

Honolulu, Hawaii

FEB 11 2016

RE: S.B. No. 2428
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred S.B. No. 2428 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC EMPLOYEES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require public retiree contributions to the Hawaii Employer-Union Health Benefits Trust Fund to be paid through withholdings of retirement benefit amounts from the Employees' Retirement System;
- (2) Require the Board of Trustees of the Employees' Retirement System to submit an annual report to the Legislature on the contribution amounts paid to the Hawaii Employer-Union Health Benefits Trust Fund; and
- (3) Authorize a retiree or beneficiary to make a one-time election to opt out of the public retiree contribution requirement.

Your Committee received testimony in support of this measure from four individuals. Your Committee received comments on this measure from the Employees' Retirement System and Hawaii Employer-Union Health Benefits Trust Fund.

Your Committee finds health insurance premiums are automatically deducted for state and county employees. However,



typically once an employee retires, the employer does not pay a portion of the health insurance premium, and the payment of insurance premiums becomes an added burden for retirees. If the retiree fails to make the required payment, due to various reasons including but limited to illness, vacation, or a delay in postal service, the retiree is at risk of losing health insurance coverage. Implementation of this measure will streamline public retiree contributions to the Hawaii Employer-Union Health Benefits Trust Fund and provide better assurance that public retirees maintain health insurance coverage.

Your Committee has amended this measure by:

- (1) Requiring the Hawaii Employer-Union Health Benefits Trust Fund to authorize automatic electronic payments in lieu of withholdings beginning after June 30, 2016; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2428, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2428, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,


GILBERT S.C. KEITH-AGARAN, Chair



