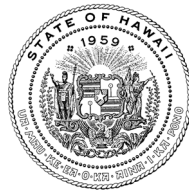


JOSH GREEN, M.D.
GOVERNOR



LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kāla
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 334, H.D. 1

February 27, 2023
1:30 p.m.
Room 308 and Videoconference

RELATING TO EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
CONTRIBUTIONS

The Department of Budget and Finance (B&F) opposes this bill.

This measure amends Chapter 87A-32 and 89-9, HRS, to set Employer-Union Health Benefits (EUTF) employer contributions for health and life insurance as a fixed percentage and removes the negotiation of employer EUTF contribution amounts from collective bargaining.

B&F opposes this bill because:

1. Currently, collective bargaining negotiation can be done on a total compensation basis, allowing for the possibility of trade-offs between wages and health benefits.
2. Currently, contribution dollar amounts and percentages vary from plan to plan. Setting a fixed percentage takes away the ability of the employers and unions to negotiate the amounts they believe to be in best interests of both employers and employees.
3. Setting a fixed percentage takes away the employers' and unions' ability to adjust to changing fiscal and market conditions over time.

Thank you for your consideration of our comments.

JOSH GREEN, M. D.
GOVERNOR
KE KIA'ĀINA



BRENN A H. HASHIMOTO
CHIEF NEGOTIATOR

SYLVIA LUKE
LT. GOVERNOR
KA HOPE KIA'ĀINA

STATE OF HAWAII
OFFICE OF COLLECTIVE BARGAINING
EXECUTIVE OFFICE OF THE GOVERNOR
235 S. BERETANIA STREET, SUITE 1201
HONOLULU, HAWAII 96813-2437

Statement of
BRENN A H. HASHIMOTO
Chief Negotiator, Office of Collective Bargaining

Before the
HOUSE COMMITTEE ON FINANCE
Monday, February 27, 2023
1:30 PM
State Capitol, Conference Room 308

In consideration of
**HB 334 HD1, RELATING TO EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND CONTRIBUTIONS**

Chair Yamashita, Vice Chair Kitagawa, and the members of the committee.

The Office of Collective Bargaining (OCB) appreciates the intent of HB 334, HD1, which sets the amount of the employer contribution to the Hawai'i employer-union health benefits trust fund as a fixed percentage of the health benefits plan or life insurance plan premium cost. And makes conforming amendments to remove the amount of contributions by the State and counties to the Hawai'i employer-union health benefits trust fund from the scope of collective bargaining negotiations. However, OCB offers the following comments on this measure:

The employer's contribution amount is an important matter currently subject to collective bargaining, a process OCB believes is fair and reasonable.

Thank you for the opportunity to provide testimony on this measure.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808 543.0011 • Fax: 808.528 0922

The Thirty-Second Legislature, State of Hawaii
House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association

February 27, 2023

H.B. 334, H.D. 1 — RELATING TO EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND CONTRIBUTIONS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the concept of H.B. 334, H.D. 1 which sets the amount of the employer contribution to the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) as a fixed percentage of health benefits plan and makes conforming amendments to remove the amount of contribution by the state and counties to the EUTF from the scope of collective bargaining.

Our organization has been an outspoken and strong proponent of reforming the EUTF to be more cost effective for both the employees and the employers and pursued a variety of options for the Legislature's consideration. As currently written, Hawaii Revised Statutes, Chapter 89, lacks a dispute resolution mechanism to address the employee and employer share of the contributions to medical premiums in the EUTF. In past negotiating periods, we made strong attempts with the employers to 'pay their fair share' by increasing the percentage of employer contributions. However, to no avail, the employers have refused to pay an equitable and fair percentage and has continued to shift the cost burden of health insurance onto its employees. Improving employer contributions to the medical premiums will significantly improve recruitment and retention of employees.

All employees deserve affordable health care options, but this is especially necessary for employees who need family coverage and who are in a lower salary range. Employees who participate in the EUTF often pay 40% of the total cost of their medical premiums regardless of how much they earn, which depending on the plan and type of enrollment, can be as high as \$1,500 per month for family coverage. This is simply unaffordable for too many.

Thank you for the opportunity to provide testimony in strong support of H.B. 334, H.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director