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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
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FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON JUDICIARY AND WAYS AND MEANS
ON
HOUSE BILL NO. 393, H.D. 1, S.D. 1

**April 3, 2019
10:00 a.m.
Room 211**

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND

House Bill (H.B.) No. 393, H.D. 1, S.D. 1, amends Chapter 87A, HRS, to add a section to set the fiduciary duties of trustees of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) in law, and to clarify what would constitute a prohibited transaction by a fiduciary.

The Department of Budget and Finance opposes this bill. The proposed paragraph 87A-##(b) which states that fiduciaries of the EUTF shall discharge their duties with respect to a plan solely in the interest of the employee-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 employee-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.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Thirtieth Legislature, State of Hawaii
The Senate
Committee on Judiciary
Committee on Ways and Means

Testimony by
Hawaii Government Employees Association

April 3, 2019

H.B. 393, H.D. 1, S.D. 1 – 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, H.D. 1, S.D. 1 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, H.D. 1, S.D. 1 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 S.B. 785 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, H.D. 1, S.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director

HB-393-SD-1

Submitted on: 4/2/2019 8:53:58 AM

Testimony for JDC on 4/3/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for O`ahu County Democrats Legislative Priorities Committee	Support	No

Comments:

The O`ahu County Democrats Legislative Priorities Committee supports this measure as it creates a fiduciary duty on EUTF trustees which will increase accountability of the EUTF trustees to the participants or beneficiaries and better protect their interests.

Mahalo nui loa,

Melodie Aduja, Chair, OCDLPC