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TESTIMONY BY RODERICK K. BECKER  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
ON  
HOUSE BILL NO. 392

**February 5, 2019  
9:30 a.m.  
Room 309**

RELATING TO COLLECTIVE BARGAINING

House Bill No. 392 amends Chapter 89, HRS, to allow the negotiation of Hawaii Employer-Union Health Benefits Trust Fund (EUTF) benefits and to repeal the prohibition of using arbitration to resolve impasses or disputes relating to EUTF contributions/benefits, allowing arbitration panels to decide on EUTF matters. The bill also removes the prohibition of striking over the issue of employer EUTF contributions.

The Department of Budget and Finance strongly opposes this bill for the following reasons.

First, allowing each bargaining unit to negotiate its own benefits could essentially create 14 different pools of employees, reducing the economies of scale in negotiations with carriers and increasing administrative complexity for EUTF. Each negotiating team would need to be advised or trained in health benefit matters, including compliance with federal requirements.

Second, allowing arbitration panels to decide matters relating to EUTF is fraught with uncertainty. Arbitration panels are tasked to consider the employer's ability to pay and overall economic conditions. Panels often fail to grasp the complexities of the State

budget and under the provisions of this measure, they would also need to become experts in health benefit plan design. While difficult fiscal conditions can make it challenging to reach resolutions in collective bargaining negotiations, altering the current process by allowing binding arbitration would take this critical decision out of the hands of elected leaders and put it in the hands of unelected and unaccountable arbitrators. While the Legislature would still have the authority to reject an arbitration award, it appears all cost items would be rejected, not just EUTF contributions. The end result of this bill could result in giving the Legislature a choice of fully conceding control of this significant portion of the budget to arbitration panels or risk unending collective bargaining negotiations.

Thank you for your consideration of our comments.

DAVID Y. IGE  
GOVERNOR

**LATE**



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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 COMMITTEES ON LABOR & PUBLIC EMPLOYMENT  
ON HOUSE BILL NO. 392**

**February 5, 2019  
9:30 a.m.  
Room 309**

**RELATING TO COLLECTIVE BARGAINING**

Chair Johanson, Vice Chair Eli, and Members of the Committee:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees has not been able to take a position on this bill. Their next meeting is scheduled for February 19, 2019. EUTF staff would like to provide comments.

This bill will subject benefits under and employer contributions to EUTF health plans to collective bargaining and arbitration. Currently, such items are not subject to arbitration and EUTF health plan benefit designs are not subject to collective bargaining but are the responsibility of the EUTF Board of Trustees. This bill in regards to EUTF health benefits seems to conflict with the current provisions under Chapter 87A, Hawaii Revised Statutes.

Thank you for the opportunity to testify.

**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.



**LATE**

The House Committee on Labor and Public Employment  
Tuesday, February 5, 2019  
9:30 am, Room 309

**RE: HB 392, RELATING TO COLLECTIVE BARGAINING**

Attention: Chair Aaron Ling Johanson, Vice Chair Stacelynn Eli and  
Members of the Committee

The University of Hawaii Professional Assembly appreciates the opportunity to provide **comments regarding HB 392.**

This measure seeks to expand the scope of collective bargaining under Chapter 89 to include benefits and allow collective bargaining impasse to be resolved through binding arbitration. This measure does not address those bargaining units that have the right to strike, such as Bargaining Unit 7.

UHPA is not opposed to expanding the scope of negotiations to include benefits. To the contrary, UHPA would embrace the opportunity to expand its ability to negotiate on behalf of its members, and find solutions that would meet our specific member's needs.

This measure does not address the roles and responsibilities of the Board of Trustees of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF). Passage of this measure would cause potential jurisdictional issues. Some questions that arise are:

- Who is responsible for health care benefits for public employees?
- What role do the EUTF and the Board of Trustees play?
- Would each bargaining unit have their own health plan?

UHPA appreciates the opportunity to provide **comments on HB 392.**

Respectfully Submitted,

Kristeen Hanselman  
Executive Director

**University of Hawaii  
Professional Assembly**



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

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**LATE**

The Thirtieth Legislature, State of Hawaii  
House of Representatives  
Committee on Labor and Public Employment

Testimony by  
Hawaii Government Employees Association

February 5, 2019

H.B. 392 – RELATING TO COLLECTIVE BARGAINING

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 392 which allows the scope of negotiations to include health benefits and allows Employers and Exclusive Representatives to resolve disputes over the health benefits and the amounts of contributions each party pays through binding arbitration.

This measure is part of a larger effort to reform the Employer-Union Health Benefits Trust Fund (EUTF) to make health care more affordable and flexible for employees. Health care benefits are an integral part of every employee's total compensation package and therefore we firmly believe that both the plan design and the cost-share of the health benefits should be negotiated between Employers and Exclusive Representatives.

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. 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 \$1,300 per month for family coverage. This is simply unaffordable for too many. By negotiating both premiums and benefits like the private sector, Exclusive Representatives can identify benefit features that can be reduced or restructured without eliminating key coverage areas. Another objective of negotiating benefits is to promote preventive care while discouraging care that is not needed. Through negotiations, there will be greater incentives to implement wellness programs, which can help control plan costs over the long-term.\*

Thank you for the opportunity to testify in strong support of H.B. 392.

Respectfully submitted,

Randy Perreira  
Executive Director