

Honolulu, Hawaii

FEB 18 2016

RE: S.B. No. 2434
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred
S.B. No. 2434 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Exempt certain procurements of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) from the procurement code;
- (2) Specify the fiduciary duties of EUTF trustees;
- (3) Amend the composition, appointing authorities, vacancy-filling procedure, and quorum requirements of the EUTF board of trustees;
- (4) Authorize the establishment of a sub-board of the EUTF Board of Trustees to administer contributions and benefits of a particular bargaining unit if the exclusive bargaining representative negotiates a specific contribution to apply to only that bargaining unit;
- (5) Authorize the EUTF board to appoint attorneys independent of the Attorney General; and



- (6) Amend the administration of EUTF monies and transfer control of EUTF from the Department of Budget and Finance to the Department of Human Resources Development.

Your Committee received testimony in support of this measure from the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; University of Hawaii Professional Assembly; and Hawaii Fire Fighters Association. Your Committee received testimony in opposition to this measure from the Department of the Attorney General, Department of Budget and Finance, and State Procurement Office. Your Committee received comments on this measure from the Department of Human Resources Development and Department of Budget and Fiscal Services of the City and County of Honolulu.

Your Committee finds that there is concern regarding the operation of the EUTF and reforms are necessary to control costs, encourage preventive care, implement wellness programs, and provide information on provider performance and efficiency. Implementation of this measure will help reduce some of the concerns associated with the operation of the EUTF.

Your Committee has amended this measure by:

- (1) Deleting section 1, relating to the procurement exemption and fiduciary duties; sections 2 and 5, relating to the hiring of independent attorneys by the EUTF; section 4, relating to vacancy-filling procedure; section 7, relating to administration of EUTF monies; and section 8, relating to the transfer of the EUTF from the Department of Budget and Finance to the Department of Human Resources Development;
- (2) Eliminating the authorization to establish a sub-board of the EUTF Board of Trustees to administer contributions and benefits negotiated for only a particular bargaining unit;
- (3) Inserting an effective date of January 7, 2059, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2434, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2434, S.D. 1, and be referred to your Committee on Ways and Means.

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


GILBERT S.C. KEITH-AGARAN, Chair



The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary and Labor
JDL

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|---|--|---|-----|---------|
| Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">SB 2434</div> | Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">JDL, WAM</div> | Date: <div style="font-size: 1.2em; font-family: cursive;">2/16/16</div> | | |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div> | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| KEITH-AGARAN, Gilbert S.C. (C) | / | | | |
| SHIMABUKURO, Maile S.L. (VC) | / | | | |
| GABBARD, Mike | / | | | |
| KIM, Donna Mercado | / | | | |
| THIELEN, Laura H. | / | | | |
| SLOM, Sam | | / | | |
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| TOTAL | 5 | 1 | | |
| Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div> | | | | |
| Chair's or Designee's Signature: <div style="text-align: center; margin-top: 10px;"> </div> | | | | |
| Distribution: <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">Original File with Committee Report</div> <div style="text-align: center;">Yellow Clerk's Office</div> <div style="text-align: center;">Pink Drafting Agency</div> <div style="text-align: center;">Goldenrod Committee File Copy</div> </div> | | | | |

***Only one measure per Record of Votes**