



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 UWAIINE

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 LABOR & PUBLIC EMPLOYMENT
ON
HOUSE BILL NO. 2310

February 12, 2016, 10:00 a.m.

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee:

The purpose of this bill is to amend the definition of “dependent-beneficiary” contained in EUTF’s statute, chapter 87A, Hawaii Revised Statutes, to clarify eligibility of children for participation in EUTF’s benefit plans and to bring the definition in conformance with the federal Affordable Care Act.

The EUTF Board of Trustees strongly supports this Administration bill.

Currently when an employee passes away while actively employed and eligible to retire at the time of his/her death or when the employee was killed in the performance of duty, the EUTF covers the surviving spouse and the surviving spouse’s dependent children. Similarly, when a retiree passes away, EUTF covers the surviving spouse and the surviving spouse’s children. In most cases, the surviving spouses pay \$-0- for their

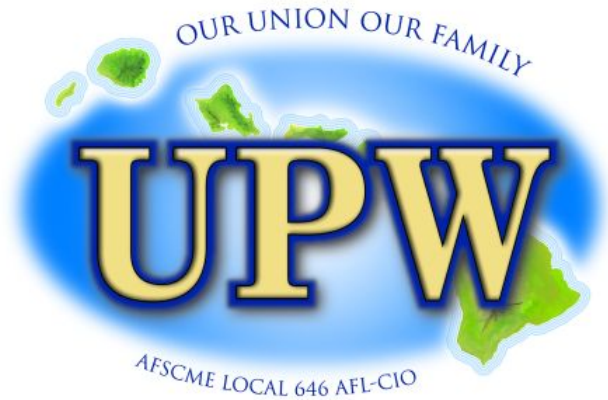
coverages as their premiums are paid entirely by the State or counties. If the surviving spouse remarries; however, they are no longer eligible for coverage.

EUTF has identified a few situations in which retiree surviving spouses added dependents to their plans who were not the dependents of the deceased retiree. The estimated cost to the employer is \$225,000 based on coverage of the dependents up to age 19 (if the dependent was a full-time student coverage would be up to age 24 adding another \$60,000).

Currently, the premium for self coverage of a non- Medicare retiree enrolled in the EUTF PPO medical, drug, dental and vision plans is approximately \$710 per month; whereas the premium for two-party coverage is approximately \$1,383 per month. That's a difference of \$673 per month or \$8,076 per year the State or counties are paying that we believe the Legislature never contemplated or intended to cover. This additional cost is born principally by the State and counties as the vast majority of retirees still receive 100% of the premium paid by the State and counties. This additional expense also adds to the overall liability of the State to meet its other post employment benefit (OPEB) liability.

The other change this bill will accomplish is to remove the requirement that a "child" must be unmarried since the Affordable Care Act requires coverage of children up to age 26 regardless of whether or not they are married for our active employee plans.

Thank you for the opportunity to testify.



LATE

THE HAWAII STATE HOUSE OF REPRESENTATIVES
The Twenty-Eighth Legislature
Regular Session of 2016

COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT/
COMMITTEE ON PUBLIC SAFETY

The Honorable Mark M. Nakashima, Chair (LAB)
The Honorable Gregg Takayama, Chair (PBS)
The Honorable Jarrett K. Keohokalole, Vice Chair (LAB)
The Honorable Kyle Yamashita, Vice Chair (PBS)

DATE OF HEARING: Friday, February 12, 2016
TIME OF HEARING: 10:00 a.m.
PLACE OF HEARING: State Capitol, 415 South Beretania Street
Conference Room 309

TESTIMONY ON HOUSE BILL 2310 RELATING TO THE HAWAII EUTF

By DAYTON M. NAKANELUA,
State Director of the United Public Workers (UPW),
AFSCME Local 646, AFL-CIO

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO. The UPW is the exclusive bargaining representative for approximately 12,000 public employees, which include blue collar non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

HB2310 proposes to amend the definition of “dependent beneficiary” contained in Chapter 87A, HRS. The UPW supports this measure to clarify the eligibility of children to participate in EUTF benefit plans and to conform with the federal Patient Protection and Affordable Care Act. The Legislature finds that children born after an employee’s or retiree’s death, that are not the natural child of the deceased employee or retiree, should not be eligible to participate in fund benefits plans because such children were not the children of the state or county employee or retiree. This is in fairness to all those who are eligible participants in the EUTF.

Thank you for the opportunity to submit this testimony.

