

STAND. COM. REP. NO. 318

Honolulu, Hawaii
February 12, 2013

RE: H.B. No. 546
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 546 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION
HEALTH BENEFITS TRUST FUND,"

begs leave to report as follows:

The purpose of this measure is to address the Hawaii Employer-Union Health Benefits Trust Fund's (EUTF) escalating costs to both the employer and employees by requiring the Board of Trustees of the EUTF to:

- (1) Offer on July 1, 2015, and thereafter only medical benefits plans that pay or reimburse medical services providers under an alternative payment model as opposed to a fee-for-service model;
- (2) Evaluate alternative payment models to replace the fee-for-service model; and
- (3) Submit a report of its findings and recommendations, including any proposed legislation deemed necessary by the Board of Trustees of the EUTF, to the Governor and Legislature before the 2015 Regular Session.



This measure also:

- (1) Authorizes the Board of Trustees of the EUTF to offer retired employees a supplemental medicare plan that pays or reimburses medical service providers under a fee-for-service model if an alternative payment model is unavailable, impractical, or excessively costly; and
- (2) Appropriates an unspecified amount to fund the evaluation of alternative models.

The Department of Budget and Finance and the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO offered comments on this measure.

Your Committee has amended this measure by deleting and substituting its substantive content with provisions that:

- (1) Establish a Hawaii Employer-Union Health Benefits Trust Fund Task Force within the Department of Budget and Finance for administrative purposes to examine the unfunded liability of the EUTF; and
- (2) Require the Task Force to submit a report to the Legislature before the 2014 Regular Session.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 546, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 546, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



MARK M. NAKASHIMA, Chair



