

HB 1069

RELATING TO STAFF OF THE HAWAII
EMPLOYER-UNION HEALTH BENEFITS
TRUST FUND.

LAB, FIN

HB1069



Submit Testimony

Measure Title: RELATING TO STAFF OF THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND.

Report Title: Hawaii Employer-Union Health Benefits Trust Fund (EUTF); Public Employment (\$)

Description: Converts most EUTF staff from exempt to civil service employees.

Companion: [SB935](#)

Package: Governor

Current Referral: LAB, FIN

Introducer(s): SOUKI (Introduced by request of another party)

Sort by Date		Status Text
1/23/2017	H	Pending introduction.
1/25/2017	H	Pass First Reading
1/27/2017	H	Referred to LAB, FIN, referral sheet 5
2/6/2017	H	Bill scheduled to be heard by LAB on Thursday, 02-09-17 11:00AM in House conference room 309.

S = Senate | **H** = House | **D** = Data Systems | **\$** = Appropriation measure | **ConAm** = Constitutional Amendment
Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

A BILL FOR AN ACT

RELATING TO STAFF OF THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the Hawaii employer-
2 union health benefits trust fund (EUTF) would operationally
3 benefit from employing certain EUTF staff through a civil
4 service system. The purpose of this Act is to permit the EUTF
5 to employ certain EUTF staff through a civil service system.

6 SECTION 2. Section 87A-24, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "§87A-24 Other powers. In addition to the power to
9 administer the fund, the board may:

- 10 (1) Collect, receive, deposit, and withdraw money on
11 behalf of the fund;
- 12 (2) Invest moneys in the same manner specified in section
13 88-119;
- 14 (3) Hold, purchase, sell, assign, transfer, or dispose of
15 any securities or other investments of the fund, as
16 well as the proceeds of those investments and any
17 money belonging to the fund;

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- 1 (4) Appoint, and at pleasure dismiss, an administrator and
2 other fund staff. The administrator [~~and staff~~] shall
3 be exempt from chapter 76 and other fund staff may be
4 exempt from chapter 76. The administrator and staff
5 shall serve under and at the pleasure of the board[+].
6 Positions under this section that are created after
7 July 1, 2014, shall be exempt from section 76-
8 16(b) (17) (A);
- 9 (5) Make payments of periodic charges and pay for
10 reasonable expenses incurred in carrying out the
11 purposes of the fund;
- 12 (6) Contract for the performance of financial audits of
13 the fund and claims audits of its insurance carriers;
- 14 (7) Retain auditors, actuaries, investment firms and
15 managers, benefit plan consultants, or other
16 professional advisors to carry out the purposes of
17 this chapter, including the retaining of an actuary to
18 determine the annual required public employer
19 contribution for the separate trust fund established
20 under section 87A-42;
- 21 (8) Establish health benefits plan and long-term care
22 benefits plan rates that include administrative and

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1 other expenses necessary to effectuate the purposes of
2 the fund; and

3 (9) Require any department, agency, or employee of the
4 State or counties to furnish information to the board
5 to carry out the purposes of this chapter."

6 SECTION 3. There is appropriated out of the fund the sum
7 of \$86,837 or so much thereof as may be necessary for fiscal
8 year 2018-2019, and the sum of \$104,616 or so much thereof as
9 may be necessary for fiscal year 2019-2020, for the EUTF to
10 employ certain EUTF staff through a civil service system. The
11 sums appropriated shall be expended by the EUTF for purposes of
12 this Act.

13 SECTION 4. The EUTF shall submit a report of its findings
14 and recommendations, including any proposed legislation,
15 regarding changes to its personnel and operations as a result of
16 this Act, to the legislature no less than twenty days prior to
17 the convening of the regular sessions of [~~2017 and~~] 2018 and
18 2019.

19 SECTION 5. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

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1 SECTION 6. This Act shall take effect upon its approval.

