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

TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 1700, H.D. 1

**February 19, 2020**  
**3:00 p.m.**  
**Room 308**

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST  
FUND

The Department of Budget and Finance (B&F) strongly opposes House Bill (H.B.) No. 1700, H.D. 1.

H.B. No. 1700, H.D. 1, amends Section 87A-15, HRS, to require the board and each trustee of the Hawai'i Employer-Union Health Benefits Trust Fund (EUTF) to administer the EUTF's health and other benefit plans for the sole and exclusive benefit of its beneficiaries and to remove the requirement that the plans be provided at a cost that is affordable to both the public employers and public employees.

B&F strongly believes that cost needs to be a factor in the board's design of plans. Unlike the Employees' Retirement System, which has its benefits and costs set by statute, EUTF's plan benefits and costs are designed by its board. 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. Furthermore, this would have a direct effect on the EUTF's unfunded liabilities.

Thank you for your consideration of our comments.



The House Committee on Finance  
Wednesday, February 19 , 2020  
3:00 pm, Conference Room 308

RE: **HB 1700, HD1, Relating to the Hawaii Employer-Union Health Benefits Trust Fund**

Attention: Chair Sylvia Luke, Vice Chair Ty Cullen and members of the Committee

The University of Hawaii Professional Assembly (UHPA) **urges the Committee to support HB 1700, HD1 Relating to the Hawaii Employer-Union Health Benefits Trust Fund (EUTF)**, which specifies that each EUTF trustee, in addition to the EUTF Board, shall administer health and other benefit plans for the sole and exclusive benefit of EUTF beneficiaries.

The current language splits the EUTF Board's attention in three ways:

- The board shall administer and carry out the purpose of the fund
- Requires the trustees to consider affordability for the public employer
- Directs the trustees to make the funds affordable to the employees

The language modification removes these conflicting duties for the EUTF Trustees, and helps focus the EUTF Board, and each Trustee on a single purpose, the benefit of the EUTF beneficiaries.

Thank you for the opportunity to provide testimony **in support** of **HB 1700, HD1** Relating to the Hawaii Employer-Union Health Benefits Trust Fund.

Respectfully submitted,

Christian L. Fern  
Executive Director  
University of Hawaii  
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**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**

AFSCME Local 152, AFL-CIO

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

Testimony by  
Hawaii Government Employees Association

February 19, 2020

H.B. 1700, H.D. 1 – RELATING TO THE HAWAII  
EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of H.B. 1700, H.D. 1 which specifies that Employer-Union Health Benefits Trust Fund (EUTF) trustees shall administer health and other benefit plans for the sole and exclusive benefit of the trust's beneficiaries.

H.B. 1700, H.D. 1 seeks to make an important change to the EUTF trustees' obligation by requiring that each trustee administer the fund for the exclusive benefit of the beneficiaries. With this change, trustees will be required to make decisions based solely on the interest of the plan participants and beneficiaries, like private-sector health plans trusts.

This measure clarifies the role of the trustee and is a necessary reform to the EUTF. Thank you for the opportunity to testify in support of H.B. 1700, H.D. 1.

Respectfully submitted,

Randy Perreira  
Executive Director