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# A BILL FOR AN ACT

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

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

1       SECTION 1. The legislature finds that this Act is  
2 necessary to enable the Hawaii employer-union health benefits  
3 trust fund (trust fund) to efficiently maintain the  
4 confidentiality of information relating to alternative  
5 investments such as investments in private equity, private  
6 credit, and private real estate funds, consistent with  
7 competitive investment market best practices. This will help  
8 ensure that the trust fund will not be disadvantaged as a  
9 competitive investor due to the public records disclosure  
10 requirements of chapter 92F, Hawaii Revised Statutes.

11       To address the trust fund's unfunded liability, the trust  
12 fund, as a prudent investor, engages in diversified investment,  
13 including high-yield private alternative investments. Due  
14 diligence into such investments requires the trust fund to  
15 invest time and money to acquire and analyze detailed  
16 proprietary and confidential information regarding the projected



1 performance of each fund. If the trust fund is required to  
2 disclose such confidential information, the trust fund is  
3 disadvantaged as a competitive investor. Competing investors  
4 would be able to acquire, at no cost, the trust fund's  
5 investment intelligence, resulting in oversubscription of the  
6 trust fund's best investments, reducing the trust fund's access.  
7 Further, to the extent that the trust fund may be required to  
8 disclose information that the investment funds require to be  
9 kept confidential, some high-performing funds are likely, based  
10 on their past practices, to be deterred from allowing the trust  
11 fund to invest with them.

12 To serve the public interest in monitoring the trust fund's  
13 investment performance, the trust fund already makes publicly  
14 available non-confidential aggregate performance data for the  
15 entire trust fund investment portfolio in its quarterly  
16 performance report, which includes: the name of asset or  
17 strategy and the rate of return for the quarter, fiscal year-to-  
18 date, one year, three years, five years, ten years, and  
19 inception to date.

20 This Act identifies certain types of alternative investment  
21 fund information, the disclosure of which would likely put the



1 trust fund at a competitive disadvantage, and categorically  
2 exempts those categories of information from disclosure under  
3 chapter 92F, Hawaii Revised Statutes, consistent with market  
4 best practices. This Act mirrors Act 71, Session Laws of Hawaii  
5 2021, providing the employees' retirement system of the State of  
6 Hawaii the same exemptions.

7 SECTION 2. Section 87A-31, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 "(a) The fund shall be used to provide employee-  
10 beneficiaries and dependent-beneficiaries with health and other  
11 benefit plans, and to pay administrative and other expenses of  
12 the fund. All assets of the fund are and shall be dedicated to  
13 providing health and other benefits plans to the employee-  
14 beneficiaries and dependent-beneficiaries in accordance with the  
15 terms of those plans and to pay administrative and other  
16 expenses of the fund, and shall be used for no other purposes  
17 except for those set forth in this section.

18 (b) The fund, including any earnings on investments, and  
19 rate credits or reimbursements from any carrier or self-insured  
20 plan and any earning or interest derived therefrom, may be used  
21 to stabilize health and other benefit plan rates; provided that



1 the approval of the governor and the legislature shall be  
2 necessary to fund administrative and other expenses necessary to  
3 effectuate these purposes.

4 (c) The fund may be used to provide group life insurance  
5 benefits to employees to the extent that contributions are  
6 provided for group life insurance benefits in sections 87A-32  
7 and 87A-37.

8 (d) The fund may assist the State and the counties to  
9 implement and administer cafeteria plans authorized under  
10 [Title] title 26 United States Code section 125, the Internal  
11 Revenue Code of 1986, as amended, and section 78-30.

12 (e) At the discretion of the board, some or all of the  
13 fund may be used as a reserve against or to pay the fund's  
14 future costs of providing health and other benefits plans  
15 established under sections 87A-23 and 87A-37 and any other  
16 benefits plans the board establishes for retired employees and  
17 their beneficiaries. The board may create separate funds within  
18 the fund for this purpose. Each separate fund shall be subject  
19 to all [~~of the~~] provisions of this chapter.

20 (f) If after commencing the reimbursement of medicare part  
21 B premiums in section 87A-23, or any other debt payable under



1 this chapter, the fund cannot locate the employee-beneficiary or  
2 other person or entity entitled to payment, further payment  
3 shall be forfeited to the fund if the total amount is less than  
4 \$500 and shall not escheat under the laws of any state; provided  
5 that the forfeited payment shall be restored if the employee-  
6 beneficiary, or other person or entity entitled to the forfeited  
7 payment makes a proper application to the fund for restoration  
8 of the benefit no later than ten years following the last valid  
9 reimbursement or payment. All applications for restoration of a  
10 forfeited benefit or payment shall be in a form satisfactory to  
11 the fund. For forfeited benefits or payments in existence on  
12 June 30, 2017, the ten-year time limitation on claiming the  
13 benefits or payments shall commence on July 1, 2017.

14 (g) The exemptions from disclosure of information pursuant  
15 to chapter 92F set forth in section 88-103.5(c) through (e)  
16 shall apply to the disclosure of information relating to the  
17 fund's alternative investments."

18 SECTION 3. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.

20 SECTION 4. This Act shall take effect upon its approval.



**Report Title:**

Hawaii Employer-Union Health Benefits Trust Fund

**Description:**

Exempts the Hawaii Employer-Union Health Benefits Trust Fund from disclosing certain types of alternative investment fund under the Uniform Information Practices Act (Modified), codified at chapter 92F, Hawaii Revised Statutes. (SD1)

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

