

Honolulu, Hawaii

MAR 24 2011

RE: H.B. No. 1041
H.D. 2
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred H.B. No. 1041, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND,"

begs leave to report as follows:

The purpose and intent of this measure is to eliminate Medicare Part B reimbursements for employee-beneficiaries or the spouses of employee-beneficiaries who are hired after June 30, 2011.

Your Committee received testimony in support of this measure from the Hawaii Government Employees Association Retirees Unit, AFSCME Local 152, AFL-CIO; Imua Alliance; and six individuals. Your Committee received testimony in opposition to this measure from the Hawaii State Teachers Association and four individuals. Your Committee received comments on this measure from the Department of Budget and Finance, City and County of Honolulu Department of Budget and Fiscal Services, University of Hawaii Professional Assembly, and one individual.

Your Committee finds that over 22,000 retirees and over 7,400 spouses receive Medicare Part B reimbursement through the State. Your Committee further finds that Medicare Part B reimbursements are projected to cost the state General Fund \$41,700,000 during fiscal year 2012 and \$46,800,000 during fiscal year 2013. Your Committee notes that this measure proposes to prospectively



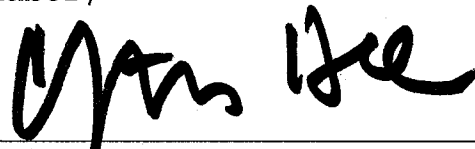
eliminate Medicare Part B reimbursements paid to state and county employees, but it will not affect retirees or current employees who are vested in the Hawaii Employer-Union Health Benefits Trust Fund. This measure is an effective way to reduce the rising cost of retiree health benefits paid by state and county employers.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to allow for further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1041, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1041, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,



CLAYTON HEE, Chair



