimony by
Hawaii Government Employees Association
February 1, 2013

S.B. 881 Relating to Employer-Union Health Benefits Trust Fund

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports passage of S.B. 881 which repeals specific monetary amount of employer contributions to the EUTF for each enrolled employee beneficiary.

The 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 following is the impact to non-Medicare retirees had the carrier not lowered their premium:

	Health Premium	Cap Rate	Difference
Single	\$693.80	\$668.12	\$25.68
2 party	\$1,353.52	\$1,346.68	\$6.84
Family	\$1,990.16	\$1,971.04	\$19.12

The last column represents the out-of-pocket cost to the non-Medicare retiree which diminishes 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 strongly supports S.B. 881 and urges your committee to pass this measure. Thank you for the opportunity to testify.

Respectfully submitted,

Randy Perreira,
Executive Director

The Twenty-Seventh Legislature, State of Hawaii
The Senate

Committee on Judiciary and Labor

Testimony by
Hawaii Government Employees Association
February 1, 2013

S.B. 881 Relating to the Employer-Union Health Benefits Trust Fund

I am Ruth Walker, President of the HGEA Retirees Unit and I strongly supports the passage of S.B. 881 which repeals specific monetary amount of employer contributions to the EUTF for each enrolled employee beneficiary.

Over the years, retiree benefits have become inferior or have diminished depending on ones hire date. Since July 1, 1996, the percentage of the base monthly contribution level is tiered and depends on how many years you were employed. Beginning July 1, 2001, only the employee beneficiary receives a benefit, spouses are no longer covered.

Medical costs are soaring and medical premiums are forecasted to rise. On July 1, 2012, one of the EUTF medical plan premiums was going to exceed the base monthly contribution. That would have been an additional out-of-pocket expense for those members enrolled in that particular health plan, creating a hardship on seniors at the most vulnerable time in their lives.

As the HGEA Retirees Unit President, I represent over 9,500 members statewide. On behalf of the seniors who will be impacted by possible increases in medical premiums resulting in payments exceeding the current established cap, I ask for your support of S.B. 881 and urge the Judiciary and Labor Committee members to also support the bill.

Thank you for the opportunity to testify.

Respectfully submitted,



Ruth E.K. Walker
President, HGEA Retirees Unit

The Twenty-Seventh Legislature, State of Hawaii
The Senate

Committee on Judiciary and Labor

Testimony by
Hawaii Government Employees Association
February 1, 2013

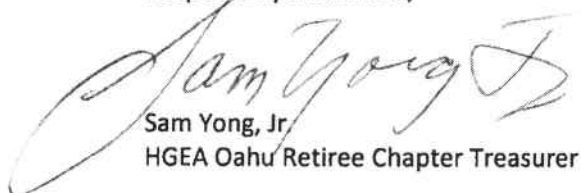
S.B. 881 Relating to the Employer-Union Health Benefits Trust Fund

My name is Sam Yong, Jr. and I am the Treasurer of the HGEA Oahu Chapter Retirees Unit. I strongly supports the passage of S.B. 881 which repeals specific monetary amount of employer contributions to the EUTF for each enrolled employee beneficiary.

As dedicated public servants we knew our pay was not equal to workers in the private sector, but we also knew our retirement health benefits were second to none and we would reap those benefits throughout our retirement. As an HGEA Retiree, I planned my future with the accrued benefits in mind.

I urge your committee to support this bill and thank you for the opportunity to testify.

Respectfully submitted,



Sam Yong, Jr.
HGEA Oahu Retiree Chapter Treasurer

January 31, 2013

TO: SENATE COMMITTEE ON JUDICIARY AND LABOR
Senator Clayton Hee, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

FROM: Paul Alston, Esq.
Alston Hunt Floyd & Ing

RE: S.B. 881, Relating to Employer-Union Health Benefits Trust Fund
Position: SUPPORT

Dear Chair Hee, Vice Chair Shimabukuro and members of the Committee:

I am the lead counsel in *Everson v. EUTF*, the class action that established the principle that state and county retirees have constitutionally protected rights to post-retirement healthcare benefits, which cannot be diminished or impaired.

The existing caps on contributions for state and county retirees (and their beneficiaries) are clearly unconstitutional to the extent that they hinder the delivery of the constitutionally required level of benefits. There is no good faith argument supporting the existence--or use--of caps which cause any restriction or reduction of benefits, if the resulting coverage is inferior to that provided to active workers and their dependents.

This bill should be passed.

Thank you,

A handwritten signature in black ink, appearing to be "Paul Alston", written in a cursive style.