



DAVID Y. IGE
GOVERNOR

STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

P.O. BOX 2121
HONOLULU, HAWAII 96805-2121
Oahu (808) 586-7390
Toll Free 1(800) 295-0089
www.eutf.hawaii.gov

BOARD OF TRUSTEES
CELESTE Y.K. NIP, *CHAIRPERSON*
JULIA ZEGHMI, *VICE-CHAIRPERSON*
AUDREY HIDANO, *SECRETARY-TREASURER*
RODERICK BECKER
LINDA CURRIVAN MUSTO
WESLEY MACHIDA
JAMES NISHIMOTO
VIRGINIA PRESSLER
CLIFFORD UWAINE

ADMINISTRATOR
DEREK M. MIZUNO

TESTIMONY BY DEREK MIZUNO
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2016 HD1

February 25, 2016, 11:00 a.m.

RELATING TO PUBLIC EMPLOYEES

Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees supports the intent of this bill. Currently, the EUTF has approximately 1,450 or 2.2% (out of 65,000 total) retirees and surviving spouses who pay a portion or all of the monthly premium. The EUTF would like to make the payment of health care premiums for these retirees as well as employees on leave without pay as simple as possible. To that end, the EUTF has been investigating electronic payment options such as by credit card and/or through deduction from member bank accounts. The EUTF believes that these electronic options are better alternatives than deductions from Employees' Retirement System (ERS) pensions, as retiree and surviving spouse pensions may be less than their share of the premiums or may become less in the future as health premiums grow at a faster rate than the pension cost of living adjustments. In addition, certain retirees and surviving spouses may not have ERS pensions.

EUTF's Mission: We care for the health and well being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide service that is excellent, courteous, compassionate, and informative.

The EUTF would like to implement electronic payment as soon as possible. However, the EUTF Benefits Administration System will need reprogramming to capture the financial information and export this information to a file that is compatible with the EUTF's financial institution formatting requirements. Additionally, the EUTF will have to develop a process to upload the electronic payments into the Benefits Administration System from its financial institution or third party.

The EUTF and the ERS have been in discussions regarding the ERS withholding of the retiree and surviving spouse portions of their health benefit plan premiums from their pensions and remittance to the EUTF. In order for the ERS to withhold the amounts from the retiree and surviving spouse pensions, the EUTF must provide the retiree and surviving spouse identifying information and their share of the monthly health plan premiums to the ERS. Since the EUTF is a covered entity under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), this information (i.e. name and deduction amount) is considered protected health information. Under HIPAA, the EUTF must enter into a Business Associates Agreement (BAA) with the ERS before it can provide this information. The BAA establishes what the business associate, ERS, is engaged to do and requires the ERS to protect the privacy and security of the protected health information. To date the two parties have not been able to agree on a BAA. Additionally, such a change would require reprogramming of the EUTF Benefits Administration System which would delay implementation until the end of the year.

Finally, we would like to request an amendment to Sections 1 and 2 of the proposed bill by replacing it with the attached.

Thank you for the opportunity to testify.

ATTACHMENT TO TESTIMONY OF DEREK MIZUNO, HAWAII EMPLOYER-UNION
HEALTH BENEFITS TRUST FUND TO THE HOUSE COMMITTEE ON FINANCE

RE: H.B. 2016, H.D. 1

SECTION 1. Chapter 87A, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§87A-_____ **Retiree and beneficiary contributions.** The fund may require contributions by retirees and beneficiaries to the fund that represent the difference between the monthly contributions by the State or county to the fund and the actual costs of health benefits plans, under sections 87A-33, 87A-34, 87A-35, and 87A-36, to be paid from withholding from monthly or semi-monthly amounts payable by the employees' retirement system to the retiree or beneficiary or from electronic payment by the retiree or beneficiary.

A retiree or beneficiary may elect to opt out of the requirement that payment be made from withholding from amounts payable by the employees' retirement system to the retiree or beneficiary."

DAVID Y. IGE
GOVERNOR



THOMAS WILLIAMS
EXECUTIVE DIRECTOR

KANOE MARGOL
DEPUTY EXECUTIVE DIRECTOR

STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

TESTIMONY BY THOMAS WILLIAMS
EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII

TO THE HOUSE COMMITTEE ON FINANCE
ON

HOUSE BILL NO. 2016, H. D. 1

FEBRUARY 25, 2016, 11:00 A.M.

