

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

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**ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**  
**DEPARTMENT OF BUDGET AND FINANCE**  
**STATE OF HAWAII**  
**TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR**  
**ON SENATE BILL NO. 133 S.D. 1**

**February 22, 2017**  
**9:30 a.m.**  
**Room 211**

RELATING TO PUBLIC EMPLOYEES' FRINGE BENEFITS

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees has not had an opportunity to take a position on this bill. The EUTF Board's next meeting is March 3, 2017.

EUTF staff would like to provide comments on the bill. Currently, the EUTF conducts actuarial valuations every other year (i.e. every odd numbered year, with the next actuarial valuation scheduled as of July 1, 2017) and relies on the Employees' Retirement System of the State of Hawaii's (ERS) assumptions related to mortality, projected retirements, inflation, etc. Assumptions specific to the EUTF such as health care trend, investment return, plan selection (i.e. PPO, HMO or Medicare Advantage) and tier selection (i.e. single, two party or family) are updated with each actuarial valuation. The one assumption not updated during the actuarial valuation is the retiree

**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 informed service that is excellent, courteous, and compassionate.

participation rate. The update of this assumption can be incorporated into the actuarial valuation and an additional, separate experience study is not necessary.

Additionally, the projected cost, which is shared by the employers, for annual valuations is \$100,000 greater over a two-year period than valuations every other year with off cycle year updates.

Thank you for the opportunity to testify.