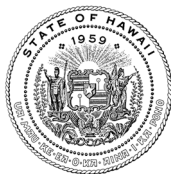


DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

ROBERT YU
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
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ADMINISTRATIVE AND RESEARCH OFFICE
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 SENATE COMMITTEE ON LABOR, CULTURE AND THE ARTS
ON
SENATE BILL NO. 3012

February 4, 2020
2:45 p.m.
Room 224

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND

The Department of Budget and Finance (B&F) strongly opposes Senate Bill (S.B.) No. 3012.

S.B. No. 3012 amends Section 87A-15, HRS, to require the board and each trustee of the Hawaii 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 Senate Committee on Labor, Culture and the Arts

February 4, 2020

2:45 pm, Room 224

RE: SB 3012, RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Attention: Chair Brian T. Taniguchi, Vice Chair Les Ihara, Jr. and
Members of the Committee

The University of Hawaii Professional Assembly (UHPA) **urges the Committee to support SB 3012, 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 **SB 3012**, Relating to the Hawaii Employer-Union Health Benefits Trust Fund.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'C. L. Fern'.

Christian L. Fern
Executive Director
University of Hawaii

**University of Hawaii
Professional Assembly**



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirtieth Legislature, State of Hawaii
The Senate
Committee on Labor, Culture and the Arts

Testimony by
Hawaii Government Employees Association

February 4, 2020

**S.B. 3012 – 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 S.B. 3012 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.

S.B. 3012 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 S.B. 3012.

Respectfully submitted,

Randy Perreira
Executive Director