



**TESTIMONY OF MARION M. HIGA, STATE AUDITOR,  
ON HOUSE BILL NO. 1287, PROPOSED HD2,  
RELATING TO PUBLIC EMPLOYMENT**

**House Committee on Finance**

**February 23, 2010**

Chair Oshiro and Members of the Committee:

Thank you for this opportunity to testify in support of Sections 1 and 2 of House Bill No. 1287, proposed House Draft 2. This bill extends the sunset date of the voluntary employees' beneficiary association (VEBA) trust pilot program from July 1, 2010 to December 31, 2010 to provide a smoother transition for public school teachers and their dependents in transferring to the Hawai'i Employer-Union Health Benefits Trust Fund (EUTF). We do not take a position on Sections 3 and 4 of the bill, which appropriate funds for more EUTF staff.

The intent of the proposed draft conforms with our recommendation to sunset the VEBA trust pilot program as explained in our letter submitted to the Legislature pursuant to Act 5, Special Session Laws of Hawai'i 2008. A copy of that letter is attached to this testimony. We could not perform the cost-benefit analysis as specifically requested by Act 5 because the EUTF does not segregate teacher retirees from other retirees. In addition, key utilization reports for plan year 2006 are missing from the Hawai'i State Teachers' Association (HSTA) VEBA Trust's First Annual Report. These reports are necessary to generate an impact analysis of insurance rates to determine the differences in EUTF's annual costs with and without teacher members/retirees and their beneficiaries.

Nevertheless, through meetings and interviews with staff and officials from the Department of Budget and Finance and EUTF, as well as HSTA VEBA Trust's administrator and benefits consultant, we gathered sufficient information and data and reviewed the financial statements and annual reports to conduct analyses of premium and administrative costs, and to assess the transparency and accountability. We arrived at the following conclusions.

First, the HSTA VEBA trust pilot program promotes adverse selection and increases premium costs for EUTF enrollees. The EUTF participants, not VEBA participants, are experiencing the negative effects of adverse selection in higher cost for older teacher retirees who remain with the EUTF and higher premium rates. Based on January 2007 EUTF enrollment data, Garner Consulting estimated that the EUTF budget for the HMSA preferred provider plan would have been lowered by 4.3 percent to amount to an overall premium reduction of \$8.6 million if all HSTA members were included in the EUTF. While we recognize that the VEBA Trust refunded to the State experience refunds totaling \$5,258,543 from its First Annual Report for a 16-month period (3/06 to 6/07) as realized from the actives' primary health plans and life insurance, we question whether the State could have saved even more if these active employees had remained with the EUTF. We note a significant drop in experience refunds of \$1,386,463 reported in the HSTA VEBA Trust's Second Annual Report which was released subsequent to our review.

Second, the HSTA VEBA trust pilot program duplicates administrative costs borne by the State employer. Administrative fees are being paid for the State to operate two separate administrative offices – one for the EUTF and another for the HTSA VEBA trust, regardless of identical administrative fee rates. This is unnecessary, costly, and duplicative. From March 1, 2006 to June 30, 2009, over \$2.4 million in administrative fees was paid by the State to the HSTA VEBA trust. However, unlike the EUTF, the VEBA trust incurred nearly \$1 million more in administrative expenses than what it received from the State.

Lastly, the HSTA VEBA trust pilot program cannot ensure transparency and accountability in providing health benefits for teachers and teacher retirees. Unlike the EUTF, which is a state agency, the VEBA trust is not required to follow laws that ensure transparency and accountability, such as public meetings; accessible government records; and legislative,



administrative rulemaking, and state budgeting processes that monitor budgeting and administrative expenses. For example, the administrators of the HSTA VEBA trust filed for bankruptcy in March 2009; however, a bankruptcy or similar event could not happen to the EUTF. The VEBA trust's compliance with federal and state financial reporting requirements does not equate to transparency and accountability.

Overall, the HSTA VEBA trust carves into the EUTF health plan and negatively impacts the EUTF and the state employer. House Bill No. 1287, proposed H.D. 2, implements our recommendation to sunset the VEBA trust pilot program.

I would be pleased to answer any questions you may have.

STATE OF HAWAII  
**OFFICE OF THE AUDITOR**  
465 S. King Street, Room 500  
Honolulu, Hawai'i 96813-2917



MARION M. HIGA  
State Auditor

(808) 587-0800  
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December 2, 2009

The Honorable Colleen Hanabusa  
President of the Senate  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

Dear Madam President:

Re: Act 5, Special Session Laws of Hawai'i 2008

This letter responds to Act 5, Special Session Laws of Hawai'i (SSLH) 2008, which requests the Auditor to determine the effects of the Hawai'i State Teacher's Association (HSTA) voluntary employees' beneficiary association (VEBA) trust pilot program on the Hawai'i Employer-Union Health Benefits Trust Fund (EUTF).

**Summary of Findings and Recommendations**

After completion of our preliminary research and extensive discussion with representatives from the EUTF, HSTA, and the Department of Budget and Finance, we have determined that the analysis requested in Act 5 cannot be performed for the following reasons:

- We are unable to analyze the benefit costs for the teacher retirees and their beneficiaries who remained EUTF participants because the EUTF cannot segregate this data accurately. Unlike active teachers, teacher retirees enrolled in the EUTF are not sorted or identified as teachers. Because of this, the information about healthcare benefits and costs for retirees is reported in the aggregate in EUTF's Financial Statements and Report of Independent Certified Public Accountants.
- We confirmed with the department and the HSTA that the HSTA VEBA trust financial and utilization reports are not available. Without these reports, we cannot perform an impact analysis of insurance rates to determine the difference in EUTF's annual costs with and without teacher members/retirees and their beneficiaries.

In the alternative and using information and data that are available, we conducted analyses of premium costs and administrative costs and assessed the transparency and accountability of the VEBA trust. We found that the VEBA trust pilot program: 1) promotes adverse selection and increases premium costs for EUTF enrollees; 2) duplicates administrative costs borne by the State employer; and 3) cannot ensure transparency and accountability in providing health benefits for teachers and teacher retirees. Overall, the HSTA VEBA trust breaks up the EUTF health plan and negatively impacts the EUTF.

Moreover, we assert the HSTA, not the Legislature or the Auditor, must prove the VEBA trust results in actual savings to the State. In light of administrative costs totaling over \$2.4 million paid to the HSTA VEBA trust instead of the EUTF, we recommend that the VEBA trust pilot program established by Act 245, SLH 2005, as amended, be allowed to sunset on July 1, 2010, pursuant to Act 5, SSLH 2008.

The following is a brief summary of information supporting our findings and recommendations.

**Background and Analysis of the Effects of the HSTA VEBA Trust on the EUTF**

**Hawai'i Employer-Union Health Benefits Trust Fund**

In our Report No. 99-20, *Actuarial Study and Operational Audit of the Hawaii Public Employees Health Fund*, we found the benefits of consolidating the public employee health fund and the union plans included eliminating the negative effects of *adverse selection*<sup>1</sup>, increasing the overall negotiating leverage with health plans and creating economies of scale, and centralizing the administrative functions and costs into a single health fund program. Based on our report, the 2001 Legislature established a single health trust fund—the Hawai'i Employer-Union Health Benefits Trust Fund—which combined the public employee health fund program and all the union health plans into one health benefit program. Effective July 1, 2003, the EUTF replaced the Hawaii Public Employees Health Fund (PEHF).

Table 1 shows the number of active public employees and retirees enrolled in the EUTF.

**Table 1. EUTF Enrollment for Fiscal Years 2007 and 2008**

Enrollment:	FY 2007	FY 2008
Active employees	53,100	55,100
Retirees	36,900	37,600

Source: Office of the Auditor

**Voluntary Employees' Beneficiary Association Trust**

In 1985, the HSTA established a VEBA trust to provide health benefits for its members. With the implementation of the EUTF in 2003, however, the union-sponsored VEBA trust was discontinued and HSTA members were included in the EUTF. In FY2006, when the EUTF included teachers, the EUTF board of trustees reportedly achieved major cost savings for medical and prescription drug plans through negotiations with the Hawai'i Medical Services Association that resulted in a total savings for retirees estimated at more than \$5.2 million, and for active employees and employers estimated at about \$20.5 million.

<sup>1</sup> *Adverse selection* occurred as younger active employees with smaller families attracted by lower contributions for insurance premiums opted to enroll in the union health plans at the expense of inadvertently increasing the employers' costs and the employees' share for insurance premiums under the public employee health fund.

In 2005 the Legislature allowed via Act 245 (SLH 2005) the temporary establishment of a union sponsored VEBA trust to provide health benefits for its members separate from the EUTF. The three-year VEBA trust pilot was intended as a cost containment measure to allow time for a thorough cost and benefits analysis to be evaluated against the EUTF "to determine what actual savings could be realized by the State."

Subsequently, the HSTA VEBA trust was formed and on March 1, 2006, all active HSTA employees were transferred from the EUTF to the trust. According to EUTF's financial statement reports, approximately 1,400 teacher retirees exercised a one-time option to transfer over to the HSTA VEBA trust and nearly 5,500 teacher retirees elected to remain with the EUTF. Currently, teachers retiring on or after March 1, 2006 are enrolled in the HSTA VEBA trust as retirees and do not have an option to enroll with the EUTF.

The HSTA VEBA trust administrative fees are paid by the State as the employer based on the same administrative rate structure implemented by the EUTF. Since March 1, 2006, the Department of Budget and Finance has paid the HSTA VEBA trust a total of \$2.4 million in administrative fees billed to the State.

Table 2 shows the number of active teachers and retirees enrolled in the HSTA VEBA trust.

**Table 2. HSTA VEBA Trust Enrollment for Fiscal Years 2007 and 2008**

Enrollment:	FY 2007	FY 2008
Active teachers	N/A	13,132
Teacher retirees	N/A	1,682

Source: Office of the Auditor

#### **The Analysis Requested by Act 5 (SSLH 2008) Cannot Be Performed**

Based on our preliminary research and discussions with representatives from the EUTF, HSTA, and the Department of Budget and Finance, the analysis requested by Act 5 (SSLH 2008) cannot be performed because: 1) the EUTF does not segregate teacher retirees from other retirees; and 2) the HSTA VEBA trust utilization rates necessary to generate an impact analysis are not available.

First, we are unable to analyze costs and benefits that cover the EUTF teacher retirees and their beneficiaries because EUTF does not segregate this data. Although the EUTF's Financial Statements and Report of Independent Certified Public Accountants for the years ended June 30, 2007 and 2008 conducted by Grant Thornton, LLC, and actuarial certifications as of July 1, 2006 and July 1, 2007 are available, the audit was conducted of the entire EUTF. Accordingly, information about healthcare benefits and costs for retirees is reported in the aggregate. Teacher retirees cannot be segregated from other retirees in the EUTF because they are not sorted or identified as teachers.

The EUTF cautioned that although it can identify retired teacher members by bargaining unit ID codes, the numbers may not be accurate due to discrepancies stemming from the transfer of enrollee data from the PEHF to the EUTF and the non-reporting of bargaining unit codes for deferred retirees.<sup>2</sup> There are some retirees participating in the EUTF who should be, but are not, designated as teachers.

Second, we confirmed with the department and the HSTA that not all the HSTA VEBA trust financial and utilization reports are available. Without these reports, we cannot perform an impact analysis of insurance rates to determine the difference in EUTF's annual costs with and without teacher members/retirees and their beneficiaries.

Thus, absent information in the EUTF financial audits and actuarial study that specifically covers the approximately 5,500 teacher retirees who are EUTF participants, or in the alternative, the HSTA VEBA trust financial and utilization reports, the analysis requested by Act 5 (SSLH 2008) cannot be performed.

#### **The VEBA Trust Negatively Impacts the EUTF and Should Be Allowed to Sunset**

In lieu of the analysis requested in Act 5 (SSLH 2008), we provide the following information and analysis on the negative effects of the VEBA trust pilot program on the EUTF. We conclude that the VEBA trust pilot program: 1) promotes adverse selection and increases premium costs for EUTF enrollees; 2) duplicates administrative costs borne by the State employer; and 3) cannot ensure transparency and accountability in providing health benefits for teachers and teacher retirees. Overall, because the HSTA VEBA trust breaks up the EUTF health plan and negatively impacts the EUTF, Act 245 (SLH 2005), as amended, should be allowed to sunset.

#### **The VEBA Trust Promotes Adverse Selection and Increases Premium Costs for EUTF Enrollees**

In 2005, the Department of Budget and Finance voiced strong opposition to a VEBA trust pilot program, stating it would reinstate the adverse selection spiral and associated higher premium costs for both active employees and retirees remaining in the EUTF. The department explained that the costs of retirees would increase if older retirees remain with the EUTF and younger retirees become part of the HSTA VEBA because older retirees are more costly. This scenario applies to the reported 5,500 teacher retirees who elected to remain in the EUTF health plans.

