

The House of Representatives  
The Twenty-Fifth Legislature  
Regular Session of 2009

Committee on Labor & Public Employment

Rep. Karl Rhoads, Chair

Rep. Kyle T. Yamashita, Vice Chair

DATE: Friday, February 13, 2009  
TIME: 8:30 a.m.  
PLACE: House Conference Room 309  
State Capitol  
415 South Beretania Street

**TESTIMONY OF THE UNITED PUBLIC WORKERS, AFSCME, LOCAL 646,  
AFL-CIO ON H.B. 1718 RELATING TO EMPLOYER-UNION HEALTH BENEFITS**

My name is Dayton M. Nakanelua, and I am the state director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW currently represents approximately 8,700 blue collar, non-supervisory employees and 2,800 institutional, health, and correctional workers in the State of Hawaii and the various counties. We also represent approximately 3,000 retired members currently receiving benefits under chapter 87A. We are opposed to House Bill No. 1718 which amends Section 87A-23, Hawaii Revised Statutes (HRS), by rendering employees who retire after December 31, 2009 ineligible for health benefit plan supplements to medicare under part B. As indicated in section 1 the stated motivation for this measure is to assist in reducing the state's "projected expenditures in this time of dire economic crisis."

As a general rule in a period of economic recession of this nature we believe federal and state governments should be the primary source of fiscal stimulus and reform to our financial and banking institutions. We favor the approach adopted by the Obama administration which expands health care coverage and aims to reduce the cost of providing health care through meaningful reform. This is not the time to reduce employee or retiree eligibility for medicare part B supplements.

As you know, Part B of the medicare program is a voluntary supplemental health insurance program for individuals 65 years of age or over (and the disabled) which covers physician fees and other medical services (other than hospital services or related post hospital services covered in Part A of medicare). 42 U.S.C. §§ 1395 j-1395 w. An enrollee in Part B of medicare is only reimbursed 80% of what constitutes a "reasonable charge" for services rendered by doctors, outpatient care, and other such services. The increase in premiums for enrollees in the recent past led to the adoption of Section 87A-23, HRS. The statute provides an important supplement to ensure that the actual cost of medicare part B remains "reasonable" for our senior citizens.

As noted above only those who are age 65 or over (and disabled) are eligible for medicare part B. Equal treatment should be afforded to all persons similarly situated. Disqualifying individuals based on when they retire is arbitrary and capricious because it bears no relationship to the intended purpose of medicare part B which is to cover senior citizens after they reach their retirement age. Accordingly, we urge you not to adopt this approach to the economic recession or to create what is inherently discriminatory.