

DAVID Y. IGE
GOVERNOR



DEPT. COMM. NO. 240
CRAIG K. HIRAI
DIRECTOR
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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
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

December 27, 2019

The Honorable Ronald D. Kouchi,
President and Members of the Senate
Thirtieth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki, Speaker
and Members of the House of
Representatives
Thirtieth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Hawaii Employer-Union Health Benefits Trust Fund's report of its findings and recommendations, including any proposed legislation, regarding changes to its personnel and operations as result of Act 145, as required by Act 145, SLH 2017. I am also informing you that the report may be viewed electronically at <http://budget.hawaii.gov/budget/reports-to-the-legislature/hawaii-employer-union-health-benefits-trust-fund/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Craig K. Hirai".

CRAIG K. HIRAI
Director of Finance

Enclosure



REPORT TO THE 2020 LEGISLATURE

ACT 145, SESSION LAWS OF HAWAII 2017

**RELATING TO STAFF OF THE HAWAII-EMPLOYER UNION
HEALTH BENEFITS TRUST FUND**

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

December 2019

**THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND (EUTF)
RELATING TO STAFF OF THE HAWAII EMPLOYER-UNION HEALTH BENEFITS
TRUST FUND
December 2019**

BACKGROUND

Act 145, SLH2017 was enacted to improve operations by permitting the EUTF to employ certain EUTF staff through the civil service system. Act 145, SLH2017 also requires the EUTF to submit a report of its findings and recommendations, including any proposed legislation, regarding changes to its personnel and operations as a result of this Act.

FINDINGS AND RECOMMENDATIONS

The EUTF has a total of fifty-nine (59) positions as of June 30, 2019. Nine (9) positions were already civil service when the act was passed, eight (8) positions will remain exempt from civil service and forty-two (42) positions will be given the opportunity to convert to civil service. The EUTF has been working with the Department of Budget and Finance, Administrative and Research Office (B&F) on the conversion of the EUTF's forty-two (42) exempt positions to civil service. The following is the plan of conversion:

1. The original intent of the plan was to convert the positions to civil service by organizational units. However, after discussions with Department of Human Resources Development (DHRD) and B&F, and lack of resources at B&F, the plan was revised to convert employees based on seniority.
2. Current position descriptions for the exempt positions that will be converted to civil service will be updated.
3. Determine eligibility of exempt employee in the position to be converted to civil service.
4. Employee will have a one-time election to remain exempt from civil service. If the employee elects to remain exempt, the position shall be converted to civil service when the employee vacates the position.
5. If employee elects to be civil service, employee's compensation will be adjusted in accordance with the respective collective bargaining agreement.

The EUTF Board of Trustees approved conversion of all EUTF exempt positions to civil service except for the:

- Health Benefits Trust Fund Assistant Administrator
- EUTF Financial Management Officer
- EUTF Information Systems Chief
- EUTF Member Services Branch Manager
- Investment Office (2 positions)
- Health Benefits Trust Fund Administrative Secretary

The Health Benefits Trust Fund Administrator position shall be exempt from civil service [per Chapter 87A-24(4)].

The following is the status and history of the civil service conversions:

Organizational Unit	Positions	Converted as of 12/31/18	Remaining to be Converted
Financial Services Branch	7	7	0
Information Systems Branch	7	2	5
Member Services Branch	24	6	18
Administration	4	0	4
Total	42	15	27

Organizational Unit	Positions	Converted as of 12/31/19	Remaining to be Converted
Financial Services Branch	7	7	0
Information Systems Branch	7	6	1
Member Services Branch	23	21	2
Administration	5	1	4
Total	42	35	7

In summary, during calendar year 2019, the EUTF worked with B&F to convert an additional 20 positions from exempt to civil service. The original target completion date was January 2019 but due to lack of resources and re-evaluating employees' minimum qualifications, most of the employees were converted to civil service by December 31, 2019. EUTF management will continue to convert the remaining seven positions when possible.