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TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
ON
HOUSE BILL NO. 1943, H.D. 1

February 8, 2024
2:00 p.m.
Room 329 and Videoconference

RELATING TO HEALTH INSURANCE

The Department of Budget and Finance (B&F) opposes this bill.

House Bill No. 1943, H.D. 1, amends Section 87A-16, HRS, to require health benefits plans offered by the Hawai'i Employer-Union Health Benefits Trust Fund (EUTF) to meet or exceed the requirements of the Prepaid Health Care Act (PHCA).

B&F opposes the proposed amendment to EUTF plans' requirements because it would impinge on public employers' ability to negotiate with the collective bargaining (CB) units and could significantly impact the State's fringe benefits costs. While EUTF plans are already compliant with the benefits requirements of the PHCA, public employer contribution rates are negotiated and adopted as part of the approved CB agreements pursuant to Chapter 89, HRS. Currently, for Hawai'i Medical Service Association 75/25 plans offered by EUTF, public employer contributions equate to 90% of the plans' monthly premium costs. Additionally, the State's projected health premium payments fringe benefits cost for active employees is about \$371,000,000 for FY 24 and about \$416,000,000 for FY 25, with costs continuing to increase each year thereafter; so,

depending on employees' plan selections, the impact to the State's annual budget could range from tens of millions of dollars to hundreds of millions of dollars.

Furthermore, B&F would like to highlight that the main difference between public and private sector employee health benefits is that EUTF's participating public employers provide life-long retiree health benefits coverage for employees whose tenures with public employers have reached certain milestones as a job benefit whereas private sector employees do not have such a benefit after retirement.

Thank you for your consideration of our comments.



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

**HOUSE OF REPRESENTATIVES
THE THIRTY-SECOND LEGISLATURE
REGULAR SESSION OF 2024**

COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Rep. Mark M. Nakashima, Chair
Rep. Jackson D. Sayama, Vice Chair

Thursday, February 8, 2024, 2:00 PM
Conference Room 329 & Videoconference

Re: Testimony on HB1943, HD1 – RELATING TO HEALTH INSURANCE

Chair Nakashima, Vice Chair Sayama, and Members of the Committee:

The United Public Workers, AFSCME Local 646, AFL-CIO (“UPW”) is the exclusive bargaining representative for approximately 14,000 public employees, which includes blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties.

UPW supports HB1943, HD1, which requires the health benefits plan or plans established by the Employer-Union Health Benefits Trust Fund (“EUTF”) board to meet or exceed the requirements of the Prepaid Health Care Act.

Currently, public employees who select the HMSA 75/25 medical plan offered by the EUTF pay the same monthly employee contribution irrespective of pay. While we believe the employers should pay a greater percentage of the monthly benefit plan premium, this measure would ensure that lower-paid public employees would not have to pay more than 1.5% of their wages toward their benefit premiums.

Mahalo for the opportunity to testify in support of this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kalani Werner". The signature is fluid and cursive, written over a light blue horizontal line.

Kalani Werner
State Director

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HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Thirty-Second Legislature, State of Hawaii
The House of Representatives
Committee on Consumer Protection and Commerce

Testimony by
Hawaii Government Employees Association

February 8, 2024

H.B. 1943, H.D. 1 — RELATING TO HEALTH INSURANCE

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 1943, H.D. 1 which requires the health benefits plan or plans established by the Employer-Union Health Benefits Trust Fund board to meet or exceed the requirements of the Prepaid Health Care Act.

All employees deserve affordable health care options, but this is especially necessary for employees who need family coverage and who are in a lower salary range and/or fall into the ALICE category. Employees who participate in the EUTF often pay 40% of the total cost of their medical premiums regardless of how much they earn, which depending on the plan and type of enrollment, can be as high as \$1,500 per month for family coverage. Private sector employees are covered under the Prepaid Health Care Act, which caps employee contributions at 1.5%. Reducing health insurance cost for our government workforce should be paramount because this will help the State become more competitive (compared to the private sector) with recruiting and retaining employees. The cost of health insurance for our government workforce has become unaffordable for too many.

Thank you for the opportunity to provide testimony in strong support of H.B. 1943, H.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director