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<sup>2</sup> A deferred retiree is a vested former public employee who enrolls with the EUTF to receive health benefits upon retirement after a break in service with the State or county. The bargaining unit codes for deferred retirees are not available as codes are not required to be reported upon enrollment with the EUTF. Furthermore, it is not known how many HSTA retirees are within the group of deferred retirees.

Based on the EUTF enrollment data as of January 2007, Garner Consulting determined that the EUTF budget for the HMSA PPO plan would have been lower by 4.3 percent if HSTA members were included in the EUTF. This amounts to an overall premium reduction of \$8.6 million. Thus, if the VEBA trust pilot program is allowed to sunset and VEBA enrollees return to the EUTF, the negative effects of adverse selection experienced by EUTF participants would be eliminated, resulting in lower premium costs for all EUTF enrollees.

**The VEBA Trust Duplicates Administrative Costs Borne by the State Employer**

In 2005, the Department of Budget and Finance raised concerns that a VEBA trust pilot program duplicates the administrative costs needed to support the administrative expenses and services of the EUTF. All administrative fees for the EUTF plan are paid by the state and county employers and added to the employers' premium contributions for every active and retiree enrollee per plan per month as negotiated under collective bargaining agreements. Any fees not needed by the EUTF for administrative costs are deposited in its reserve fund to offset or pay future benefit claims or used for other purposes. The EUTF has never sought supplemental appropriations for administrative costs from the Legislature.

All administrative fees for the HSTA VEBA trust plan are paid by the State and added to the employer's premium contributions. According to the department, from March 1, 2006 to June 30, 2009, over \$2.4 million in administrative fees was paid by the State to the HSTA VEBA trust. In contrast with the EUTF, the HSTA VEBA trust has incurred administrative expenses in excess of the administrative fees paid by the State—an excess of nearly \$1 million in its total of \$3.4 million incurred in administrative expenses. The majority of the HSTA VEBA trust's administrative expenses were comprised of the costs of its third party administrator, consultant, and attorneys, as well as other expenses such as bank fees, office supplies, postage and printing. The HSTA VEBA trust also reportedly owes unpaid taxes.

In effect, administrative fees are being paid by the State to operate two separate administrative offices—one for EUTF and another for the HSTA VEBA trust. We find this is unnecessary, costly, and duplicative.

**The VEBA Trust Cannot Ensure Transparency and Accountability in Providing Health Benefits for Teachers and Teacher Retirees**

The EUTF is a state agency administratively attached to the Department of Budget and Finance. It ensures transparency and accountability through public meetings; accessible government records; and legislative, administrative rulemaking, and state budgeting processes that monitor budgeting and administrative expenses. Unlike the EUTF, the VEBA trust's governing board is not a state agency and hence not subject to state requirements and processes. Lacking the transparency and accountability of a state agency, the VEBA trust pilot program and the State's

The Honorable Colleen Hanabusa  
December 2, 2009  
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monthly contributions for health premium shares and administrative costs are vulnerable to abuse and waste.

Coincidentally, in 2005, the Department of the Attorney General raised concerns regarding the lack of access to information, transparency, and accountability in the operations of the VEBA trust. Although the Attorney General is charged with enforcement of violations of the VEBA trust, the Attorney General will not know of violations because it does not monitor the activities of the VEBA trust. For example, the Attorney General was not aware that the former administrators of the HSTA VEBA trust filed for bankruptcy until news reports appeared in March 2009. A bankruptcy or similar event could not happen to the EUTF. Thus, unlike the EUTF, the VEBA trust pilot program does not ensure transparency and accountability.

#### **Conclusion and Recommendations**

Lack of necessary data precluded us from performing the requested analyses. However, in the alternative and utilizing data that is available, we found that the VEBA trust pilot program: 1) promotes adverse selection and increases premium costs for EUTF enrollees; 2) duplicates administrative costs borne by the State employer; and 3) cannot ensure transparency and accountability in providing health benefits for teachers and teacher retirees. Further, we stand on our findings in Report No. 99-20 supporting a consolidated public employee health fund.

These findings are compelling. In light of administrative costs totaling over \$2.4 million paid to the HSTA VEBA trust instead of the EUTF, we assert that the HSTA has not proven that implementation of its VEBA would result in actual savings to the State. Accordingly, we recommend that the VEBA trust pilot program established by Act 245 (SLH 2005), as amended, be allowed to sunset on July 1, 2010, pursuant to Act 5 (SSLH 2008).

Please do not hesitate to contact me should you have any questions.

Sincerely,



Marion M. Higa  
State Auditor

c: Carol Taniguchi, Senate Clerk



TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 1287, PROPOSED H.D. 2

February 23, 2010

RELATING TO PUBLIC EMPLOYMENT

House Bill No. 1287, Proposed H.D. 2, extends the enabling law for the Voluntary Employees' Beneficiary Association Trust from July 1, 2010 to December 31, 2010 to allow for an orderly transition to the Hawaii Employer-Union Health Benefits Trust Fund (EUTF). The bill also appropriates unspecified trust funds for five temporary positions to assist with the transition and five permanent positions to perform other duties to facilitate EUTF operations.

The Department of Budget and Finance strongly supports this bill. House Bill No. 1287 will provide adequate time for Voluntary Employees' Beneficiary Association participants to transition to the Hawaii Employer-Union Health Benefits Trust Fund benefit plans and the necessary funding and staffing for EUTF to be able to service the increased membership.

The department has long held that a single health benefit delivery system provides State and county government employers, employee-beneficiaries and ultimately the taxpayer with the most cost effective and long-term sustainable alternative for providing public employees and retirees health benefits. This is especially crucial given current financial conditions.

In addition, the Legislative Auditor, in her summary of findings and recommendations to the Legislature dated December 2, 2009, in regards to the requested analysis to determine the effects of the Hawaii State Teachers Association's Voluntary Employees' Beneficiary Association Trust pilot program on the Hawaii Employer-Union Health Benefits, stated that the Voluntary Employees' Beneficiary Association Trust pilot program: 1) promotes adverse selection and increases premium costs for the Hawaii Employer-Union Health Benefits Trust Fund enrollees; 2) duplicates administrative costs borne by the State employer (totaling over \$2.4 million paid to the Hawaii State Teachers Association's Voluntary Employees Beneficiary Association Trust instead of the Hawaii Employer-Union Health Benefits Trust Fund); and 3) cannot ensure transparency and accountability in providing health benefits for teachers and teacher retirees.

We ask that the appropriation include funds for operating expenses and equipment for the five temporary and five permanent positions being authorized in this bill. The amount for the operating expenses and equipment will be forthcoming.

It should also be noted that contribution amounts for the Hawaii State Teachers Association for FY 11 still need to be negotiated.



**AMENDED TESTIMONY**

1200 Ala Kapuna Street • Honolulu, Hawaii 96819  
Tel: (808) 833-2711 • Fax: (808) 839-7106 • Web: www.hsta.org

**Wil Okabe**  
President

**Karolyn Mossman**  
Vice President

**Joan Kamila Lewis**  
Secretary-Treasurer

**Jim Williams**  
Interim Executive Director

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON  
FINANCE**

RE: HB 1287, Proposed HD2 – RELATING TO PUBLIC EMPLOYMENT

February 23, 2010

**WIL OKABE, PRESIDENT**  
**HAWAII STATE TEACHERS ASSOCIATION**

Chair Oshiro and Members of the Committee:

The Hawaii State Teachers Association supports HB 1287, Proposed HD2, but strongly suggests the bill be amended to provide for a two year extension of the HSTA VEBA.

The HSTA VEBA Trust has provided medical benefits for Bargaining Unit 5 employees (teachers) and retired teachers since March 1, 2006 under a pilot program that is scheduled to expire on July 1, 2010. As noted in our first and second annual reports submitted to the legislature, the combined savings to the employer and the State of Hawaii has amounted to \$6,645,006 for the 40-month period beginning March 1, 2006 through June 30, 2009. This is based on lower employer contributions and experience refunds to the State of Hawaii. As of June 30, 2009, the Trust had 13,081 active employees participating in one or more benefit plans and 1,995 retirees participating in one or more benefit plans.

HSTA has reviewed State Auditor Marion Higa's report dated December 2, 2009 and does not concur with her conclusions. HSTA has responded with a letter to Senate President Hanabusa and House Speaker Say with a copy to the State Auditor Marion Higa, which is attached as part of our testimony and is self-explanatory.

In addition, a six-month extension creates a problem for collectively bargained rates since there is a difference between the HSTA VEBA Trust and EUTF premium rates, with the EUTF rates being higher.

The Hawaii State Teachers Association has demonstrated that the VEBA trust provides an effective means of containing healthcare costs for its members and the State of Hawaii. HSTA respectfully requests your favorable consideration of amending HB 1287 to allow for a two-year extension of the HSTA VEBA. Thank you for this opportunity to testify.

Attachment



1200 Ala Kapuna Street • Honolulu, Hawaii 96819  
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**Wii Okabe**  
President

**Karolyn Mossman**  
Vice President

**Joan Kamila Lewis**  
Secretary-Treasurer

**Dwight Takano**  
Interim Executive Director

February 1, 2010

The Honorable Colleen Hanabusa  
President of the Senate  
State Capitol, Room 409  
Honolulu, Hawaii 96813

The Honorable Calvin K.Y. Say  
Speaker of the House  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Hanabusa and Speaker Say:

**SUBJECT: Response to the State Auditor's Report**

The following is a summary of our comments concerning the State Auditor's report of December 2, 2009.

1. The State Auditor's report states that the Trust financial and utilization reports are not available. On March 27, 2009, Roger Takabayashi, former President of HSTA, personally delivered the first annual report of the VEBA Trust to the Senate President's Office, the Speaker of the House, and State Auditor Marion Higa. The first annual report of the VEBA Trust provided substantial detail for Active Employees and Retirees including contributions, premiums paid, experience refunds, and utilization reports for plan years 2006-2007 (16 months) and 2007-2008. The State Auditor does not even acknowledge that she was presented with the first annual report in March 2009.

Moreover, at the time the State Auditor inquired with the HSTA and HSTA VEBA Trust, the Trust had not received utilization reports from the health carriers for the July 1, 2008 through June 30, 2009 plan year. In addition, the VEBA Trust financials were under audit by Acuity, LLC, an independent certified public accounting firm. The final audit by Acuity, LLC was received by HSTA on January 14, 2010, and the second annual report of the VEBA Trust was sent by HSTA to the Legislature on January 22, 2010. The second annual report, which details contributions received from the employer and from the employees and the premium payments made to carriers, also provides experience reports and utilization reports for the July 1, 2008 through June 30, 2009 plan year.

February 1, 2010

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2. The State Auditor's report states, "We found the VEBA trust pilot program: 1) promotes adverse selection and increases premium costs for EUTF enrollees." However, nothing in the report supports that statement. The Legislature, in making the determination to allow a bargaining unit to be exempt from the EUTF, made it clear that all employees of Bargaining Unit 5 had to transfer into the VEBA Trust, so there is no adverse selection. As previously reported in her report #99-20 Hawaii Public Employees Health Fund (HPEHF), an Active employee could choose whether to enroll in an employee organization plan or stay in the HPEHF. The State Auditor's representation in that report was fairly accurate since employees could choose between the Health Fund and the employee organization plans. However, it is not true for the HSTA VEBA Trust since the employees and retirees do not have a choice.
3. HSTA notes with dismay that the State Auditor's report makes no reference to the contribution savings that the employer has received, or the experience refunds that have been given back to the State of Hawaii, which the employers do not enjoy with the EUTF (any surplus in the EUTF is not returned to the employer but is retained in the EUTF). For the 2006-2007, 2007-2008, and 2008-2009 plan years, the savings to the State of Hawaii amounted to \$6,645,006.
4. The State Auditor's report states that the VEBA Trust "duplicates administrative costs borne by the State employer." The State Auditor fails to acknowledge that the dollar value given to the VEBA Trust is the exact same dollar value that the State would pay to the EUTF if the teachers were covered in the EUTF. The employer only pays one dollar value, whether it is to the EUTF or to the VEBA Trust. If it is not paid to the VEBA Trust, it would have been paid to the EUTF. Therefore, there is no duplicative administrative cost to the employer.
5. The State Auditor's report states that the VEBA Trust "cannot ensure transparency and accountability in providing health benefits for teachers and teacher retirees." HSTA submits that the accountability and transparency in providing benefits to Teachers and Teacher Retirees is far superior than that provided by the EUTF for their covered Active employees and Retirees. The HSTA VEBA Trust complies with all federal and state requirements in greater detail than the EUTF has provided thus far. One only needs to read the newspaper to see how inefficient the EUTF has become and how much more costly it has become for employers and for the employees of the State and County jurisdictions.

