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# HOUSE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO STUDY THE FEASIBILITY OF PROVIDING  
HEALTH BENEFITS TO STATE AND COUNTY EMPLOYEES USING A SELF-  
INSURED MODEL.

1           WHEREAS, according to the National Conference of State  
2 Legislatures, in 2010, forty-six states self-insured or self-  
3 funded at least one of their employee health care plans, and at  
4 least twenty-nine states self-funded all of their employee  
5 health care offerings; and

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7           WHEREAS, self-insured or self-funded plans have a number of  
8 potential advantages over fully insured plans; and

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10          WHEREAS, many states administering self-insured or self-  
11 funded employee health care plans have been able to lower costs  
12 while still maintaining a high level of health benefits; and

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14          WHEREAS, Hawaii's employer-union health benefits trust fund  
15 is currently fully insured rather than self-insured; and

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17          WHEREAS, health care premiums have risen rapidly over the  
18 last decade; and

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20          WHEREAS, it is both prudent and essential that the State  
21 examine whether converting the employer-union health benefits  
22 trust fund to a self-insured model will result in cost savings;  
23 now, therefore,

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25          BE IT RESOLVED by the House of Representatives of the  
26 Thirty-first Legislature of the State of Hawaii, Regular Session  
27 of 2021, the Senate concurring, that the Auditor is requested to  
28 study the feasibility of providing health benefits to state and  
29 county employees using a self-insured model; and

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# H.C.R. NO. 142

1 BE IT FURTHER RESOLVED that in conducting the study, the  
2 Auditor is requested to collect and take into account thorough  
3 data on:

- 4 (1) Historical census;
- 5 (2) Health benefit premiums;
- 6 (3) Contributions;
- 7 (4) Plan documents;
- 8 (5) Claims information; and
- 9 (6) Any other information the Auditor deems appropriate;
- 10 and
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18 BE IT FURTHER RESOLVED that in conducting the study, the  
19 Auditor is requested to examine the potential impacts of  
20 transitioning health benefits to a fully self-insured model,  
21 partially self-insured model, or other risk retention model  
22 including:

- 23 (1) Risks to the State from acting as its own insurer,  
24 including:
  - 25 (A) Uncontrolled utilization; and
  - 26 (B) Cost increases from catastrophic claims events;
- 27 (2) Investment returns on reserves in the employer-union  
28 health benefits trust fund;
- 29 (3) Administrative cost savings, including any federal tax  
30 or fee savings;
- 31 (4) Fiduciary and legal obligations of the State;
- 32 (5) Benefits available for employees and other insured  
33 persons;
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- 1 (6) Changes in provider reimbursement levels, capitation,  
2 and care management practices;
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- 4 (7) Any other factors or impacts the state auditor deems  
5 to be relevant;
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- 7 (8) Risk assumptions used and analysis of the assumptions;  
8 and
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- 10 (9) A funding model that involves a rate stabilization  
11 reserve fund, maximum levels of employer contributions  
12 to the other post-employment benefits trust fund, the  
13 diversion of the excess in employer contributions to  
14 the employees' retirement fund, and the use of  
15 transient accommodations tax revenues to supplement  
16 deficient county public employer contribution amounts;  
17 and
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19 BE IT FURTHER RESOLVED that the Auditor is requested to  
20 contract the services of or obtain assistance from any other  
21 entities to perform any related services that may be required  
22 for the purposes of the study, to the extent that is possible  
23 within the Auditor's budget; and

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25 BE IT FURTHER RESOLVED that the Auditor is requested to  
26 submit a report of the Auditor's findings and recommendations,  
27 including any proposed legislation, to the Legislature no later  
28 than twenty days prior to the convening of the Regular Session  
29 of 2022; and

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31 BE IT FURTHER RESOLVED that certified copies of this  
32 Concurrent Resolution be transmitted to the Auditor and  
33 Chairperson of the Board of Trustees and Administrator of  
34 Employer-Union Health Benefits Trust Fund.

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OFFERED BY: *Paul H. S.*

MAR 12 2021

