

JAN 19 2024

A BILL FOR AN ACT

RELATING TO THE BOARD OF TRUSTEES OF THE EMPLOYER-UNION HEALTH
BENEFITS TRUST FUND.

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

1 SECTION 1. Section 87A-5, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "~~§87A-5~~ Composition of board. (a) The board of trustees
4 of the employer-union health benefits trust fund shall consist
5 of [~~ten trustees appointed by the governor in accordance with~~
6 ~~the following procedure:~~

7 ~~(1) Five trustees,~~ nine trustees as follows:

8 (1) The director of finance or the director's designee,
9 who shall be an ex officio, voting member;

10 (2) Three trustees, one of whom shall represent retirees,
11 to represent employee-beneficiaries [~~and~~], to be
12 ~~[selected as follows:~~

13 ~~(A) Three trustees shall be~~ appointed by the
14 governor from a list of two nominees per trustee
15 ~~[selected by each of the three exclusive~~



- 1 ~~representative organizations that have the~~
2 ~~largest number of employee beneficiaries;~~
- 3 ~~(B) One trustee shall be appointed from a list of two~~
4 ~~nominees selected by mutual agreement of the~~
5 ~~remaining exclusive employee representative~~
6 ~~organizations; and~~
- 7 ~~(C) One trustee representing retirees shall be~~
8 ~~appointed from a list of two nominees] selected~~
9 by mutual agreement of all eligible exclusive
10 ~~[representatives; and~~
- 11 ~~(2) Five] representative organizations;~~
- 12 (3) Three trustees to represent public employers[-], to be
13 appointed by the governor;
- 14 (4) A citizen of the State who is not a public employee
15 and who shall have at least two years of experience
16 providing financial services, including investments,
17 to public, corporate, or private institution clients,
18 to be appointed by the governor; and
- 19 (5) A citizen of the State who is not a public employee
20 and who shall have at least two years of experience in
21 the health industry, to be appointed by the governor.



1 (b) Section 26-34 shall not apply to board member
2 selection and terms. Notwithstanding any other provision of
3 this section, no exclusive representative of a bargaining unit
4 that sponsors or participates in a voluntary employee
5 beneficiary association shall be eligible to select nominees or
6 to be represented by a trustee on the board.

7 (c) As used in this section, the term "exclusive
8 representative" shall have the same meaning as in section 89-2."

9 SECTION 2. Section 87A-6, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§87A-6 Term of a trustee; vacancy.** (a) The term of
12 office of each trustee shall be four years; provided that a
13 trustee may be reappointed for one additional consecutive
14 four-year term.

15 (b) A vacancy on the board shall be filled in the same
16 manner as the trustee who vacated that position was nominated or
17 appointed; provided that the criteria used for nominating or
18 appointing the successor shall be the same criteria used for
19 nominating or appointing the person's predecessor[, provided
20 further that vacancies on the board for each trustee position
21 representing retirees and employee beneficiaries appointed under



1 ~~section 87A-5(1)(A) and (B) shall be filled by appointment of~~
2 ~~the governor as follows:~~

3 ~~(1) If a vacancy occurs in one of the trustee positions~~
4 ~~described in section 87A-5(1)(A), then the vacancy~~
5 ~~shall be appointed from a list of two nominees~~
6 ~~submitted by the exclusive employee representative~~
7 ~~from among the three largest exclusive employee~~
8 ~~representatives that does not have a trustee among the~~
9 ~~three trustee positions;~~

10 ~~(2) If a vacancy occurs in a trustee position described in~~
11 ~~section 87A-5(1)(B), then the vacancy shall be~~
12 ~~appointed from a list of two nominees submitted by~~
13 ~~mutual agreement of the exclusive employee~~
14 ~~representatives described in section 87A-5(1)(B); and~~

15 ~~(3) If a vacancy occurs in the retiree position described~~
16 ~~in section 87A-5(1)(C), then the vacancy shall be~~
17 ~~appointed from a list of two nominees submitted by~~
18 ~~mutual agreement of all eligible exclusive employee~~
19 ~~representatives.] , or as provided under this chapter,~~
20 as applicable.



1 (c) If, by the end of a trustee's term the trustee is not
2 reappointed or the trustee's successor is not appointed, the
3 trustee shall serve until the trustee's successor is
4 appointed[-] or one hundred twenty calendar days after the
5 trustee's term ends, whichever is earlier."

6 SECTION 3. Section 87A-11, Hawaii Revised Statutes, is
7 amended to read as follows:

8 " ~~[+] §87A-11 [+] Quorum; board actions; voting. [(a) Six~~
9 ~~trustees, three of whom represent the public employer and three~~
10 ~~of whom represent employee beneficiaries, shall constitute a~~
11 ~~quorum for the transaction of business.~~

12 ~~(b) Trustees representing the public employers shall~~
13 ~~collectively have one vote. Trustees representing the~~
14 ~~employee beneficiaries shall collectively have one vote.~~

15 ~~For any vote of the trustees representing the public~~
16 ~~employers to be valid, three of these trustees must concur to~~
17 ~~cast such a vote. In the absence of such concurrence, the~~
18 ~~trustees representing the public employers shall be deemed to~~
19 ~~have abstained from voting.~~

20 ~~For any vote of the trustees representing the~~
21 ~~employee beneficiaries to be valid, three of these trustees must~~



1 ~~concur to cast such a vote. In the absence of such concurrence,~~
2 ~~the trustees representing the employee beneficiaries shall be~~
3 ~~deemed to have abstained from voting.]~~

4 (a) An abstention shall not be counted as either a vote in
5 favor or against a matter before the board.

6 ~~[(c) Any action taken by the board shall be by the~~
7 ~~concurrence of at least two votes. In the event of a tie vote~~
8 ~~on any motion, the motion shall fail. Upon the concurrence of~~
9 ~~six trustees, the board shall participate in dispute~~
10 ~~resolution.]~~

11 (b) Each trustee shall be entitled to one vote on the
12 board of trustees. Five trustees shall constitute a quorum for
13 the transaction of business.

14 (c) Subject to the limitations of this part, the board,
15 from time to time, shall establish rules for the administration
16 of the funds of the system and for the transaction of its
17 business."

18 SECTION 4. The members of the board of trustees of the
19 employer-union health benefits trust fund also are serving on
20 the board on the effective date of this Act shall remain in



1 service until their successors are appointed and qualified
2 pursuant to this Act.

3 SECTION 5. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 6. This Act shall take effect on July 1, 2023.

6

INTRODUCED BY:

Travis T. Johnson



S.B. NO. 2506

Report Title:

EUTF; Board of Trustees; Quorum

Description:

Decreases the number of board members of the Employer-Union Health Benefits Trust Fund from 10 trustees to 9. Changes the composition of board members to include 2 citizens of the State who are not employees, among other things. Limits the trustee's service after the end of the term to until the trustee's successor is appointed or 120 days after the trustee's term ends, whichever comes first.

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