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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 SENATE COMMITTEE ON LABOR AND TECHNOLOGY
ON SENATE BILL NO. 1359

January 31, 2025
3:00 p.m.
Conference Room 224 & Videoconference

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
BASE COMPOSITE MONTHLY CONTRIBUTION

Chair Aquino, Vice Chair Lee, 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 administrative change will be beneficial to current and future retirees.

In accordance with Chapter 87A, Hawaii Revised Statutes (HRS), the State and counties' (Employers) contribution to retiree healthcare benefits (i.e. medical, prescription drug, dental and vision premiums) is based on a percentage of the Base Composite Monthly Contribution (BMC). The BMC was last updated on July 1, 2014, in HRS 87A-33, as separate dollar amounts for non-Medicare and Medicare retirees and by tier (i.e. self, two-party and family). The BMC changes each calendar year based on the change in Medicare Part B premiums which is a measure of national healthcare inflation.

The intent of this bill is to correct a timing issue. The 2025 BMC was based on the change in the Medicare Part B premiums from 2024 to 2025. The 2025 Medicare Part B premium was published by the Centers for Medicare and Medicaid Services in November

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.

2024. The EUTF conducts retiree open enrollment during the last two weeks of October. As a result, in some years such as 2025, retirees do not know the Employers' contribution to their retiree healthcare premiums during open enrollment. The EUTF is not able to move open enrollment back because of deadlines to report changes to the insurance carriers to be effective January 1st.

The proposed bill would create a lag so that retirees would have the BMC almost a year before open enrollment as follows:

BMC Year	BMC Available	Change
<u>Current</u>		
2025	November 2024	2024 to 2025 Medicare Part B premiums
2026	Oct/Nov 2025	2025 to 2026 Medicare Part B premiums
2027	Oct/Nov 2026	2026 to 2027 Medicare Part B premiums
<u>Proposed</u>		
2025 (no change)	November 2024	2024 to 2025 Medicare Part B premiums
2026	Passage of bill	5.2%*
2027	Oct/Nov 2025	2025 to 2026 Medicare Part B premiums

**5.2% represents the 5 and 10-year annualized growth in Medicare Part B premiums through 2024.*

Thank you for the opportunity to testify.

LATE

SB1359

Companion: HB1040

He Mele komo a he mele aloha no na kupuna o ke au i hala Aloha mai kakou.

Aloha,

My name is Cindy Freitas and I'm a Native Hawaiian descended of the native inhabitants of Hawai'i prior to 1778 and born and raised in Hawai'i.

I am also a practitioner who still practice the cultural traditional customary practices that was instill in me by my grandparents at a young age from mauka (MOUNTAIN TO SEA) to makai in many areas.

I'm in SUPPORT for SB1359

The changes to the EUTF contributions are designed to maintain the financial health of the fund by ensuring that employer contributions keep pace with rising healthcare costs, especially those related to Medicare. While the 5.2% increase in 2026 is a significant immediate hike, the longer-term adjustments tied to Medicare Part B premiums provide a more predictable, although gradually rising, cost structure for employers. These changes also introduce stability and sustainability to the benefits offered to employees, ensuring that the system can continue to function as healthcare costs increase over time.

These adjustments are intended to balance the need for financial stability with the reality of rising healthcare costs, particularly as they affect public sector benefits.

Mahalo,

_____/s/_____
Cindy Freitas