



STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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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 SENATE BILL NO. 785 S.D.1 H.D. 1

March 27, 2019
2:00 p.m.
Room 308

RELATING TO COLLECTIVE BARGAINING

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

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees has not taken a position on this bill. EUTF staff would like to provide comments.

This bill will subject EUTF health plan benefits and related employer contributions to collective bargaining and arbitration. Currently, such items are not subject to arbitration and EUTF health plan benefit designs are not subject to collective bargaining but are the responsibility of the EUTF Board of Trustees. Chapter 87A, Hawaii Revised Statutes states the following:

§87A-16(a) "The board shall establish the health benefits plan or plans, which shall be exempt from the minimum group requirements of chapter 431."

§87A-24 "Other powers. In addition to the power to administer the fund, the board may:...(8) Establish health benefits plan and long-term care benefit plan rates

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.

that include administrative and other expenses necessary to effectuate the purposes of the fund; and...”

§87A-31 "Trust fund; purpose. (a) The fund shall be used to provide employee-beneficiaries and dependent-beneficiaries with health and other benefit plans, and to pay administrative and other expenses of the fund...”

If the bill passes in its current form, it will conflict with 87A and could possibly lead to each bargaining unit creating their own set of active employee plans which could increase the current EUTF active employee plan total from 7 to 98 plans which would be a significant administrative burden.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



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**

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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 FINANCE
ON
SENATE BILL NO. 785, S.D. 1, H.D. 1**

**March 27, 2019
2:00 p.m.
Room 308**

RELATING TO COLLECTIVE BARGAINING

Senate Bill No. 785, S.D. 1, H.D. 1, amends Chapter 89, HRS, to allow the negotiation of Hawaii Employer-Union Health Benefits Trust Fund (EUTF) benefits and to repeal the prohibition of using arbitration to resolve impasses or disputes relating to EUTF contributions/benefits, allowing arbitration panels to decide on EUTF matters. The bill also removes the prohibition of striking over the issue of employer EUTF contributions.

The Department of Budget and Finance strongly opposes this bill for the following reasons.

First, allowing each bargaining unit to negotiate its own benefits could essentially create 14 different pools of employees, reducing the economies of scale in negotiations with carriers and increasing administrative complexity for EUTF. Each negotiating team would need to be advised or trained in health benefit matters, including compliance with federal requirements.

Second, allowing arbitration panels to decide matters relating to EUTF is fraught with uncertainty. Arbitration panels are tasked to consider the employer's ability to pay

and overall economic conditions. Panels often fail to grasp the complexities of the State budget and under the provisions of this measure, they would also need to become experts in health benefit plan design. While difficult fiscal conditions can make it challenging to reach resolutions in collective bargaining negotiations, altering the current process by allowing binding arbitration would take this critical decision out of the hands of elected leaders and put it in the hands of unelected and unaccountable arbitrators. Although the Legislature would still have the authority to reject an arbitration award, it appears all cost items would be rejected, not just EUTF contributions. The end result of this bill could result in giving the Legislature a choice of fully conceding control of this significant portion of the budget to arbitration panels or risk unending collective bargaining negotiations.

Thank you for your consideration of our comments.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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

The Thirtieth Legislature, State of Hawaii
House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association

March 27, 2019

S.B. 785, S.D. 1, H.D. 1 –
RELATING TO COLLECTIVE BARGAINING

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 785, S.D. 1, H.D. 1 which allows the scope of negotiations to include health benefits and allows Employers and Exclusive Representatives to resolve disputes over the health benefits and the amounts of contributions each party pays through binding arbitration.

This measure is part of a larger effort to reform the Employer-Union Health Benefits Trust Fund (EUTF) to make health care more affordable and flexible for employees. Health care benefits are an integral part of every employee's total compensation package and therefore we firmly believe that both the plan design and the cost-share of the health benefits should be negotiated between Employers and Exclusive Representatives.

All employees deserve affordable health care options but this is especially necessary for employees who need family coverage and who are in a lower salary range. Employees who participate in the EUTF often pay 40% of the total cost of their medical premiums regardless of how much they earn, which depending on the plan and type of enrollment, can be as high as \$1,300 per month for family coverage. This is simply unaffordable for too many. By negotiating both premiums and benefits like the private sector, Exclusive Representatives can identify benefit features that can be reduced or restructured without eliminating key coverage areas. Another objective of negotiating benefits is to promote preventive care while discouraging care that is not needed. Through negotiations, there will be greater incentives to implement wellness programs, which can help control plan costs over the long-term.

Thank you for the opportunity to testify in strong support of S.B. 785, S.D. 1, H.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director

SB-785-HD-1

Submitted on: 3/26/2019 10:28:53 AM

Testimony for FIN on 3/27/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Pride Work HI	Pride at Work Hawaii	Support	Yes

Comments:

Aloha Representatives,

Pride@Work Hawaii supports the passage of SB 785 SD 1 HD 1.

Mahalo for the opportunity to testify.

Pride@Work Hawaii

IRON WORKERS STABILIZATION FUND

March 27, 2019
2:00 pm

LATE

Committee on Finance
House
Conference Room 308
State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

Re: SB785 SD1 HD1

Aloha Chair Luke, Vice-Chair Cullen, and members of the House Committee on Finance:

We **SUPPORT** SB785 SD1 HD1.

This bill requires the scope of collective bargaining negotiations to include benefits related to the Hawaii Employer-Union Health Benefits Trust Fund and repeals the prohibition of using arbitration to resolve impasses or disputes relating to EUTF State and county contributions. This measure will contribute to reform efforts of the EUTF that may result in better care for members and cost savings, including the promotion of wellness and preventative care.

Mahalo for your time and consideration.

Managing Director T. George Paris

LATE

SB-785-HD-1

Submitted on: 3/27/2019 5:39:52 AM

Testimony for FIN on 3/27/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Irish Barber	IATSE Local 665	Support	Yes

Comments:

Committee on Finance

Conference Room 308 State Capitol

415 South Beretania Street Honolulu, Hawai'i 96813

Re: SB785 SD1 HD1

Aloha Chair Luke, Vice-Chair Cullen, and members of the House Committee on Finance:

IATSE Local 665 SUPPORTS SB785 SD1 HD1, allowing collective bargaining negotiations to include benefits related to the Hawaii Employer-Union Health Benefits Trust Fund and repeals the prohibition of using arbitration to resolve impasses or disputes relating to EUTF State and county contributions. This measure will continue to reform efforts of the EUTF that may result in better care for members and cost savings, including the promotion of wellness. Mahalo for allowing us to testify on this measure.