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INTRODUCED BY:

A handwritten signature in black ink, appearing to read "Jim Smith", is written over a horizontal line.

4

BY REQUEST

5

JAN 23 2017

H.B. NO. 1069

Report Title:

Hawaii Employer-Union Health Benefits Trust Fund (EUTF); Public Employment

Description:

Converts most EUTF staff from exempt to civil service employees.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO STAFF OF THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND.

PURPOSE: To provide the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) board of trustees the ability to convert exempt positions to civil service positions and to create new positions that are civil service positions, and to appropriate funds necessary to accomplish these tasks.

MEANS: Amend section 87A-24, Hawaii Revised Statutes (HRS).

JUSTIFICATION: Currently, 49 out of the 57 EUTF positions are exempt from civil service. Additionally, any new positions must be exempt in accordance with section 87A-24, HRS. The EUTF would operationally benefit from employing certain EUTF staff through a civil service system.

Impact on the public: None.

Impact on the department and other agencies: None.

GENERAL FUND: None.

OTHER FUNDS: \$86,837 in fiscal year 2018-2019 and \$104,616 in fiscal year 2019-2020, all to be appropriated from the EUTF fund.

PPBS PROGRAM DESIGNATION: None.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.



DAVID Y. IGE
GOVERNOR

STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

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BOARD OF TRUSTEES
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AUDREY HIDANO *VICE-CHAIRPERSON*
GORDON MURAKAMI, *SECRETARY-TREASURER*
LINDA CURRIVAN MUSTO
CELESTE Y.K. NIP
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CLIFFORD UWAIINE

ADMINISTRATOR
DEREK M. MIZUNO

ASSISTANT ADMINISTRATOR
DONNA A. TONAKI

TESTIMONY BY DEREK MIZUNO
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
ON HOUSE BILL NO. 1069

February 9, 2017
11:00 a.m.
Room 309

RELATING TO STAFF OF THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

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

The EUTF Board of Trustees strongly supports this Administration bill. Currently, 49 out of the 57 EUTF authorized positions are exempt from civil service. Additionally, any new positions must be exempt in accordance with section 87A-24, Hawaii Revised Statutes. In certain respects, the exempt status has been detrimental to both the EUTF staff and operations. EUTF staff currently do not receive step movements that their civil service counterparts receive as well as other benefits under the civil service system. EUTF operations have been hindered through high turnover as some employees have left EUTF citing the exempt status as one of the reasons. EUTF believes that this change will improve operations by helping EUTF retain employees.

We are also requesting additional funds of \$86,837 in fiscal year 2017-2018 and \$104,616 in fiscal year 2018-2019. We request that Section 3 of the bill be amended to

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.

correct the fiscal years to be fiscal years 2017-2018 and 2018-2019, instead of 2018-2019 and 2019-2020.

EUTF will work with the Department of Budget and Finance Personnel Office and the employee-organization representing the staff to ensure that the staff are not negatively impacted by the change and will report back to the Legislature no less than 20 days prior to the convening of the regular sessions of 2018 and 2019.

Thank you for the opportunity to testify.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Twenty-Ninth Legislature, State of Hawaii
House of Representatives
Committee on Labor and Public Employment

Testimony by
Hawaii Government Employees Association

February 9, 2017

H.B. 1069 - RELATING TO STAFF OF THE
HAWAII EMPLOYER-UNION HEALTH
BENEFITS TRUST FUND

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 1069 which converts most staff of the Employer-Union Health Benefits Trust Fund from exempt status to civil service employment.

We have long supported the conversion of exempt positions and have consistently questioned the Employer's attempts to circumvent the civil service system. Exempt employees do not have the same rights and benefits of civil service employees and that is inherently unfair. Therefore, we are pleased to support this measure which proactively converts most of the EUTF staff from exempt to civil service status.

Thank you for the opportunity to testify in strong support of the passage of H.B. 1069.

Respectfully submitted,

Randy Perreira
Executive Director

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Late testimony