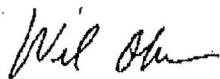
February 1, 2010

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6. On page 2 of the State Auditor's report, the State Auditor states, "Moreover, we assert the HSTA, not the Legislature or the Auditor, must prove the VEBA trust results in actual savings to the State." HSTA has submitted the first annual report of the VEBA Trust which detailed the savings to the State of Hawaii equaling approximately \$5,258,543.00, and the second annual report of the VEBA Trust, transmitted on January 22, 2010 which reflected savings of \$1,386,463, with all supporting documentation and calculations.

The HSTA and the HSTA VEBA Trust representatives are more than willing to appear at hearings to respond to the State Auditor's report and provide additional information and documents to confirm other inaccuracies in the State Auditor's report. Thank you.

Sincerely,



Wil Okabe  
President

cc: HSTA VEBA Board of Trustees  
State Auditor Marion Higa  
Rod Shinno, ATPA  
Paul A. Tom, BPS

TO: COMMITTEE ON FINANCE  
Representative Marcus Oshiro, Chair  
Representative Marilyn Lee, Vice Chair

DATE: Tuesday, February 23, 2010  
TIME: 4:30pm.  
PLACE: Conference Room 308  
State Capitol  
415 South Beretania Street

Re: HB1287, HD1, HD2 relating to Public Employment - Extends the enabling law for the VEBA from 7/1/10 to 12/31/10...

FROM: Donna Higashi, Vice President  
HSTA - Retired

My name is Donna Higashi, HSTA - Retired Vice President and a member of the Legislative Action Team of HSTA - Retired. I am in strong support of this bill. However, instead of an extension for a mere 6 months, I support extension for the next two years or more. VEBA can make a difference and save the state money, which is the strongest concern voiced by the Auditor's report.

While I was an active teacher, I belonged to the HSTA VEBA Trust. However when I retired in June 2002, I switched to the State's Public Employees Health Fund since retirees were not eligible to be part of VEBA. Subsequently the State disbanded PEHF and established the EUTF for all actives and retirees including the members of HSTA.

For the next few years, teachers lobbied to return to their own benefit plan and in July 2005, Act 245 became law without the Governor's signature. However, this was different because for the first time, retirees would remain in VEBA. In addition, BUM 05 retirees, like myself, were given a one time option to switch from EUTF to VEBA. About 1400 retirees switched.

Today, VEBA has over 13,000 active teachers and close to 2,000 teacher retirees.

Last year, I testified encouraging the State Auditor to complete her report comparing the benefit plans and although her recommendations are all not positive towards VEBA, I still offer support to VEBA and include some of the following reasons:

1. Teachers (actives and newer retirees) will continue to have an undisruptive health benefit program since 2006.
2. A strong health benefit program helps to attract and retain public school teachers.
3. VEBA has saved the Employer as well as its members money.
4. The State of Hawaii has received close to \$5.2 million from VEBA savings for the period 3/06 - 6/07
4. Competition between health providers (EUTF/VEBA) and health carriers, such as HMSA, HMA, Kaiser, etc. is "healthy"
5. HSTA-R members are generally satisfied with their respective health providers, especially if they are on Medicare. However, the non-medicare retiree indicates a difference between VEBA (more positive) and EUTF (less positive) (Internal survey conducted in December 2009)

Again, allow VEBA to remain and demonstrate that it can save the state money which is most critical during these hard economic times. It will pay in the long run. Thank you for this opportunity to testify.



RE: **HB 1287 HD1** scheduled for hearing in the **HOUSE** Committee on Finance on Tuesday, February 23, 2010.

**HOUSE** Committee on Finance

Dear Legislators,

I am writing to ask you to support teachers by giving an extension to the VEBA trust for an additional 2 years. This is especially important in these very difficult financial times for teachers. We have accepted pay cuts that make meeting our basic living expenses hard to do: Now the state is asking us to return to EUTF health coverage which may cost members as much as \$200 more a month.

This is an ill disguised attempt to add additional funds to the state budget at the expense of your already underpaid and financially stressed teachers!

When is the legislature going to start supporting Hawaii's teachers instead of driving them into poverty and out of teaching with cut after cut? These attacks on education and educators are unconscionable and in the long run will be the ruin of the state.

Please give teachers the respect they deserve . There is nothing more important to the viability of this beautiful state than the education of her children. So why are you killing off their teachers?

Mahalo

Mary Quijano

National Board Certified teacher

Hilo Intermediate School

Cc: Wilbert Holck  
Interim Government Relations Specialist  
[wholck@hsta.org](mailto:wholck@hsta.org)

## **TESTIMONY**

### **SUPPORT FOR: HB 1287 HD1 & SB 2797**

#### **RELATING TO VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION TRUSTS**

#### **Aloha House committee on Finance Chair Oshiro, and members:**

I am a teacher at Kealakehe Intermediate School. Healthcare benefits are an important issue for all of Hawaii's citizens. HSTA VEBA Trust has provided medical benefits for Bargaining Unit 5 employees (teachers) and retired teachers since March 1, 2006 under a pilot program that is scheduled to expire on July 1, 2010. The HSTA VEBA Trust will sunset June 30, 2010, and will leave Hawaii's teachers already highly impacted by our state's budget cutbacks, forced to pay higher health care insurance rates. This means teachers will be required to move back into the EUTF for their medical coverage and we will have to pay additional premiums of at least \$200 a month as well as higher RX costs with reduced services. **Teachers have already taken an 8% pay cut, and those of us with families may have to leave our state if we must pay additional healthcare premiums.**

#### **I URGE YOU TO EXTEND VEBA FOR A MINIMUM OF 2 YEARS BECAUSE:**

##### **- VEBA has saved the State of Hawaii, Hawaii DOE and its members money.**

In VEBA annual reports submitted to the legislature, the combined savings to DOE and the State of Hawaii has amounted to \$6,645,006 for the 40-month period beginning March 1, 2006 through June 30, 2009. This is based on lower employer contributions and experience refunds to the State of Hawaii.

- Healthy competition between health providers enables VEBA to offer members competitive rates
- Teachers (actives and newer retirees) will continue to have a health benefit program without disruption of services and coverage.
- Hawaii will have a strong health benefit program helps to attract and retain public school teachers.

**In spite of furlough days, and budget cuts, I and teachers across Hawaii's public schools continue to work very hard – we sacrifice hours of un-paid time and our own \$ to fund our classrooms to provide for our students' education. We need your help to build up Hawaii's public schools for our students' future. Please help us to retain our VEBA Health care program that works to save money for teachers and the state- it's a win-win for all.**

**Mahalo for considering my testimony and for supporting Hawaii's public school teachers.**

**Sincerely,**

**Lisa Diaz**

**76-223 Haoa Street**

**Kailua-Kona, HI 96740**

**tel: 808-329-7928 E-mail: lisadiaz@hawaii.rr.com**

## **HOUSE COMMITTEE ON FINANCE**

### **HB 1287 Proposed HD 2: RELATING TO VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION TRUSTS**

Tuesday, February 23, 2010

Lawrence Denis III  
Chiefess Kapiolani Elementary School  
(808) 935-6999  
Email: denis2654@hawaiiantel.net

To Representative Marcus Oshiro and the members of the House Committee on Finance:

I am a First Grade teacher at Chiefess Kapiolani Elementary School in Hilo and oppose HB 1287 Proposed HD 2 as currently written. If there is an extension, it should be for at least two years to further demonstrate that VEBA provides quality medical benefits to both members and the state.

VEBA has been able to keep the co-pay and premiums down for us, especially in this hard economic time with Furlough Fridays. It has also saved the state millions of dollars.

Going back to EUTF would cause a huge burden on their system which is already overwhelmed. There have been numerous articles in the Honolulu Advertiser about EUTF that I'm sure you all have read or heard about. For example, in a recent memo from the DOE, we learned that EUTF switched thousands of workers to HMA last month because they "didn't have enough time to process the 45,000+ forms they received to keep their members with HMSA." Another example, my friend was hired by the state on January 6, 2010 and still has not received any correspondence from EUTF and in the mean time has no medical coverage because of their inability to handle all of their members needs.

Can you imagine if they had to handle another 14,000 teachers, and their families? The VEBA office has been helpful answering member's questions where as my friend hasn't even been able to contact a EUTF representative in over a month. A recording comes on saying they are busy, and members can't even leave them a message.

EUTF would charge teachers higher premiums every month as well as higher co-pays for office visits and procedures than we are currently paying with VEBA.

Also, EUTF requires their members to fill their prescription drugs with a mail order company in Florida. Representatives, how is that helping our local economy here in Hawaii? Not at all. I like going to my local pharmacy, KTA Super Stores here in Hilo, where the pharmacists know me by name. I know they have my best interests in mind, but can I be assured a pharmacist in Florida will do the same? I have heard many stories from other state employees and retirees, including my mother, under EUTF who have not gotten their medication on time. Is this what you want for those dedicated to public service?

Lawrence Denis III  
Page 2

If VEBA is extended, we will continue to have a health plan without disruption of services and coverage. Please continue to fight for HSTA members and extend VEBA for at least two years, or make it permanent.

Thank you for the opportunity to testify.

3920 Hunakai St.  
Lihue, HI 96766  
February 21, 2010

Support of HB 1287 HD2 Proposed

House Committee on Finance  
February 23, 2010  
4:30 pm

Chair Oshiro, Vice Chair Lee and members of the Committee:

My name is Janice S. Bond, a retired public school teacher who is a participant of the VEBA program writing in **support** of HB 1287 Proposed HD2.

This proposal would extend the VEBA program for six months in order to provide for a smoother transition to the Hawaii Employers Union Health Benefits Fund (EUTF). I believe the extension should be for at least two years so the VEBA trust can continue to show how the plan is a cost savings to the State.

As a retiree my premiums are the same as someone who is not in VEBA, the difference is VEBA is able to negotiate for me benefits that are better than what is currently offered by the EUTF. I am also a Medicare recipient and also have HMSA benefits. The current benefits with VEBA has extended my life so much as I was medically retired early that I became the Kauai Senior Female Volunteer of the Year last year along with recognition from the Kauai Retired Teachers Association and Hawaii Education Association-Retired as Volunteer of the Year.

I believe VEBA is a benefit to its participants. I urge the Committee to amend this proposal to extend the VEBA to two years rather than the six months as proposed and pass it out.

Thank you for the opportunity to testify.

Sincerely,

**TESTIMONY**  
**For House Committee on Finance**  
**Hearing date: February 23, 2010, 4:30pm, Rm. 308**

**HB 1287 (Proposed HD 2): Relating to Public Employment**

Lacey Cabral  
Kea'au High School counselor  
40 Kaunaloa St.  
Hilo, HI 96720  
(808)896-1159  
Email: laceycabral@gmail.com

I am a counselor at Kea'au High School and strongly oppose HB1287. HB 1287 seeks to close down our VEBA plan and return us to the EUTF. If you are looking at an extension, please consider extending VEBA for at least two more years. This would be sufficient time for VEBA to demonstrate that it provides quality medical benefits at a savings to both members and the state.

It is my understanding that the VEBA pilot program is due to sunset on June 30, 2010. This concerns me a lot. Since the inception of VEBA, my coverage has been exceptional. My premiums are manageable, the services I receive are competitive to other plans, and the customer service is outstanding.

During these hard economic times, we cannot afford a 20% increase in premiums that others have faced with EUTF. Please consider allowing VEBA to continue as it has proven to be cost effective and efficient for our teachers!

Therefore, I humbly ask that you amend HB 1287 by extending the VEBA pilot for another 2 more years, or better yet, amend to make VEBA permanent.

Thank you for your time and the opportunity to testify.

Sincerely,

Lacey Cabral

**TESTIMONY****For House Committee on Finance****Hearing date: February 23, 2010, 4:30pm, Rm. 308****HB 1287 (Proposed HD 2): Relating to Public Employment**

Lisa Leach

Na`alehu Elementary School Librarian

(808) 443-9788

Email: lleach2456@gmail.com

To Representative Marcus Oshiro and the members of the House Finance Committee;

I am a librarian at Na`alehu Elementary School and am asking that you amend HB 1287. I am asking that you allow for at least a 2 year extension of the VEBA pilot program, or make it permanent.

I have always been enrolled in VEBA and appreciate the strong health benefits this program provides me. A permanent strong health benefit program will attract and retain public school teachers throughout our state.

I cannot afford to have a disruption in services and coverage should my health plan be put in jeopardy. Nor can I afford increased rates through the EUTF plan. Healthy competition between health providers enables VEBA to continue to offer me competitive rates. It is my understanding that VEBA does not just save me money but the Employer saves money as well.

Please provide my colleagues and myself peace of mind by permanently establishing VEBA as our health benefit program.

Thank you for the opportunity to testify.

Sincerely,

Lisa Leach  
Na`alehu School Librarian



**TESTIMONY**  
**For House Committee on Finance**  
**Hearing date: February 23, 2010, 4:30pm, Rm. 308**

**HB 1287 (Proposed HD 2): Relating to Public Employment**

Ravae Todd  
Hawaii District Resource Teacher  
P.O. Box 492623  
Keaau, HI 96749  
(808)937-0769  
Email: [ravaetodd@hotmail.com](mailto:ravaetodd@hotmail.com)

I am a district special education resource teacher in the Ka'u-Kea'au-Pahoa Complex Area. I am requesting that you please amend the VEBA bill, HB 1287. Please amend to extend the VEBA program for at least another two years or make it permanent.

