



LATE

The House Committee on Labor and Public Employment
Tuesday, February 5, 2019
9:30 am, Room 309

RE: HB 393, RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Attention: Chair Aaron Ling Johanson, Vice Chair Stacelynn Eli and
Members of the Committee

The University of Hawaii Professional Assembly appreciates the opportunity to provide **comments regarding HB 393.**

This measure seeks to establish a fiduciary duty on Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Trustees. It also prohibits transactions where the Trustee has a conflict of interest and also establishes liabilities for the breach of fiduciary duty.

UHPA is not opposed to shifting the fiduciary responsibilities of the EUTF Board of Trustees from the Trust to the beneficiaries. That is a position UHPA fully supports. However, it would be best to work within the structure of Chapters 87 and 89 as opposed to simply inserting language from title 29, United States Code sections 1001-1091 directly into Chapter 87, which brings forth the following questions:

- What is the liability attached to the individual Trustees?
- Who has a right to sue and what, if any, are the protections for the Trustees?
- How does this fit within the current structure of roles and responsibilities of the EUTF Trustees?

UHPA appreciates the opportunity to provide **comments on HB 393.**

Respectfully Submitted,

Kristeen Hanselman
Executive Director

**University of Hawaii
Professional Assembly**



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

LATE

The Thirtieth Legislature, State of Hawaii
House of Representatives
Committee on Labor and Public Employment

Testimony by
Hawaii Government Employees Association

February 5, 2019

H.B. 393 – RELATING TO THE HAWAII
EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 393 which creates a fiduciary duty on Employer-Union Health Benefits Trust Fund (EUTF) trustees, prohibits transactions where a trustee has a conflict of interest, and establishes liabilities for breach of fiduciary duty.

As written, H.B. 393 seeks to make an important change to the EUTF trustees' legal obligation by requiring that each trustee act as a fiduciary of the trust. As fiduciaries, trustees will be required to make decisions based solely on the interest of the plan participants and beneficiaries, similar to private-sector health plans trusts. Board members who willfully violate their fiduciary responsibilities may be liable for any loss suffered by the plan, which increases the accountability of the trustees.

This measure, in conjunction with H.B. 392, which allows Employers and Exclusive Representatives the ability to negotiate health benefits and resolve disputes through binding arbitration, reforms the EUTF to be beneficial to employees and beneficiaries.

Thank you for the opportunity to testify in strong support of H.B. 393.

Respectfully submitted,

Randy Perreira
Executive Director

DAVID Y. IGE
GOVERNOR



LATE

RODERICK K. BECKER
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
ON
HOUSE BILL NO. 393

February 5, 2019
9:30 a.m.
Room 309

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND

House Bill (H.B.) No. 393 amends Chapter 87A, HRS, to add two sections to set the fiduciary duties of trustees of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) in law, to clarify what would constitute a prohibited transaction by a fiduciary, and to clarify the liability of a fiduciary as a result of a breach of trust.

The Department of Budget and Finance has strong concerns regarding the proposed paragraph 87A-A(b) which states that fiduciaries of the EUTF shall discharge their duties with respect to a plan solely in the interest of the participants and beneficiaries. This designation of responsibility disregards the practical need to ensure that health and other benefit plans be provided at a cost affordable to both the public employers and the public employees as required by Section 87A-15, HRS. Should health benefit plans be designed with only the participants and beneficiaries in mind, plan costs may become unaffordable to the public employers and will affect their abilities to fund other priorities.

Thank you for your consideration of our comments.