



**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 LABOR AND PUBLIC EMPLOYMENT**  
**ON HOUSE BILL NO. 2310**

**February 4, 2020**  
**9:00 a.m.**  
**Room 309**

**RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**  
**EMPLOYEE-BENEFICIARY MONTHLY CONTRIBUTIONS**

Chair Johanson, Vice Chair Eli, and Members of the Committee:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees strongly supports this bill. The EUTF Board believes that this bill benefits both EUTF and the retirees. Monthly recurring electronic deductions of retiree premiums from their bank accounts or ERS pensions reduce EUTF staff time, reduces administrative costs (by \$1.00 per retiree per month) and protects the retirees from termination of benefits in the event they fail to make payment. If a retiree fails to make payment, the EUTF mails a Shortage Notice. The retiree has 30 days from the date of the Shortage Notice to make payment. If payment of outstanding premiums is not made within 30 days, the retiree and their dependents' benefits are terminated. A Cancellation Notice is mailed to retiree confirming the terminations. However, the retiree can reinstate coverage if he/she pays outstanding premiums within 60 days of the Cancellation Notice. The retiree is eligible for reinstatement if he/she has not been

**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.

canceled for non-payment within the last 12 months. In most cases, this process can be avoided if monthly recurring electronic deductions occur.

Approximately 5% or 2,300 retirees currently pay a portion or their entire medical, prescription drug, dental and/or vision premiums. On May 8, 2017 and January 31, 2018, the EUTF began offering monthly recurring electronic premium deductions from retiree bank accounts and ERS pensions, respectively. The response has been positive with nearly 70% of the 2,300 retirees signing up for one of the two electronic deduction methods. The EUTF twice a year provides the remaining 30% with an authorization form to begin electronic deductions along with premium payment coupons for the next six months. To achieve 100% enrollment in electronic deductions, the EUTF is requesting that the legislature mandate electronic deductions for new retirees. The EUTF will continue to inform retirees, who sign up for electronic deductions, when changes to the deduction amount are made (normally January which coincides with the new plan year).

Thank you for the opportunity to testify.



DAVID Y. IGE  
GOVERNOR

THOMAS WILLIAMS  
EXECUTIVE DIRECTOR  
KANOE MARGOL  
DEPUTY EXECUTIVE DIRECTOR

**STATE OF HAWAII**  
**EMPLOYEES' RETIREMENT SYSTEM**

4 February 2020

To: The House Committee on Labor and Public Employment  
From: Thomas Williams, Executive Director  
Employees' Retirement System of the State of Hawaii  
Re: H.B. 2310 Relating to the Hawaii Employer-Union Health Benefits Trust  
Fund Employee-Beneficiary Monthly Contributions

For the ERS to implement and comply with H.B. 2310, Section 2(c), the ERS suggests that a new section be added to this bill with the following amendments:

Section \_\_. If the surviving employee-beneficiary of a retired member of the employees' retirement system of the State of Hawaii, is receiving monthly survivor benefits from the system under sections 88-83, 88-283 or 88-333, HRS, and is enrolled in health plans offered by the fund, the surviving beneficiary may authorize the system to have the beneficiary's contribution withheld under section 88-95, Hawaii Revised Statutes, as follows:



Employees' Retirement System  
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**“§88-95 Withholding of dues and insurance premiums.** A retired member or the retired member’s surviving beneficiary under section 88-83, 88-283 or 88-333, if the retired member or the retired member’s surviving beneficiary requests in writing, may have withheld from the retired member's or retired member’s surviving beneficiary’s pension, annuity, or retirement allowance, payments to the employer-union health benefits trust fund and employee organizations for dues and insurance premiums.”

Should you have any questions, please feel free to contact me at (808) 586-1700 or [thomas.williams@hawaii.gov](mailto:thomas.williams@hawaii.gov).

Thank you for allowing us this opportunity to comment on this legislation.