It is a very crucial issue for all teachers to have a health benefit program without disruption of service or coverage. Please be aware that a strong health benefit program helps the state by attracting and retaining public school teachers. VEBA has saved the employer as well as its members so it is a win-win proposal! History has proven that healthy competition between health providers enables VEBA to offer members competitive rates. So please help support education by amending the VEBA bill HB 1287.

Sincerely,

Ravae Todd

Email: [ravaetodd@hotmail.com](mailto:ravaetodd@hotmail.com)

**TESTIMONY**  
**For House Committee on Finance**  
**Hearing date: February 23, 2010, 4:30pm, Rm. 308**

**HB 1287 (Proposed HD 2): Relating to Public Employment**

Susan Kay Anderson  
Teacher, Pahoa High/Intermediate School  
P.O. Box 1055  
Keeau, Hawaii 96749  
(808) 965-7212  
Email: lonepoethelloyou@yahoo.com

Dear Representatives,

I am a teacher at Pahoa High & Intermediate School. I teach English to 7th, 9th, and 11th graders. I've been a teacher in Hawaii schools since 1994.

Healthcare benefits are an important issue for all employees.  
HB 1287 RELATING TO VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION TRUSTS affects all our members. Please consider amending the bill to give VEBA another two year extension or make it permanent.

Affordable health care is extremely important to me. I support a family of four by working full-time as a teacher. I also hold an after-school job, and still struggle to make ends meet on a monthly basis. This has become more of a challenge due to the furlough days impacting my paycheck. It is expensive to live and work in Hawaii. I am doing my best to support my family and provide the basics, but need to beg you to do everything you can to support teachers and ensure that VEBA continues for us.

Sincerely,  
Susan Kay Anderson

**TESTIMONY**

**For House Committee on Finance  
Hearing date: February 23, 2010, 4:30pm, Rm. 308**

**HB 1287 (Proposed HD 2): Relating to Public Employment**

***Betsy Poulos  
Kalanianaʻole elementary & Intermediate School  
808 959-2374  
[betsyp.pbetsy@hawaiiantel.net](mailto:betsyp.pbetsy@hawaiiantel.net)***

**To Representative Marcus Oshiro the members of the House Finance Committee;**

**I am a counselor at Kalanianaʻole School and I strongly oppose HB 1287. Instead I ask that you amend the bill to provide for at least another 2 years for VEBA to prove that it provides quality medical benefits at a savings to both members and the state.**

**I am approaching retirement and have had the opportunity to enjoy the the benefits of VEBA. I am a cancer survivor and have required surgery and numerous treatments and very expensive medication. I am able to relax about the costs for myself and my husband because of the the coverage I have as a result of VEBA. That makes for less stress in my treatment. When I retire at the end of this school year the treatments will continue and hopefully so will VEBA.**

**As I am retiring the school system I see new teachers beginning their teaching careers and so the cycle continues. A strong health benefit program is an attraction for young teachers, single and with families. It is certainly something that is considered when being hired as well as deciding to stay with the education system in Hawaii. The cost of living in Hawaii is high. Teachers deciding to work with our children must be able to afford their health care as they make their decisions to stay on in the system or leave. It is one less stressor for them and for me as well. I would hate to lose my health plan and /or have disruption**

**of coverage so close to retirement. It has served me and my family well.**

**Please consider amending HB 1287 to extend VEBA for at least 2 years, or make it permanent.**

**Thank you for the opportunity to testify.**

**TESTIMONY****For House Committee on Finance****Hearing date: February 23, 2010, 4:30pm, Rm. 308****HB 1287 (Proposed HD 2): Relating to Public Employment***Gertruda Taylor**Kapiolani Elementary School Teacher**(808) 89608923**Email: gtaylor005@hawaii.rr.com***To Representative Marcus Oshiro and the members of the House  
Finance Committee;**

**I am a teacher at Kapiolani Elementary School and strongly oppose HB 1287. I do not want you to move us back to the EUTF. If you must have an extension, please consider a two year extension for VEBA to demonstrate that it is providing quality medical benefits and saving members and the state money.**

**If VEBA is continued:**

- 1. Teachers (actives and newer retirees) will continue to have a health benefit program without disruption of services and coverage.*
- 2. A strong health benefit program helps to attract and retain public school teachers.*
- 3. VEBA has saved the Employer as well as its members money.*

4. *Healthy competition between health providers enables VEBA to offer members competitive rates ).*

***As a single person age 61, I am extremely concerned about the cost of health care. If teachers no longer have a competitive health benefit program, especially now that we are forced into an 8% salary reduction by the governor, where does that leave us when we have to pay higher premiums and have to have medications mailed to us from who knows where? You have the power to keep VEBA alive.***

***I report to work every day and work extended hours even after school. I don't have a 9-5 job in an air-conditioned environment. I arrive at 6:30 in the morning and often leave at 5:00 in the afternoon. I tutor 3 afternoons to earn extra money so I can pay my mortgage and help others who need my financial assistance.***

***I strongly urge you to give HB 1287 your full attention and to amend it in favor of a longer VEBA extension..***

***Thank you for the opportunity to testify.***

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**TESTIMONY**  
**For House Committee on Finance**  
**Hearing date: February 23, 2010, 4:30pm, Rm. 308**

**HB 1287 (Proposed HD 2): Relating to Public Employment**

**Christine Ahia**  
**Waiakeawaena Elementary School counselor**  
**303 Iwalani St.**  
**Hilo, HI 96720**  
**(808)959-9396**  
**Email: [cahia@hawaiiantel.net](mailto:cahia@hawaiiantel.net)**

February 22, 2010  
Dear Representatives,

I am a counselor at Waiakeawaena Elementary School in Hilo, Hawaii. I am strongly opposed to HB 1287 and ask that you consider extending it for another 2 more years so that VEBA can demonstrate to you that without a doubt, it provides quality medical benefits at a savings to both members and the state.

I am one of the HSTA members who voted in favor of the furlough days and resulting decrease in salary in order to help shoulder the state's financial problems. At first this was "easy" to do, however as the months crept on, the \$300 a month decrease in my salary snowballed into financial problems. I live very frugally, am a single parent, and have only one child dependent who is in college. Despite my frugality, I'm having to split up bill payments, have an increased credit card debt, and have to carefully consider **daily** what groceries and items are absolutely necessary to purchase, just how much assistance I can give to my daughter, and if I can even afford to drive to Kona occasionally to do volunteer work. I am 60 years old, and am trying to plan ahead for retirement, though with all of the current financial dilemmas, retirement in the near future is out of the question.

And yet, I know the impacts upon my lifestyle are not nearly as serious as they are to our teacher couples with several younger children, who are facing a double income loss and much higher ongoing expenses that can't be decreased. These teachers have multiple medical expenses and fees that are now much harder to take care of.

As teachers, we agreed to "share the pain," and see that it's a much bigger picture than we thought. When I go to work, I see the faces of faculty members who are also worried about the many budget cuts to education, the concerns over students who are struggling more now due to a decrease in instructional



time, and how to fit all the academics into a shorter work week. Poor morale is widespread among the faculty. We've having challenges in making time to schedule and attend meetings with parents, deal with poor/erratic attendance in students, increases in poor student behavior, and disengagement in many students. Our physical and mental wellbeing is really being strained this school year, and yet, as professionals, we are expected to perform consistently well.

We would like the VEBA trust to become permanent, or at least extend it for another 2 years. We've had many things taken away this year, and teachers are despairing. Your vote to continue this trust would be a great support to us right now, and it would alleviate increased medical expenses from our reduced paychecks. Supporting the VEBA trust would show teachers that you care about their physical and mental health and want to keep these costs affordable for them and for their families. Please consider your vote carefully, and send a message to teachers that you support them.

Please amend HB1287 for another two years or make it permanent.

Sincerely,

Christine Ahia  
Waiakeawaena Elementary School Counselor  
Hilo, Hawaii

Testimony to HOUSE Committee on Finance Regarding  
HB 1287 HD1 (Proposed HD 2) RELATING TO PUBLIC EMPLOYMENT  
Date /Time of Hearing: Tuesday, February 23, 2010 at 4:30pm in  
House Conference Room 308.

Name of Testifier: Amy Downard  
Teacher of the Visually Disabled, Honolulu District, DOE  
Teacher Member of HSTA-Hawaii State Teachers Association

February 21, 2010

To Whom It May Concern:

I am submitting testimony for HB 1287 HD 2 regarding the extension of the HSTA VEBA trust. I fully support extending or eliminating the sunset date for the VEBA trust. I understand the language in this draft extends the sunset date for six months, primarily to assist in the transition from VEBA to EUTF. However, an extension of at least two years is a much better option for teachers. The economic downturn has hit my family hard. My husband and I are working extra hours just to make ends meet. Any unexpected expenses, such as medical costs, car repairs or home upkeep, would place us in an even harsher setting. I am writing this testimony at a late hour, after finishing assignments to prep for my students this week and writing a paper from a class I am taking to further my education. I am tired, but need for you, as my elected officials, to understand how important the VEBA trust is to me and to other teachers.

Healthcare is a concern for so many. As a teacher, I was forced into the EUTF several years ago. My insurance rates went up and my services went down. I understood the rational of putting all state workers into the same health management system, but I do not feel the switch to EUTF lived up to the expectations of saving the state money.

I was so relieved when a bill was passed a year or two later to give VEBA back to the teachers, mainly to explore savings to the state. Unfortunately, the bill detailed a sunset date. The elimination, or at least a two year extension of this sunset date, would again enable HSTA to show the cost savings of VEBA to its members as well as to the state. I am very happy with the VEBA trust and do not wish to return to EUTF.

A strong health plan is an effective tool to attract and retain teachers in Hawaii. The EUTF has not been effective and I greatly support legislation that will eliminate or extend for a minimum of two years the HSTA VEBA sunset date and allow teachers to continue to enjoy quality health management at an affordable price with no disruptions in services. Your attention to this request is greatly appreciated.

Mahalo,

Amy Downard, Teacher of the Visually Disabled, Honolulu District, DOE  
Honolulu District Office (4967 Kilauea Ave, 96816)  
Home: 1655 Makaloa St. #2508, Honolulu, HI 96814

HOUSE COMMITTEE ON FINANCE.  
23 FEBRUARY 2010 @ 4:30 PM  
CONF. RM 306

Testimony in Support of HB 1287 HD2 Proposed

CHAIR OSHIRO, VICE CHAIR LEE AND MEMBERS OF THE COMMITTEE:

My name is Twylla-Dawn Steer and I am public school teacher and an HSTA VEBA participant, writing in support of HB 1287 Proposed HD2.

This proposal would extend the VEBA program for six months in order to provide for a smoother transition to the Hawaii Employers Union Health Benefits Fund (EUTF). I believe the extension should be for two or more years so the VEBA trust can continue to show how the plan is a cost savings to the State. I recommend that any language to sunset VEBA be stricken.

As a VEBA participant my premiums are the same as someone who is not in VEBA, the difference is VEBA is able to negotiate for me benefits that are better suited to me, than what is currently offered by the EUTF because of the experience rating of teachers in the VEBA. The result is the state also enjoys the cost savings. VEBA is a win-win for both the employee and employer.

I urge the Committee to amend this proposal to extend the VEBA to two years rather than the six months as proposed and pass it out.

Thank you for the opportunity to submit my testimony.

Twylla-Dawn Steer  
618 Paopua Loop  
Kailua, HI 96734  
808-261-8096

February 22, 2010

I'm currently a science teacher at Kapolei HS and I have been teaching for 9 years. I love my job and do my best to make sure the children of Hawaii get the education they need to be productive members of society. I have been very pleased with the VEBA medical plan and feel that it would be detrimental not only to me but to my fellow teachers if the HD2 version passes as written.

I oppose the HD2 version as written because if there will be an extension, it should be for at least 2 years. The EUTF clearly needs time to regroup and in the meantime, VEBA can continue to save the state millions of dollars in premium payments for both actives and retirees. VEBA saves state and members money. When money is tough to come by, we shouldn't be spending more.

Sincerely,  
Gerry Clarin

Aloha,

My name is Joan Lewis and I am writing to oppose HB1287 HD2 as it is currently written. I am a strong proponent of the HSTA VEBA even though I have also served as a trustee for the EUTF. In fact, it is because of my experience with the EUTF that I believe a mere 6 month extension would do no real good for either the EUTF or the public school teachers who are currently in the HSTA VEBA.

Based on what we see in the news, the troubles of the EUTF are many, and 6 months may not be enough time to turn things around. I also understand that the Legislature is considering legislation that would allow all bargaining units to form their own "VEBAs". These two indicators lead me to believe that what we have in the HSTA VEBA is a good thing.

Over the past 4 years, the state has saved money on premium payments for unit 05 members. I also know that the VEBA Trust has sent over 3 million dollars in surplus monies back to the state in the same time period. In a time when we are all looking for ways to make ends meet, it would seem that the HSTA VEBA is good for both the state and for our teachers.

Right now, I understand that many people, maybe even you, think that teachers deserve to be treated badly because of the furlough situation. I would ask you to only keep in mind one thing if the furloughs make you think less of us; we are already taking an 8% pay cut. Putting us into a program that would increase our premium payments by up to 30+% would only exacerbate a very bad situation.

Please amend this House Draft to extend VEBA for at least 2 years.

Thank you in advance for your assistance in this matter.

Joan Lewis  
Kapolei High School

To: House Finance Committee  
From: Laura Harada, Teacher, Kapolei High School  
Date: February 22, 2010

RE: HB 1287, HD1 Relating to Employment: HD2 – VEBA Trust Hearing  
Hearing Date: February 23, 2010, 4:30pm

I am writing to oppose HD2 as it is currently written. I feel six months is not adequate time for a transition, and I also do not feel that the transition should occur at all. Currently, VEBA Trust is one of the few good benefits for teachers in Hawaii as well as the State; it's one of a few items that the State has going which is a real attempt to save the State money in this difficult time. It does not make good economic sense to close the option of VEBA Trust, which is saving the State and the Union Members money in premium costs when the State is already hurting financially. It seems irresponsible to me to also think that our State's money woes will be over in 6 months and the State and the teachers (as players and taxpayers in the State's economic recovery plan) will be able to foot an increased bill for healthcare benefits.

If it must happen, I feel an extension of at least two years will give the teachers as well as the State more time to get the paperwork done correctly to avoid lapses in service and headaches as I experienced this past summer when we were switched to a new plan that did not include my doctors and to also adjust to the increased expenses. Teachers are already swamped by new fees such as the licensing fee, less pay, requiring the same work or more be done with less days and less money for supplies and on the home-front, having to deal with family members with the same or worse economic circumstances.

I knew that going in to teaching was not going to make me economically rich but in my 20+ years of teaching, I never thought our State would be in such a dire economic crisis. But, there are a few investments in our future that hold as much promise for the State as education and the support for that education. If HD2, as written, were allowed to pass in the short-term I feel it would be much more difficult for Hawaii to recruit new teachers and in the long-run closing the option to VEBA Trust might make it difficult to retain good and qualified teachers. This change to our benefits package would then, adversely affect Hawaii's future as potential teachers and qualified teachers look elsewhere for employment.

I would like to thank-you for your time and consideration on this matter.

To: Finance Committee  
From: Michael Staffaroni, Kapolei High School Teacher  
RE: Opposition to HB1287 – HD2 (VEBA Trust)  
Date/Time: 2/23/10 at 4:30  
Room: 308

I oppose HB 1287 HD2 as written, because it calls for an end to the VEBA Trust in just six months. The VEBA trust saves both the state and members significant amounts of money, thus it should continue to be extended. An extension of at least two years would prove its worth, if questions regarding its quality remain.

Teachers in Hawaii have taken a significant cut to their pay and benefits this past year. Furlough days have cut our salaries and our health insurance already became more expensive. Continuing to increase our health insurance costs will make teaching in Hawaii unattractive and people will look for work in other states.

As a result of the furlough days and continued action to end the VEBA trust, my wife and I have already begun the process of looking for jobs in other states. This will be a big loss for the children in Hawaii. We have taught here for ten years and had no reason to look for work elsewhere. However, if the VEBA trust ends we are guaranteed to leave. This extra expense will be too great to bear and we will find work in other states.

Teachers in Hawaii are being treated as an expendable resource. HB1287 – HD2 should be voted down and the VEBA Trust should be extended for at least two years. My wife and I are watching this bill very closely to see if we should start sending out our resumes and scheduling interviews. Please don't force us to leave our home.

Sincerely,

Michael Staffaroni  
Kapolei High School



Eric Kanemoto  
1706 Hooheke Street  
Pearl City, HI 96782  
808 221-3250

Support of HB 1287 HD2 Proposed

House Committee on Finance  
February 23, 2010  
4:30 p.m.

Chair Oshiro, Vice Chair Lee and Members of the Finance Committee:

My name is Eric Kanemoto, currently an active public school teacher and formerly the VEBA Trust Chair. I am speaking in support of HB 1287 Proposed HD2.

This proposal would extend the VEBA program for six months in order to provide a smoother transition to the Hawaii Employers Union Health Benefits Fund (EUTF). We support the extension should be for at least two years so the VEBA Trust can continue to show how the plan is a cost savings to the State in this type of economic climate.

In the past we were able to maintain premiums and increase benefits due to the competitive RFP we have received from various vendors. We have found to negotiate benefits that are better than what is currently offered by EUTF. The VEBA Trust plans continue to show a great difference in benefits and what will be out of pocket (co pay) should VEBA not be extended.

In my first year with EUTF before VEBA, I had a heart bypass surgery and my medical coverage was denied due some paper work mix-up and my doctor's lack of knowledge in getting surgery approval from EUTF. It took about 6 months to fix the problems and receive coverage.

I urge the Committee to amend this proposal to extend the VEBA to two years rather than the six months as proposed.

Thank you for the opportunity to testify and your support for teachers are greatly appreciated.

Justin Carvalho  
3351 Elima Street  
Lihue, HI 96766  
808-237-0242

Support of HB 1287 HD2 Proposed

House Committee on Finance  
February 23, 2010  
4:30 pm

Chair Oshiro Vice Chair Lee and members of the Committee:

My name is Justin Carvalho a public school teacher who is a participant of the VEBA program speaking in **support** of HB 1287 Proposed HD2.

This proposal would extend the VEBA program for six months in order to provide for a smoother transition to the Hawaii Employers Union Health Benefits Fund (EUTF). I believe the extension should be for at least two years so the VEBA trust can continue to show how the plan is a cost savings to the State.

It is my understanding that by not extending VEBA, I will have to pay an addition \$200 out of pocket each month for health coverage. With our current furlough situation, I current am already losing \$500 of my monthly income. Please keep all of these things in consideration and please continue to support Education in Hawaii.

I urge the Committee to amend this proposal to extend the VEBA to two years rather than the six months as proposed and pass it out.

Thank you for the opportunity to testify.

AMENED TESTIMONY

Beverly Gotelli  
6286 Opaekaa Road  
Kapaa, HI 96746  
808-821-9569  
February 23, 2010

SUPPORT - HB 1287 HD 2 Proposed

Chair Marcus Oshiro, Vice Chair Lee and members of the Committee:

My name is Beverly Gotelli a retired public school teacher who is a participant of the VEBA program speaking in **support** of HB 1287 Proposed HD2.

This proposal would extend the VEBA program for six months in order to provide for a smoother transition to the Hawaii Employers Union Health Benefits Fund (EUTF). I believe the extension should be for at least two years so the VEBA trust can continue to show how the plan is effectively working for its participants.

The proposed draft mentions only for the transitioning of public school teachers and their dependents from the voluntary employees' beneficiary association trust to the employer-union health benefits trust fund.

In HD 2 the retirees who are also members of the voluntary employees' beneficiary association trust (VEBA) should be included in the extension. It is imperative to keep all of the VEBA members both active and retirees as one group so as not to cause further confusion for the EUTF.

I encourage the Committee to amend proposed HD 2 by including the **retirees** with the public school teachers and their dependents for the extension of the VEBA Trust. And further to extend the VEBA to two years rather than the six months as proposed and pass it out.

Thank you for the opportunity to testify.

Egan Kawamoto  
P.O. Box 23425  
Honolulu, HI 96823  
808-292-4986

Support of HB 1287 HD2 Proposed

House Committee on Finance  
February 23, 2010  
4:30 pm

Chair Oshiro Vice Chair Lee and members of the Committee:

My name is Egan Kawamoto, a teacher at Wheeler Middle School who is a participant of the VEBA program speaking in **support** of HB 1287 Proposed HD2.

This proposal would extend the VEBA program for six months in order to provide for a smoother transition to the Hawaii Employers Union Health Benefits Fund (EUTF). I believe the extension should be for at least two years so the VEBA trust can continue to show how the plan is a cost savings to the State.

As a member of VEBA, the difference is VEBA is able to negotiate for me benefits that are better than what is currently offered by the EUTF. I also strongly disagree that an out-of-state company currently provides the contract for maintenance drugs. In this time economic difficulty sending state funds out of state should not be an option.

I was in the EUTF for a short time and the costs of maintenance drugs increased as well as choices available to my physician decreased. This is just one example of why I believe VEBA is a benefit to its participants.

I urge the Committee to amend this proposal to extend the VEBA to two years rather than the six months as proposed and pass it out.

Thank you for the opportunity to testify.

February 22, 2010

House Finance Committee  
Rep. Marcus Oshiro, Chair  
Hawaii State Legislature  
State Capitol Building  
Honolulu, Hawaii

Aloha Representative Oshiro, Chair, and members of the House Finance Committee,

Mahalo for this opportunity to testify in opposition to HB 1287 HD 2. My name is Yoshiichi "Joe" Tanaka. I am a retired high school counselor and, by choice, have been a beneficiary for three years in the VEBA Trust Health Insurance program.

I opted for VEBA in March 2006, for two reasons: service and governance. To wit (1) a smaller (not too small) entity can deliver more personalized and efficient service and (2) a Board of Trustees of peers will do best for beneficiaries in a program of which they too are beneficiaries. My spouse and I are more than satisfied with the service (had a problem quickly resolved once) we receive and remain steadfast in faith in our Trustees' demonstrated spirit and competence.

HB 1287 HD 2 above seeking to return VEBA members to EUTF lacks a sound basis for justifying such a move. EUTF most recently placed hundreds of public employees into the wrong health plan (Hon. Advertiser, 02-03-10). It is mired with a backlog of administrative work, its no.1 and no. 2 administrators have retired (no replacement as yet) and 3 Trustee positions remain unfilled. I genuinely fear for EUTF beneficiaries that worse can still come. Indeed, it is ridiculous, if not outrageous, to propose re-enrolling 13,000 plus actives and retirees into such a quagmire that the EUTF is showing itself to be. Where's the service, governance and fairness in this? Moreover, can the Committee and colleagues honestly and sincerely tell me/us that if they were in beneficiaries' shoes they would be willing to return to EUTF? No! Why is the bill calling for this to be done? Why is a House bill doing this to us? How is VEBA hurting anyone or the state? In truth, lawmakers efforts should be directed towards getting EUTF to clean-up its act period; so that EUTF beneficiaries can get the service and governance they deserve. VEBA and EUTF can co-exist; if only EUTF can "shape up" and do its job.

In closing, VEBA is meeting its obligation to its beneficiaries and the state through effective health coverage to beneficiaries, sound governance and cost effectiveness. In short, VEBA is not hurting others/state? Health is foremost in life; please don't sell us down the river on health by forcing me/us into a sub-standard health insurance delivery system. Mahalo!

Respectfully,  
Joe Y. Tanaka

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 23, 2010 9:40 AM  
**To:** FINTestimony  
**Cc:** aloalo47@hotmail.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: Sharon L. Smith  
Organization: Individual  
Address:  
Phone:  
E-mail: [aloalo47@hotmail.com](mailto:aloalo47@hotmail.com)  
Submitted on: 2/23/2010

### Comments:

Sharon L. Smith, teacher at Aikahi Elementary School

Dear Members of the Committee on Finance,

Relating to HB1287, I am asking that you extend the timeline to two years so that the VEBA Trust from HSTA can demonstrate the efficiency of our program.

I am teacher and I live in Kailua. Healthcare benefits are an important issue for all employees.

Teachers have already been "hit" with reduced paychecks because of mandatory furlough Fridays. Now with our "joining" in the EUTF, another \$200 will be taken out of our paychecks. Our medicines will not be ordered from our local pharmacies but by mainland pharmacies. My local pharmacy (Don Quijote Drugs) will be losing customers because we must order from the mainland. This further hurts the Hawaii economy. Please extend the timeline for the VEBA Trust from HSTA for two years.

Thank you for listening,  
Sharon L. Smith

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 23, 2010 1:08 PM  
**To:** FINTestimony  
**Cc:** shanahanm001@hawaii.rr.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: Mark Shanahan  
Organization: Individual  
Address: 2347 Oahu Ave Honolulu, HI  
Phone: 8083587027  
E-mail: [shanahanm001@hawaii.rr.com](mailto:shanahanm001@hawaii.rr.com)  
Submitted on: 2/23/2010

### Comments:

Please allow for a two year extension to the VEBA trust, to allow for a full exploration of the benefits to teachers and to the state of allowing VEBA to continue handling teacher health care coverage. The health plan I received through the VEBA trust is very good in terms of coverage and cost, better than that provided by the EUTF. Please don't take away the VEBA trust.

