March , 2013

RE: H.B. No. 546

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Seventh State Legislature Regular Session of 2013 State of Hawaii

## Sir:

Your Committee on Finance, to which was referred H.B. No. 546, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to convene a task force in the Department of Budget and Finance to examine the unfunded liability of the Hawaii Employer-Union Health Benefits Trust Fund.

More specifically, the task force is tasked with examining:

- (1) The current and projected unfunded actuarial accrued liability of the trust fund;
- (2) The availability of medical benefits plans other than plans that pay or reimburse medical services providers under a fee-for-service model;
- (3) The costs and benefits of alternative medical benefits plans in relation to the medical benefits plans currently offered by the trust fund;
- (4) The costs and process of transitioning from the current medical benefits plans to an alternative plan, including recommended legislation; and



(5) Any other relevant matters.

The United Public Workers, AFSCME, Local 646, AFL-CIO, and the University of Hawaii Professional Assembly submitted testimony in support of the measure.

The Department of Budget and Finance and the Department of Human Resources of the City and County of Honolulu submitted comments.

Your Committee finds that the unfunded liability of the Hawaii Employer-Union Health Benefits Trust Fund is substantial and requires collaboration and ingenuity to resolve. This measure will establish and empower a task force to address this critical issue.

Your Committee has amended this measure by:

- (1) Making an unspecified appropriation from the general fund to support the work of the task force, including necessary travel expenses of neighbor island members and potential consulting fees; and
- (2) Replacing the two members to be chosen by the Governor with one member from the Hawaii Council of Mayors and one member from the Hawaii State Association of Counties.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 546, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 546, H.D. 2.

Respectfully submitted on behalf of the members of the Committee on Finance,



HB546 HD2 HSCR LRB 13-1703.doc

## State of Hawaii House of Representatives The Twenty-seventh Legislature



## **Record of Votes of the Committee on Finance**

Bill/Resolution No.: HB546 HD1	Committee Referral:  LAB, FIN	Date	: 02/20/13	
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to:  Pass, unamended (as is)  Pass, with amendments (HD)  Hold  Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)				
2. NISHIMOTO, Scott Y. (VC)				
3. JOHANSON, Aaron Ling (VC)				
4. CULLEN, Ty J.K.				<u> </u>
5. HASHEM, Mark J.				
6. ING, Kaniela				
7. JORDAN, Jo				-
8. KOBAYASHI, Bertrand				
9. LOWEN, Nicole E.				
10. MORIKAWA, Dee				
11. ONISHI, Richard H.K.				
12. TAKAYAMA, Gregg				
13. TOKIOKA, James Kunane				· ·
14. WOODSON, Justin H.				
15. YAMASHITA, Kyle T.				
16. FUKUMOTO, Beth				
17. WARD, Gene				
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TOTAL (17)	17			
The recommendation is:  Adopted  If joint referral, did not support recommendation.  committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				