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DEPARTMENT OF BUDGET AND FINANCE
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TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON LABOR
ON
HOUSE BILL NO. 848

February 4, 2025
9:00 a.m.
Room 309 and Videoconference

RELATING TO EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
CONTRIBUTIONS

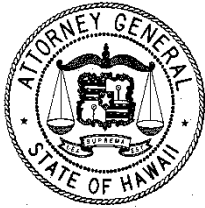
The Department of Budget and Finance opposes this bill.

House Bill (H.B.) No. 848: 1) amends Section 87A-32, HRS, to set an unspecified percentage of the total premiums of benefits plan established by the Employer-Union Health Benefits Trust Fund (EUTF); 2) set an unspecified percentage of the total premiums and administrative fees of any life insurance plan established by EUTF; and 3) amends Section 892 and 89-9, HRS, to repeal negotiation of employer EUTF contributions through collective bargaining.

Currently, EUTF offers a range of plans at various costs and the percentage contributed by the employer for medical plans varies from 45% to 90%. The employee can choose the plan that makes the most sense for them.

We believe continuing to determine EUTF employer contribution amounts by collective bargaining negotiations allows public employee representatives and the employer the flexibility to develop amounts that best meet the needs of both the employer and public employees.

Thank you for your consideration of our comments.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2025**

ON THE FOLLOWING MEASURE:

H.B. NO. 848, RELATING TO EMPLOYER-UNION HEALTH BENEFITS TRUST FUND CONTRIBUTIONS.

BEFORE THE:

HOUSE COMMITTEE ON LABOR

DATE: Tuesday, February 4, 2025

TIME: 9:00 a.m.

LOCATION: State Capitol, Room 309

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Michael A. Chambrella, Deputy Attorney General

Chair Sayama and Members of the Committee:

The Department of the Attorney General provides the following comments on this bill.

The purpose of this bill is to remove from collective bargaining the determination of the employer contribution to the Hawaii Employer-Union Health Benefits Trust Fund for health benefits or life insurance plan premiums and replace it with a fixed percentage of the actual cost of the premium, to be established by the legislature. This bill also amends portions of chapter 89, Hawaii Revised Statutes, as it relates to collective bargaining in order to facilitate the purpose of this bill.

If there are existing collective bargaining agreements (CBAs) in effect on the effective date of this bill, the bargained for contributions in those CBAs would most likely differ from the percentage established by the Legislature under this bill, creating a conflict. For this reason, we recommend amending section 7 on page 13, lines 1-6, to read (suggested changes in bold):

SECTION 7. "This Act shall take effect upon its approval; **provided that this Act shall not apply to any existing collective bargaining agreements in effect on the effective date of this Act; and** provided **further** that the amendments made to sections 89-9 and 89-11, Hawaii Revised Statutes, by sections 3 and 4 of this Act shall not be repealed when those sections are

repealed and reenacted on June 30, 2029, pursuant to Act 234 Session Laws of Hawaii 2024."

We respectfully ask the Committee to consider the recommended amendment.
Thank you for the opportunity to testify.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Thirty-Third Legislature, State of Hawaii
House of Representatives
Committee on Labor

Testimony by
Hawaii Government Employees Association

February 4, 2025

H.B. 848 — RELATING TO EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
CONTRIBUTIONS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO provides comments on H.B. 848, which sets the amount of the employer contribution to the Hawai'i employer-union health benefits trust fund as a fixed percentage of the health benefits plan or life insurance plan premium cost.

Our organization has been an outspoken and strong proponent of reforming the EUTF to be more cost effective for both the employees and the employers and have pursued a variety of options for the legislature's consideration. As currently written in Hawaii Revised Statutes, Chapter 89, this negotiable item lacks a dispute mechanism to address the employee and employer share of the contributions to the employer-union health benefits trust fund. Effectively making this negotiable item one sided and employer controlled. Although we can appreciate that this measure encourages further conversation and dialog about the high cost of medical premiums that employees must pay, we must address the elephant in this bill – which is what criteria will be considered in determining the employers share with respect to their contribution to the employer-union health benefits trust fund.

Thank you for the opportunity to provide comments on H.B. 848.

Respectfully submitted,

Randy Perreira
Executive Director



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

**HOUSE OF REPRESENTATIVES
THE THIRTY-THIRD LEGISLATURE
REGULAR SESSION OF 2025**

COMMITTEE ON LABOR
Rep. Jackson D. Sayama, Chair
Rep. Mike Lee, Vice Chair

Tuesday, February 4, 2025, 9:00 AM
Conference Room 309 & Videoconference

**Re: Testimony on HB848 – RELATING TO EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND CONTRIBUTIONS**

Chair Sayama, Vice Chair Lee, 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 opposes HB848, which sets the amount of the employer contribution to the Hawaii Employer-Union Health Benefits Trust Fund ("EUTF") as a fixed percentage of the health benefits plan or life insurance plan premium cost. This bill also makes conforming amendments to remove the amount of contributions by the State and counties to the EUTF from the scope of collective bargaining negotiations.

UPW opposes legislation that limits the ability of any public employee union to negotiate employer contributions toward health benefits plan and life insurance plan premiums. However, this bill merely codifies the employers' longstanding practice of negotiating no more than 60% of the total premium of what has historically been the prevailing medical plan. Should the employers choose to continue this practice--statutorily establishing a fixed percentage for employer contributions and revising Section 89-2, Hawaii Revised Statutes--removing the ability to negotiate State and county contributions from the scope of collective bargaining would simply represent maintaining the status quo.

Should this committee decide to pass this bill, we would ask that language be placed in the measure to clarify how the fixed percentage be determined.

Thank you for the opportunity to testify on this bill.

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The House Committee on Labor & Government Operations
February 4, 2025
Room 309
9:00 AM

RE: HB 848, Relating to Employer-Union Health Benefits Trust Fund Contributions

Attention: Chair Jackson Sayama, Vice Chair Mike Lee and members of the Committee

The University of Hawaii Professional Assembly (UHPA) appreciates the opportunity to submit testimony in **opposition to HB 848**, relating to the employer-union health benefits trust fund.

Chapter §89-1, Hawaii Revised Statutes (HRS), states that “joint decision-making is the modern way of administering government.” The legislature further declared in Chapter 89, HRS, that the best way to administer joint decision-making was for the employer and exclusive representative to mutually agree to the terms and conditions of employment, including matters of wages, hours, and other conditions of employment.

The right to collectively bargain the Employer’s contribution to the employees health fund was specifically codified into law as a condition of employment over forty years ago (Act 254, Session Laws of Hawaii (1984)). By setting a fixed percentage of the total premium for providing a health benefit plan, as well as a fixed percentage to the total premium for life insurance plan and any administrative fees into statute, the legislature takes away a mandatory bargaining subject, essentially taking collective bargaining back to a period prior to the adoption of Chapter 89.

While the Employer’s contribution amount has not changed in recent years, that has not always been the case. Due to various economic fluctuations over the years, such as the 2008 recession, contribution amounts have varied. Placing a fixed contribution amount into statute not only limits the right of state and county employees to collectively bargain, it ties the employer to a set percentage that will be more difficult to change and could be economically disadvantageous to the State, and creates the unintended consequence of forcing the exclusive representative to further push for additional bargaining rights to counter negative impact, likely forcing impasse.

University of Hawaii
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HB 848 is amending a right that should not be taken away from the exclusive representative to collectively bargain for its members. UHPA appreciates the opportunity to testify in **opposition** to this measure.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'CLF', followed by a horizontal line.

Christian L. Fern
Executive Director
University of Hawaii Professional Assembly

University of Hawaii
Professional Assembly

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