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 21, 2010 12:01 AM  
**To:** FINTestimony  
**Cc:** deb\_malloy@hotmail.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: support  
Testifier will be present: No  
Submitted by: Debra Malloy  
Organization: Individual  
Address:  
Phone:  
E-mail: [deb\\_malloy@hotmail.com](mailto:deb_malloy@hotmail.com)  
Submitted on: 2/21/2010

### Comments:

Please extend VEBA trust for the HSTA. I appreciate the lower rates that it gives us. With the furloughs, I will not be able to afford the monthly health benefits payments if I have to go back to the state system. Please continue VEBA. I will have to move back to the Mainland if benefits are raised along with the furlough cuts in pay. Thank you



## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 21, 2010 4:39 AM  
**To:** FINTestimony  
**Cc:** mrschincio@hotmail.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: Lyn Chincio  
Organization: Individual  
Address:  
Phone:  
E-mail: [mrschincio@hotmail.com](mailto:mrschincio@hotmail.com)  
Submitted on: 2/21/2010

**Comments:**

I have been a DOE educator for 15 years. I have had medical coverage under VEBA as well as EUTF. VEBA benefits are superior to EUTF and it allows my family to receive the best health care possible. My husband, 3 young daughters, and I have come to depend on the quality health care that VEBA provides. The savings in cost helps us in today's economy. Extending VEBA for six months is not enough. VEBA trust benefits need to be PERMANENT.

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 21, 2010 7:15 AM  
**To:** FINTestimony  
**Cc:** kumu@mail.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: support  
Testifier will be present: No  
Submitted by: carol seielstad  
Organization: Individual  
Address: 3676 kaweonui rd princeville, hi 96722  
Phone: 808 826 4427  
E-mail: [kumu@mail.com](mailto:kumu@mail.com)  
Submitted on: 2/21/2010

### **Comments:**

Pls support extension of our VEBA Trust health plan. I recently retired after more than 40 years of teaching. I worked for over 20 years in Hawaii often foregoing pay raises because the state had little or no money. We were promised through the years that the state would take care of us when we finally reached retirement. Pls honor that promise. My small fixed income limits my ability to pay for the health benefits I need. We are not asking for additional benefits - just let us keep the ones we have. Thank you for the opportunity to testify. Sincerely, Carol Seielstad (Hanalei School)

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 21, 2010 10:38 AM  
**To:** FINTestimony  
**Cc:** mkpowersltd@yahoo.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position:  
Testifier will be present: No  
Submitted by: Mary Kate Powers  
Organization: HSTA  
Address: 914-A Husten St. Honolulu, Hi.  
Phone: 808-275-6477  
E-mail: [mkpowersltd@yahoo.com](mailto:mkpowersltd@yahoo.com)  
Submitted on: 2/21/2010

### **Comments:**

Do not pass the most recent draft of HB 1287, to continue VEBA for only limited time. This is our most valuable benefit and with the other cuts we have taken ie.on cuts paycheck it is paramount you leave us this program. It works by the way, for our members!! Mahalo

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 21, 2010 9:55 AM  
**To:** FINTestimony  
**Cc:** paulaisabelle@peacemail.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM  
**Attachments:** Veba Trust testimony.doc

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position:  
Testifier will be present: No  
Submitted by: Paula Isabelle  
Organization: Individual  
Address:  
Phone:  
E-mail: [paulaisabelle@peacemail.com](mailto:paulaisabelle@peacemail.com)  
Submitted on: 2/21/2010

Comments:

My name is Paula Isabelle and I am a Special Education teacher at Paia Elementary School on the island of Maui.

Thank you for your past support of the HSTA VEBA Trust.

I humbly ask you to consider making the Trust permanent instead of allowing it to sunset or merely extending it for 6 months. Please allow at least 2 years to show the continuing cost saving benefits of the Trust.

The VEBA Trust consistently demonstrated significant cost savings and benefits of a VEBA Trust when compared to the Hawaii EUTF.

I hope that you will agree with me that it makes sense to continue a program that helps both teachers and the state. In these difficult economic times, it sometimes means looking at new and innovative ways of doing things. By saving the state money, VEBA allows those funds to be available for other state programs and services.

The teacher shortage in Hawaii is of great concern to the Department of Education, teachers, parents, and the community. Over the years, we have worked diligently with a variety of parties, including the legislature, to provide the incentives needed to keep quality teachers in our children's classrooms. Quality health care coverage is an important incentive for any employee. It is one benefit, if strengthened, that would be a valuable part of an incentive package the DOE can leverage to combat our state's teacher shortage.

We are working to help teachers do the best job possible when teaching our children. We support our legislators in their efforts to make Hawaii a place that our children can choose to call home. At times, this means looking at new and innovative ways of doing things.

Given the 7.9% pay reduction teachers have absorbed through furloughs, putting us back into the EUTF will mean a significant increase to the amount I will pay for medical premiums. Please help support the teaching profession by making the HSTA VEBA Trust permanent.

This bill authorizes and sets forth the continuation of a VEBA Trust to provide health benefits for public school teachers at an affordable rate while at the same time providing a savings to the state. In addition, savings created by the VEBA Trust may be diverted to other state programs and services

The HSTA VEBA Trust provides benefits for active participants from Bargaining Unit 5 and Retired participants who were former employees covered under Bargaining Unit 5. Benefits were established effective March 1, 2006.

- As of June 30, 2009, there were 13,081 teachers participating in one or more benefit plans and 1,995 retired teachers participating in one or more benefit plans under the Trust.
- The Department of Education (DOE) realized lower contribution rates for teachers (from March 1, 2006 through June 30, 2009, the employer contribution savings was \$3,145,309.00).
- In addition, the State of Hawaii General Fund received experience refunds for teachers totaling \$3,518,760.00.
- The DOE and the State of Hawaii realized a total savings of \$6,664,069.00 from March 1 2006 through June 30, 2009.
- For Retirees, the State of Hawaii has essentially been at breakeven between contributions, costs, and refunds as compared to EUTF.
- There has been no adverse selection since the law requires that all teachers in Bargaining Unit 5 must be enrolled in the VEBA plan as an employee.

(Prior to 2003, teachers had a choice of whether to enroll in the VEBA medical plans or the Hawaii Public Employees Health Fund. Because of this choice, there may have been adverse selection. However, with the current law, Bargaining Unit 5 members do not have a choice of whether to enroll in the VEBA or the EUTF.)

Mahalo for your consideration of this testimony.

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 21, 2010 10:48 AM  
**To:** FINTestimony  
**Cc:** cfgline@gmail.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: Carla Gline  
Organization: Individual  
Address: 68-1730 Hooko St.  
Phone: 808 883-6808  
E-mail: [cfgline@gmail.com](mailto:cfgline@gmail.com)  
Submitted on: 2/21/2010

**Comments:**

On if there is an extension, it should be for at least two years to further demonstrate that VEBA provides quality medical benefits at a savings to both members and the state.

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 21, 2010 1:41 PM  
**To:** FINTestimony  
**Cc:** Greta\_Martinez@notes.k12.hi.us  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: Greta Martinez  
Organization: Individual  
Address: 752 Pala'au Rd. Kaunakakai, HI  
Phone: 808-658-1676  
E-mail: [Greta\\_Martinez@notes.k12.hi.us](mailto:Greta_Martinez@notes.k12.hi.us)  
Submitted on: 2/21/2010

### Comments:

If there is an extension, it should be for at least two years to further demonstrate that VEBA provides quality medical benefits at a savings to both members and the state. Also, for us teachers who live on Molokai, we can get prescription locally through VEBA. If we transfer to EUTF, we will have to get prescription from another place that is not local. This can be detrimental to those of us teachers who need prescription on a daily basis, as soon as possible. We cannot afford to order prescription outside of Molokai and wait for days until it arrives.



## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 21, 2010 4:11 PM  
**To:** FINTestimony  
**Cc:** grimmace@hotmail.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: J Michael Landes  
Organization: Individual  
Address: 1667 S Kihei Rd Unit D Kihei, HI  
Phone: 808-276-0071  
E-mail: [grimmace@hotmail.com](mailto:grimmace@hotmail.com)  
Submitted on: 2/21/2010

### Comments:

I am a teacher at Lahainaluna High School on Maui, and I live in Kihei. I am writing to you today in reference to HB 1287 HD1 (Proposed HD 2) RELATING TO PUBLIC EMPLOYMENT. Without your help, the VEBA Trust will sunset on June 30, 2010, meaning that public school teachers (who have already suffered cuts in pay due to furloughs) will be required to move back into the EUTF for our medical coverage. At their current rates, that move would likely mean additional premiums of at least \$200 a month and changes to our pharmaceutical benefits. The proposed HD2 would only extend VEBA for 6 months before it dumps state employees back into the EUTF. Dumping us into the EUTF would have devastating effects for many of us. We need you to make VEBA permanent. Or, if you are unwilling to do that, VEBA should be extended for at least two years to further demonstrate that it provides quality medical benefits at a savings to both members and the state.

This affects all teachers in the state, and it could have dire consequences for my family. My wife and I are both teachers, so when furloughs were agreed upon, our family took a double cut in income. We own a very modest home, work additional hours at part-time jobs, and live a simple lifestyle, but as things currently stand with the pay reductions, we already struggle to pay the bills and put food on the table for ourselves and our 2 year old son. If the VEBA Trust expires while the furloughs and pay reductions are still in place, it will certainly mean bankruptcy and foreclosure for my family, as we will be unable to handle such a steep increase in medical coverage in our already limited budget.

VEBA has saved money for the state and public school teachers. It offers teachers competitive rates by having healthy competition between health providers. By continuing VEBA, teachers will continue to have a health benefit program without disruption of services and coverage, which will help to attract and retain public school teachers.

I need you to give VEBA a fair chance; I need you to make VEBA permanent, or at least extended it for two years. Please do not cause more hardships on the families of state employees.

Mahalo for your time and consideration!

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**It:** Sunday, February 21, 2010 5:15 PM  
**To:** FINTestimony  
**Cc:** jmaeda1227@yahoo.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM  
**Attachments:** VEBA Trust Testimony.doc

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: support  
Testifier will be present: No  
Submitted by: Jodi Maeda  
Organization: Individual  
Address: P.O. Box 604 Lihue, HI  
Phone: (808)645-0305  
E-mail: [jmaeda1227@yahoo.com](mailto:jmaeda1227@yahoo.com)  
Submitted on: 2/21/2010

Comments:

Dear Legislators,

My name is Jodi Maeda and I am a teacher at Kaua'i High School. I am asking you to please support the extension of the VEBA Trust. The VEBA Trust is very important to Hawaii's public school teachers. It provides us an affordable healthcare plan. We all know that in these tough economic times, we all need to try a little harder to save money. Allowing VEBA to continue would not only save the teachers money, but it would also save the state money. Teachers have already made financial sacrifices with the current furlough situation. Forcing us to move back into the EUTF system would create even more of a financial hardship for many of us. We would be paying at least \$200 per month more.

Now, you may be thinking, "well, everyone has had to sacrifice, so what makes you so special?" Well, you're right, everyone has been sacrificing and I'm not saying we are any more special than the next person. However, please remember that the state already has a difficult time recruiting new teachers. We have an extremely high turnover rate. I am in my 6<sup>th</sup> year of teaching at Kauai High School and since I've been there, I've seen at least 9 teachers in my department come and go – some even in the middle of the school year. Although they are not leaving solely because of something such as health benefits, many of them do leave, because they cannot afford to live on the island with the amount that they make. Providing an affordable healthcare plan is one step in the right direction. Taking away the great healthcare plan that we currently have would be another step in the wrong direction.

Personally, I was born and raised on Kauai. I went to college on the mainland, but returned home, because this is where I want to live. I am 29 years old and want to be able to own my own home and raise a family here one day. I don't know if and when that day will ever come, but it is really important to me to be able to save money to accomplish these goals. Allowing VEBA to continue would save me at least \$200 a month that I could put away for my own home.

Please consider these things when making your decision. It is not a decision that should be taken lightly as it will affect 14,000 teachers across the state. If you truly value us as the public service employees that we are, then you will say yes to extending the VEBA Trust for at least two years. Thank you for your time and consideration. I greatly appreciate all that you do for our state.

Mahalo,

Jodi T. Maeda  
Lihue, HI

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**it:** Sunday, February 21, 2010 6:28 PM  
**to:** FINTestimony  
**Cc:** jslaton11@yahoo.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Jennifer Slaton  
Organization: Individual  
Address: 137 Kapa'a St Kailua, HI  
Phone:  
E-mail: [jslaton11@yahoo.com](mailto:jslaton11@yahoo.com)  
Submitted on: 2/21/2010

**Comments:**

I oppose the Bill HB 1287 HD 1 (Proposed HD2).

I am currently a first-year elementary teacher working for the Department of Education. I choose to go into an education career as I enjoy working with students and helping them learn new skills and knowledge. Another perk to the career is the benefits. Teachers have earned the reputation as responsible civil servants who take care of themselves and their families.