RELATING TO PUBLIC EMPLOYEES

Chair Luke, Vice Chair Nishimoto and Members of the Committee,

H.B. 2016, H.D. 1 would require the Employees' Retirement System (ERS) to transfer contributions by retirees and beneficiaries to the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) that represent the difference between the monthly contributions by the State or county to the EUTF and the actual costs of health benefit plans under the EUTF.

Although the ERS Board of Trustees has not taken a formal position on this proposal, the ERS staff noted concerns with the initial version of this bill and would like to thank the House Labor and Public Employment Committee for the changes made to H.B. 2016, H.D. 1.

Upon review of H.B. 2016, H.D. 1, we suggest that technical amendments be made to the bill to clarify the sources from which the withholdings will be made. The bill states that withholding shall be paid from amounts that retirees and beneficiaries "would otherwise be entitled to receive under section 88-6." That section refers to the manner and timing of payments; it does not establish the right to payment.

The ERS requests that the bill be further amended to allow the ERS to rely on a list, provided by the EUTF, of individuals and the specific amounts to be withheld from each individual's ERS benefits. This will eliminate the unnecessary transmission of potentially "protected health information" and thereby reduce the risk of an inadvertent breach of the requirements of the



Employees' Retirement System
of the State of Hawaii

federal Health Insurance Portability and Accountability Act (HIPAA), which would have adverse consequences for the EUTF, ERS and the affected individuals.

To effect the foregoing amendments, we offer the following language to replace the language at lines 9 through 16 on page 1 of the bill:

...87A-34, 87A-35, and 97A-36, shall be paid from withholding from the semi-monthly or monthly amounts payable by the employees' retirement system to the retirees and beneficiaries under chapter 88. The fund shall provide to the employees' retirement system the names of the retirees and beneficiaries subject to withholding under this section, the respective amounts to be withheld, and other information requested by the employees' retirement system to identify the individuals subject to withholding. The employees' retirement system may rely, without inquiry, on the information provided by the fund regarding the names of the retirees and beneficiaries subject to withholding, the respective amounts to be withheld, and other information provided by the fund to identify the individuals subject to withholding. The board shall submit an annual report to the legislature on the contribution amounts paid to the fund under this section.

The suggested language may lessen the risk of the transmittal of "protected health information" between the EUTF and ERS; however, the only way to avoid subjecting the ERS to HIPAA regulations and the associated liability involved, beyond the ERS's liabilities under state law, would be to provide an alternate means of payment to the EUTF, such as by electronic payment. If the ERS will be required to process withholdings for payment to the EUTF, we request a delayed implementation date for this legislation until sufficient HIPAA compliance can be ensured.

Thank you for this opportunity to provide comments on this very important legislation.

Submitted By	Organization	Testifier Position	Present at Hearing
Jo-An Goss	HSTA-Retired	Support	NO

To: Representative Sylvia Luke, Chair of Finance Committee
 Representative Scott Nishimoto, Vice Chair

Date: February 24, 2016

Re: HB2016, HD1

Chair Luke and Vice Chair Nishimoto:

My name is Jo-An Goss, a retired teacher, and I am writing in SUPPORT of HB2016, HD1.

Since there is already a system in place to withhold payment amounts by retirees, it is important that EUTF and ERS enter into discussion and apply the same process with regards to this bill.

Mahalo for allowing for allowing me to testify in strong support of HB2016 HD1.

Jo-An Goss,
 HSTA-Retired
 Nuuanu (House District 27 / Senate District 13)

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 24, 2016 10:41 AM
To: FINTestimony
Cc: sapocomida@yahoo.com
Subject: Submitted testimony for HB2016 on Feb 25, 2016 11:00AM

HB2016

Submitted on: 2/24/2016

Testimony for FIN on Feb 25, 2016 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Steve Harman	Individual	Support	No

Comments: To: Representative Sylvia Luke, chair. Please support HB 2016 which requires retiree contributions to EUTF be paid from withholdings from ERS. Several people that I know have the inconvenience of having to pay their contributions by check when in 2016 they should be able to do it electronically. Thank you

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 24, 2016 10:45 AM
To: FINTestimony
Cc: niyati333@aol.com
Subject: Submitted testimony for HB2016 on Feb 25, 2016 11:00AM

HB2016

Submitted on: 2/24/2016

Testimony for FIN on Feb 25, 2016 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Niyati Brown	Individual	Support	No

