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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 & PUBLIC EMPLOYMENT
ON SENATE BILL NO. 2866 S.D. 2

June 22, 2020
10:00 a.m.
Room 329

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.

The EUTF currently has a process to reinstate retirees who are cancelled because of non-payment. However, it is a long drawn out process that can be avoided. If a retiree fails to make payment, the EUTF mails them a Shortage Notice. The retiree has 30 days from the date of the Shortage Notice to make payment. If payment of

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.

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. 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 canceled for non-payment within the last 12 months.

Approximately 5% or 2,300 retirees currently pay all or a portion of their 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 are made (normally January which coincides with the new plan year).

The EUTF is requesting the following amendments to section (c): "Each employee-beneficiary who retires after June 30, 2020, and each surviving spouse or surviving child ~~of a retired employee-beneficiary~~ who enrolls in ~~the~~ a health plan offered by the fund as an employee-beneficiary after June 30, 2020, shall...". These changes are for clarification purposes only.

Thank you for the opportunity to testify.