Our group teachers' health benefits with EUTF is a disservice to educators. Teachers are not exposed to as many health risks as other public workers and should not be lumped together with those who have entered higher-risk careers.

Furlough Fridays have already taken away much of the salary I expected to receive after graduating. Now we are supposed to pay higher rates to receive health benefits? Less income and higher rates?

If the State is truly trying to recruit hard-working, high-quality teachers they should think twice about taking the VEBA trust away from teachers. It is one of the few rewards teachers, first-years and experienced alike, have left.

Testimony on HB1287 Proposed HD 2

Aloha! My name is Wray Jose, and I am a teacher at Moanalua High School. I am writing to urge that the VEBA Trust program be extended for two years to provide enough time for the program to demonstrate it provides better health care coverage at lower cost both to teachers and to the State. The VEBA program returned more than \$6.5 million dollars to the state over the past three years. That is a significant savings to the State at a time when the State is financially strapped. And the better coverage it affords teachers is a valuable tool for recruiting and retaining teachers in the State of Hawaii. I therefore urge that the program be extended for two years. Mahalo!

Best Regards,

Wray Jose

Brian K Lynch JR  
84-575 Kili Drive, Apt 308  
Waianae, Hi 96792  
HB1287 Proposed HD2

To Whom It May Concern:

My name is Brian Lynch and I'm a teacher at Ilima Intermediate School in Ewa Beach. I'm begging the members of the House Finance committee to please extend VEBA permanently. The low cost incurred to BU5 members because of VEBA has been a blessing to my family and has greatly helped us to get through these tough times.

It is my understanding that you received a biased and inaccurate report from the State Auditor. I find this extremely appalling. While I understand that this is the only information that your committee could go on, I also know now that you've met with many teachers from around the state who have clarified the misinformation about VEBA and have shown each of you how it saves the state money and benefits teachers in countless ways.

If VEBA truly saved the state money (which it did as seen by the reports) and if teachers want to keep VEBA, then I see no reason why this committee would not consider extending it permanently.

As I write this letter, I imagine what the life of my family will be when my rate increases by 200.00 a month. How will I be able to afford this increase?

The house committee made it a priority to not vote on social issues this year to take up the State's finances instead. Is this, really, a logical plan to help the state's finances – getting rid of VEBA which saves the state money?

I hope and pray that your committee will extend VEBA permanently for the livelihood of my family and for my colleagues across our great state.

Thank you,

Brian Lynch

## FINTestimony

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**m:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 21, 2010 8:02 PM  
**To:** FINTestimony  
**Cc:** barbrick@hawaiiantel.net  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: support  
Testifier will be present: No  
Submitted by: Barbara Nosaka  
Organization: Individual  
Address: 91- 884 Ft. Weaver Road Ewa Beach, HI 96706  
Phone: 689-1250x287  
E-mail: [barbrick@hawaiiantel.net](mailto:barbrick@hawaiiantel.net)  
Submitted on: 2/21/2010

### Comments:

Aloha, I have been a teacher at Ilima Intermediate for 23 years, an HSTA member, and a VEBA participant since its inception ! I appreciate the quality health services provided and lower cost premiums afforded us by VEBA. Please extend our VEBA for at least 2 more years, not just until December 31, 2010, to further demonstrate the value of this HSTA benefit to our teachers and savings to the State employees health plan. Thank you, (Mrs) Barbara Nosaka

James Urbaniak  
84-575 Kili Drive, Apt 308  
Waianae, Hi 96792  
HB1287 Proposed HD2

To Whom It May Concern:

My name is James Urbaniak and I'm a teacher at Ilima Intermediate School in Ewa Beach. It is my intent with this letter to urge the House Committee on Finance to extend VEBA permanently. VEBA provides quality medical benefits to not only my family, but to my colleagues and their families who in this tough economic time, cannot suffer any more economic hardships.

I cannot fathom why this committee would not consider extending VEBA permanently. It has been proven that VEBA saved the State of Hawaii millions of dollars since it's inception and the EUTF has proven to be ineffective in handling the current amount of members that it "services." There is also no concrete evidence that suggests that bringing in BU 5 members into EUTF will reduce the overall costs to ALL members in EUTF. This is untrue and unless evidence suggests otherwise, I consider this a liability on your part.

Why would you want to punish teachers even more this year? If VEBA saves money and it provides quality health care, I consider your actions to not extend it as a personal attack on the livelihood of my family and the families of 15,000 other happy VEBA members.

I urge you to do the write thing – please extend VEBA permanently; if this is too much, than at least extend it for two more years so that a new study can be conducted that will prove *yet again* that VEBA is the right choice for not only teachers, but for also the state.

Thank you,

James Urbaniak



**House Committee on Finance**

Tuesday, February 23, 2010

4:30p.m.

Conference Room 308

State Capitol

415 South Beretania Street

Chair M. Oshiro, Vice-Chair M. Lee, and members of the Committee,

I am writing in **SUPPORT** of HB1287 Proposed HD2. However, I do not think that a six-month period is adequate for the EUTF to take care of the 13,000 active and 2,000 retirees presently in the HSTA VEBA health plans. I am afraid that the migration of 15,000 members from the HSTA VEBA to the EUTF will cause even more problems than those now reported.

**I firmly believe that the inherent problems in the EUTF cannot be rectified within the short period allowed by HB1287 Proposed HD2. In fact, I implore you, the committee, to amend HD2 to extend the HSTA VEBA health plans until at least 2013, when the legislature can again look at the viability of allowing the HSTA to continue its VEBA with the elimination of the sunset clause.**

As noted in the Thursday, February 18, 2010 article in the Honolulu Advertiser, Business Today section pagers B5 and B7, "hundreds of state and county workers who retired at the end of 2009 were put into the wrong health insurance plans because of problems at the EUTF."

The deputy director of the state Budget and Finance acknowledged that problems have occurred since the retirement of the administrator and the deputy administrator of the EUTF, and there was a lack of quorum on the board of Trustees because four union trustees left the board at the end of December, and the board missed two meetings THIS year because of quorum issues.

I really do not believe that the many problems with the EUTF are recent in origin, being several years in the making. In fact, I believe that the structure of the EUTF is such that there is no way it can effectively administer the health benefits for Bargaining Unit 5 active and retired teachers, as effectively as the HSTA VEBA has demonstrated since 2006.

I have talked with too many teacher retirees who are beneficiaries of the EUTF who are unhappy with the lack of responsiveness by the EUTF. They have told me about the lack of response to phone messages, letters, and even emails. I can only imagine what will happen if the EUTF suddenly receives an influx of new beneficiaries.

Thank you for allowing me to send in testimony in qualified support of HB1287 Proposed HD2. I firmly believe that extending the VEBA to 2013 is the best option for everyone concerned; teachers, legislators, and the state.

Vaughn K. Tokashiki  
HSTA-R President  
Oahu District

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 21, 2010 7:52 PM  
**To:** FINTestimony  
**Cc:** troi.orias@gmail.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: Troi Orias  
Organization: Individual  
Address: 98-099 Uao Pl. 1709 Aiea, Hawaii  
Phone:  
E-mail: [troi.orias@gmail.com](mailto:troi.orias@gmail.com)  
Submitted on: 2/21/2010

### **Comments:**

Aloha, As a public teacher at a DOE elementary school, VEBA is very important to me. In these tough times, an affordable medical plan is one of the few benefits to teaching in Hawaii. VEBA is definitely cheaper than EUTF and has a much more stable infrastructure than EUTF. As it is with furloughs, I am already living above paycheck to paycheck and have started to cut into my savings. Having to go into EUTF and pay \$200 more a month would force me to either leave teaching or leave Hawaii. If you have to extend the Sunset Date, then please extend it to 2 years so that VEBA can prove that it is a cost-savings to the State as well.

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 22, 2010 11:30 AM  
**To:** FINTestimony  
**Cc:** annie\_queirolo@notes.k12.hi.us  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: annie queirolo  
Organization: Individual  
Address:  
Phone:  
E-mail: [annie\\_queirolo@notes.k12.hi.us](mailto:annie_queirolo@notes.k12.hi.us)  
Submitted on: 2/22/2010

### Comments:

Annie Queirolo - Kamalii Elementary school Teacher Committee on Finance Tuesday, 02-23-10 at 4:30 pm in House Conference Room 308 HB 1287 HD1 (Proposed HD 2).

### House Committee on Finance

Please extend VEBA permanently. Teachers can not afford to pay \$200+ more a month for health benefits. We are already struggling. We do not want to be included in EUTF ever. Hawaii needs to recruit and retain highly qualified teachers and forcing us into EUTF with higher benefit costs is just one more way to drive teachers out of the profession. I, personally do not even use state benefits because my husbands costs our family just over \$700 a year and he unloads suticas from cars. I have a Masters degreee, already make less money than him and if I took the state benefits it would cost our family over \$500 a month. Please extend VEBA permanently!

Sincerly,  
Annie Queirolo

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 21, 2010 11:44 PM  
**To:** FINTestimony  
**Cc:** jonfia@hawaii.rr.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Jon Fia  
Organization: Individual  
Address: 92-320 Hookili PL Kapolei  
Phone: 808-672-6665  
E-mail: [jonfia@hawaii.rr.com](mailto:jonfia@hawaii.rr.com)  
Submitted on: 2/21/2010

Comments:  
Dear Senator,

I am writing to request that you please reconsider bill HB 1287 in regards to the VEBA trust for public school teachers. Im asking that we look to make VEBA proposed 6 month extension longer to 2 full years. It is crucial to me and my fellow teachers that we are allowed to stay with VEBA and not be forced into the EUTF. Prior to the creation of the VEBA trust years ago, we were pushed into the EUTF and I immediately watched my insurance premiums go up and my take home pay go down. Im especially afraid for this to happen again considering I am suffering financially due to the furloughs. To compound things my spouse is also a public school educator so we are feeling the effects of the furloughs doubly.

It only makes sense that the VEBA trust be made permanent. It saves money for the teachers and the state as well. Considering the fiscal problems the state is already having, it seems prudent to leave the VEBA in place. If for no other reason that VEBA needs to stay in place, is to attract new teachers. It is hard enough to attract teachers with the current environment we are forced to deal with but to now tell prospective teachers that their premiums will likely go up an additional 200.00 a month will make it all the more difficult to attract and keep them. What we are seeing in the schools currently is an exodus of veteran teachers retiring due to the furloughs and the effect it will have on their retirement income. Who will replace them? Its hard enough to find new teachers and this will only make it harder.

Again I implore you to extend VEBA to two full years and even help us move VEBA towards a hopefully permanent status.

Thank you for your time.

Aloha,

Jon Fia  
Teacher  
Waipahu High School  
[jonfia@hawaii.rr.com](mailto:jonfia@hawaii.rr.com)

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 22, 2010 8:06 AM  
**To:** FINTestimony  
**Cc:** gayle\_oguro@members.hsta.org  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: Gayle Oguro  
Organization: DOE Solomon Elementary  
Address:  
Phone:  
E-mail: [gayle\\_oguro@members.hsta.org](mailto:gayle_oguro@members.hsta.org)  
Submitted on: 2/22/2010

**Comments:**

My name is Gayle Oguro. I am a teacher at Solomon Elementary. I have been teaching for 27 years. Please consider making the VEBA Trust program permanent to provide health benefits for public school teachers at an affordable rate while at the same time providing a savings to the state. The VEBA Trust consistently demonstrated significant cost savings and benefits of a VEBA Trust when compared to the Hawaii EUTF. If you are considering extending the VEBA Trust Bill, please extend for at least two years. This would further demonstrate the cost effectiveness of the VEBA Trust.

As a participant in the VEBA Trust, I pay less premiums for medical coverage. The state's EUTF plan does not provide an affordable medical plan.

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 22, 2010 8:42 AM  
**To:** FINTestimony  
**Cc:** sandy.calio@hawaiiantel.net  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Sandy Calio  
Organization: Individual  
Address: 92-138 Kohea Place Kapolei, HI  
Phone: (808) 672-5312  
E-mail: [sandy.calio@hawaiiantel.net](mailto:sandy.calio@hawaiiantel.net)  
Submitted on: 2/22/2010

### **Comments:**

Please help me take care of my family by allowing me to be continue being a part of the VEBA trust. I am opposed to how it is written and am requesting that you extend it for 2 more years so that the VEBA trust can save the state & it's members money. The EUTF is currently struggling with the members they have now, how will it survive it there has to be 13,000 members now added to it? Please give the VEBA trust 2 more years to show you it works and can save you money. Also as a struggling teacher with 2 jobs, a husband that has been unemployed for over a year, and currently losing \$200 a paycheck due to furloughs, please don't have me loose more money by switching to EUTF. Thank you for your time.

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 22, 2010 8:45 AM  
**To:** FINTestimony  
**Cc:** douglasperrine@yahoo.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: support  
Testifier will be present: No  
Submitted by: Doug Perrine  
Organization: Individual  
Address: 76-223 Haa Street Kailua Kona HI 96740  
Phone: 808-329-4523  
E-mail: [douglasperrine@yahoo.com](mailto:douglasperrine@yahoo.com)  
Submitted on: 2/22/2010

Comments:



## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 22, 2010 9:01 AM  
**To:** FINTestimony  
**Cc:** tavaresy001@hawaii.rr.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM  
**Attachments:** SB28797 SD1 (VEBA).eml

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: support  
Testifier will be present: No  
Submitted by: Yvonne Tavares  
Organization: Individual  
Address: 1945 Naio St. Hon.Hi.96817  
Phone: 808 8451465  
E-mail: [tavaresy001@hawaii.rr.com](mailto:tavaresy001@hawaii.rr.com)  
Submitted on: 2/22/2010

### Comments:

I support HB1287. I also support efforts to reform the EUTF. I believe a six month extension of VEBA will not be enough time to completely re-organize EUTF. If 15,000 teachers and retirees were to return to EUTF, it would profoundly affect access to care for not only the teachers but their families. Please give us at least two years to continue VEBA, then make a decision. You are serving the public because you care. Teachers and children depend upon your decision. Extending VEBA two years would certainly be one less stress for every teacher and retiree. Thank you for allowing me to send in testimony in support of HB1287. Extending VEBA for two years is in the best interest of teachers, legislators, and the state.

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 22, 2010 12:00 PM  
**To:** FINTestimony  
**Cc:** Fay\_Jitchaku@notes.k12.hi.us  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Fay Jitchaku  
Organization: Individual  
Address: 94-551 Kahuanani St. Waipahu, HI  
Phone: 677-8352  
E-mail: [Fay\\_Jitchaku@notes.k12.hi.us](mailto:Fay_Jitchaku@notes.k12.hi.us)  
Submitted on: 2/22/2010

### Comments:

As a struggling teacher, mom, wife, and elderly caregiver, I am very concerned about our healthcare coverage. I was suddenly struck with a severe illness the first week of January this year and ended up in the hospital being fed through IVs. Without our VEBA health coverage I don't know how I would be able to cover my medical bills. Please extend VEBA for a few years. I am frightened about adding more cost to my already depleting funds.

**From:** Stacey Svadlenka, Special Education Teacher, Kapolei High School  
**To:** House Committee on Finances  
**Meeting Date and time:** February 23, 2010 at 4:30 p.m.  
**Measure number:** HB1287 Proposed HD2

I oppose the HD2 version of as it is written. If there is to be an extension, it should be for at least 2 years. This would give the EUTF the necessary time it needs to regroup. Also, this would further demonstrate that VEBA provides quality medical benefits at a savings to both the members and the state.

VEBA provides a strong health benefit program for teachers. I want to continue on with VEBA without disruption of services and coverage.

If the teachers were to change back to EUTF, I am not sure how I will be able to pay for the additional \$200 plus a month out of my pocket for health benefits. I am already making 8% less and having difficulty making ends meet as it is now. I am not sure how I will make the ends meet with the additional cost in health benefits.

Sincerely,  
Stacey Svadlenka

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 22, 2010 1:36 PM  
**To:** FINTestimony  
**Cc:** tricia\_young@notes.k12.hi.us  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM  
**Attachments:** VEBA Personal Testimony.doc

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Patricia Young  
Organization: Individual  
Address:  
Phone:  
E-mail: [tricia\\_young@notes.k12.hi.us](mailto:tricia_young@notes.k12.hi.us)  
Submitted on: 2/22/2010

Comments:

## VEBA Personal Testimony

Patricia Young

Teacher: Kapolei High School

I am writing in response to the legislature wanting to end the VEBA Trust health care plan for teachers and transitioning the teachers into the EUTF health care plan.

I am opposed to the way HD2 is currently written because although it provides an extension of VEBA, the extension is not long enough. I truly believe that if an extension is going to be granted it should be for a minimum of two years. Teachers agreed to an 8% pay cut for two years to help the state save money and it only seems fair that if an extension is going to be granted it be done for two years. VEBA saves the state money and in these challenging economic times, it is all about saving money. The state should not be spending more money right now and that is what will happen if VEBA comes to an end.

I appreciate the health care plan that is currently in place because my family is challenged with various illnesses and problems that require a lot of medical attention. The plan that I provide to my family because of VEBA is affordable and provides excellent coverage for my husband who is struggling with diabetes, high blood pressure and high cholesterol. My daughter who struggles with eczema and psychological disorders also benefits from my plan. Lastly, my son who is diagnosed with being on the Autism spectrum has his own needs that are covered with my health care plan.

Thank you in advance for listening to my testimony. I hope that an agreement can be reached so that an extension of two years will be granted. Please help the teachers.

Patricia Young

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 22, 2010 2:57 PM  
**To:** FINTestimony  
**Cc:** tom\_guerin@notes.k12.hi.us  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Tom Guerin  
Organization: Individual  
Address:  
Phone: 808-283-9628  
E-mail: [tom\\_guerin@notes.k12.hi.us](mailto:tom_guerin@notes.k12.hi.us)  
Submitted on: 2/22/2010

Comments:  
Committee on Finance  
Tuesday, 02-23-10 at 4:30 pm in House Conference Room 308 HB 1287 HD1 (Proposed HD 2).

House Committee on Finance

Please extend VEBA permanently. Teachers can not afford to pay \$200+ more a month for health benefits. We are already struggling. We do not want to be included in EUTF ever. Hawaii needs to recruit and retain highly qualified teachers and forcing us into EUTF with higher benefit costs is just one more way to drive teachers out of the profession. right now, with the furloughs and inflation, I'm just hanging on, trying to put two boys through college and can't afford any more bites into my income. I feel that teachers are being asked to shoulder an unequal share of the financial burden placed on us all by irresponsible banks and other lending institutions. Please do not contribute to bleeding us further.  
Sincerly,

Tom Guerin,  
Teacher, Kamalii Elementary School

## FINTestimony

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m: mailinglist@capitol.hawaii.gov  
Sent: Sunday, February 21, 2010 9:48 PM  
To: FINTestimony  
Cc: odetfuji4u@hawaii.rr.com  
Subject: Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: Odetta Fujimori  
Organization: Individual  
Address:  
Phone:  
E-mail: [odetfuji4u@hawaii.rr.com](mailto:odetfuji4u@hawaii.rr.com)  
Submitted on: 2/21/2010

### Comments:

HB 1287, HD1 (HSCR363) RELATING TO PUBLIC EMPLOYMENT.

Proposed HD2: Extends the enabling law for the voluntary employees' beneficiary association trust from 07/01/10 to 12/31/10 in order to provide for a better transition to the Hawaii employer-union health benefits trust fund; Appropriates funds for more staff for the Hawaii employer-union health benefits trust fund.

... Chairman and Members of the Finance Committee:

The Hawaii Employees Union Trust Fund (EUTF) is broken and needs to be fixed. However, extending the VEBA program for a mere six months will not fix the EUTF. The pilot VEBA program that is currently in place for Bargaining Unit 5 active and retired teachers has been an effective model; that is serving its participants well. Why not make it a permanent program rather than extending it another six months?

HSTA has been a responsible party in providing meaningful health benefits to its participants. The legislature should eliminate the sunset provision, commend the HSTA and allow the VEBA Trust to exist as a viable and permanent program.  
Thank you for allowing me to share my comments with the committee.

Odetta Fujimori  
HSTA-VEBA Participant

## **FINTestimony**

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**From:** Lorraine Hora [lorrainehora@yahoo.com]  
**Sent:** Monday, February 22, 2010 3:18 PM  
**To:** FINTestimony  
**Subject:** HB1287

House Committee on Finance  
Representative Marcus Oshiro. Chair  
Representative Marilyn Lee, Vice Chair

Tuesday, February 23, 2010  
4:30 pm  
Conference Room 308  
State Capitol  
415 South Beretania Street

RE: HB 1287 Proposed HD2 Relating to Public Employment

My name is Lorraine M. Hora and I am a HSTA-Retired member of VEBA Trust. I am writing in support of HB 1287 Proposed HD2, however, I feel a 6 month extension of VEBA to give EUTF transition time to process VEBA members back into EUTF is not an adequate time frame. A more realistic period would be 2 - 3 years, depending on how quickly EUTF can restructure itself.

EUTF is experiencing a "perfect storm" according to the news article in the Honolulu Advertiser on February 18. If EUTF "muffed" on "Hundreds of state and county workers who retired at the end of 2009...", I have grave concerns how EUTF can handle the processing of close to 20,000 more members in four months should VEBA sunset as scheduled. VEBA is working well, even returning money to the State General Fund each year. Please let VEBA continue. Make VEBA permanent. If you still have doubts, at least extend VEBA for 2-3 years until the State and EUTF can straighten out the mess of their "perfect storm".

Thank you for the opportunity to testify.

Sincerely,  
Lorraine M. Hora  
HSTA-Retired, Hawaii District  
648 Hinano Street  
Hilo, HI 96720



## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 22, 2010 4:26 PM  
**To:** FINTestimony  
**Cc:** delta41@hawaiiantel.net  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: D. Westcot  
Organization: Individual  
Address:  
Phone:  
E-mail: delta41@hawaiiantel.net  
Submitted on: 2/22/2010

Comments:  
"When money is tough to come by, we shouldn't be spending more";.

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 22, 2010 3:57 PM  
**To:** FINTestimony  
**Cc:** hulilani@hotmail.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: Linda Freidenburg  
Organization: Individual  
Address: 150 Hauoli St Wailuku, Hawaii  
Phone: 808-873-3070  
E-mail: [hulilani@hotmail.com](mailto:hulilani@hotmail.com)  
Submitted on: 2/22/2010

### Comments:

I have been a teacher with VEBA for the last few years and can see no reason to terminate it at this time. I propose at least another 2 years to adequately document how that program benefits both the state and the families that are covered by VEBA. The amendment of six months is well-intentioned but just too short!

Mahalo,  
Linda Freidenburg

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 22, 2010 10:13 PM  
**To:** FINTestimony  
**Cc:** bkiakona@hotmail.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: Barbara Kiakona  
Organization: Individual  
Address:  
Phone:  
E-mail: [bkiakona@hotmail.com](mailto:bkiakona@hotmail.com)  
Submitted on: 2/22/2010

### Comments:

Barbara Kiakona, teacher, Olomana School Dear Members of the Committee of Finance, Relating to HB1287, we asking that you extend the timeline to two years so that the VEBA Trust from HSTA can demonstrate the efficiency of our program.

One of the effects of eliminating VEBA is the ability for teachers to order our medication from our local pharmacies.

As a resident of Kailua, I rely on Ko'olau Pharmacy for my medications but if we are put into the EUTF, then we will be forced to mail order our medication. This ripple effect will harm many businesses.

Thank you for listening.

Sincerely,

Barbara Kiakona

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 22, 2010 10:47 PM  
**To:** FINTestimony  
**Cc:** ann\_uda@yahoo.com  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: support  
Testifier will be present: No  
Submitted by: Mildriene A. C. Uda  
Organization: HSTA-R  
Address:  
Phone:  
E-mail: [ann\\_uda@yahoo.com](mailto:ann_uda@yahoo.com)  
Submitted on: 2/22/2010

Comments:  
February 22, 2010

HOUSE Committee on Finance regarding HB 1287 Proposed HD 2.

Testimony for HB 1287  
February 23, 2010  
4:30 p.m.  
Conference room 308

Honorable members of the House Committee on Finance,

I recently retired after 38+ years as a teacher in Central Oahu District and have been fortunate to have been a VEBA participant for the past 2 years.

I am asking you to extend VEBA for at least two years to further demonstrate that VEBA provides quality medical benefits at a savings to both members and the State.

Thank you for consideration,  
Mildriene A. C. Uda

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 23, 2010 7:01 AM  
**To:** FINTestimony  
**Cc:** heyler@hawaii.edu  
**Subject:** Testimony for HB1287 on 2/23/2010 4:30:00 PM

Testimony for FIN 2/23/2010 4:30:00 PM HB1287

Conference room: 308  
Testifier position: support  
Testifier will be present: No  
Submitted by: Debra Heyler  
Organization: Individual  
Address:  
Phone:  
E-mail: [heyler@hawaii.edu](mailto:heyler@hawaii.edu)  
Submitted on: 2/23/2010

Comments:

Testimony in support of House Bill 1287 HD1RELATING TO PUBLIC EMPLOYMENT

Aloha House of Representatives, Committee of Finance:

My name is Debbie Heyler. I am the curriculum coordinator at Olomana School. I am asking that you would extend the VEBA trust to allow affordable health care to Hawaii's citizens. Times are lean, and as a public school educator, I am faced with furloughs and daily expenses of my family. I am asking that you allow an extension, and that it should be for at least two years to further demonstrate that VEBA provides quality medical benefits at a savings to both members and the state.

Mahalo for your consideration.

Sincerely,

Debra Heyler  
Curriculum Coordinator  
Olomana School  
Kailua, HI