Comments: My name is Niyati Brown. I am a resident of the Big Island where I have been a retired teacher for six years. I was hired after July 1996 so I contribute to the payment of my EUTF insurance premiums. I would like the premium to be deducted before I receive my monthly pension check. Each month I have to find an envelope, buy a stamp, write a note to EUTF, find my payment slip and send it all in to EUTF. As I get older and more forgetful I often forget to send my payment until later in the month. I worry for those retirees who are even older than me and maybe more forgetful. If you miss a payment you loose your insurance. I have already lost my insurance once because payments were increased but I was not informed for over a year. This is not agreeable. Please deduct my insurance premiums before I get my pension check by supporting HB2016 and SB 2428. Thank you for allowing me to give testimony.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

Phyllis Ida
HSTA-Retired Member
45-284 Pahikaua Street
Kaneohe, HI 96744

February 24, 2016

HB 2016 HD1: Relating to Public Employees
Room 308 11:00 am

Chair Representative Sylvia Luke, Vice Chair Representative Scott Nishimoto:

Good morning Chair Luke Vice Chair Nishimoto and members of the Committee,
I'm Phyllis Ida a retired teacher writing in support of HB 2016 HD1.

There has been a problem with retirees paying a portion of their medical premium due to changes made in recent years. Many will need to pay a portion of their premium and are not aware of this requirement in time. We need an easier process to ensure that new retirees do not miss a payment and lose their medical insurance. Deductions are being currently done so why can't it be done for the EUTF. Premiums would be made in a timely fashion and the retiree would not need to be burdened with an additional payment.

I support this legislation as it makes things easier for both the retiree and the Employee Union Trust Fund (EUTF).

I ask your support for this legislation as it is beneficial to the State and the retiree.

Thank you for you for the opportunity to testify on this matter.

Beverly Gotelli
HSTA-Retired Member
6286 Opaekaa Road
Kapaa, HI 96746

February 25, 2016

HB 2016 HD 1: Relating to Public Employees
Room 308 11:00 am

Chair Luke, Vice Chair Nishimoto:

Good afternoon Chair Luke, Vice Chair Nishimoto and members of the Committee, I'm Beverly Gotelli a retired teacher writing in support of HB 2016, HD1.

In the near future we will have more retirees paying a portion of their medical premium due to changes made in recent years. We understand the need to pay a portion of the premium what we want to see is an easier process in which it is done.

I understand the concern of the ERS and EUTF as stated in their testimony at earlier committee hearings. If they know there is a growing number of retirees who will be paying a portion of their premium shouldn't they be doing something sooner rather than later. This legislation would ensure the State receives the premium in a timely fashion and the retiree would not be without medical coverage.

What happens to active employees currently, doesn't the EUTF through Budget and Finance withhold deductions before the employee receives their checks.

What seems logical to me and other retirees is why can't the two agencies work together for better efficiency of State Government.

Deductions are being currently done so why can't it be done for the EUTF. Premiums would be made in a timely fashion and the retiree would not need to be burdened with an additional payment.

I ask your support for this legislation as it is beneficial to the State and the retiree.

Thank you for you for the opportunity to testify on this matter.

Joanne Ing
HSTA-R Oahu district president
95-131 Hinalii Place
Mililani, Hi 96789
Email joanneing0046@gmail.com

February 24, 2016

Relating to HB 2016 HD1

Chairwoman Luke, Vice Chairman Nishimoto and members of the House Finance Committee

This testimony is submitted on behalf of present and future state retirees **whose health insurance premiums are not fully covered by the state and have to pay a portion of these premiums each month.** Making payments becomes an added burden for our retirees. While they were employed, health premiums were automatically deducted, but once retired, the retiree must make their own payments. For reasons such as a lack or late premium increase notification, late mail notification due to a trip or illness/hospitalization, inattention to notices, and just plain forgetfulness, the retiree does not make his monthly payment. Consequently his health insurance is cancelled. Unfortunately when the person needs it, he doesn't have it.

In our discussion with our retired members, we have found that having to make monthly payments is becoming a greater burden as our retiree group is aging, and the number of retirees making their own payments is growing. We have to admit that as our population ages, it gets harder for them to keep track of things and make timely payments.

Our remedy is presented in HB 2016 HD1, where health premiums are automatically deducted from month retirement checks, much like taxes and organizational dues.

Our solution would benefit the retiree because they would not have to worry about making payments as they would be automatically deducted. The state would also benefit because they would get the money in a timely manner and not have the unpleasant task of seeing someone's health insurance terminated.

Please support SB 2428 and make life easier for our affected retirees.

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 25, 2016 10:05 AM
To: FINTestimony
Cc: victor.ramos@mpd.net
Subject: *Submitted testimony for HB2016 on Feb 25, 2016 11:00AM*



HB2016

Submitted on: 2/25/2016

Testimony for FIN on Feb 25, 2016 11:00AM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Victor K. Ramos	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov