

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. 1725 RELATING TO THE
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**

My name is Dayton M. Nakanelua, and I am the state director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW) which represents approximately 11,000 state and county employees in collective bargaining in Hawaii and 3,000 retirees under chapter 88. The UPW opposes House Bill No. 1725 which eliminates any State or County contributions to pay for the cost of providing prescription drug benefit plans to public employees from July 1, 2009 to June 30, 2015, and to shift that burden to employees entirely.

When the legislature adopted the Hawaii Employer-Union Health Benefits Trust Fund in 2001 it substantially eliminated the option of obtaining health benefit coverage through union-sponsored plans. The idea was to provide "a single health benefits program for public employees" to maximize the level and

types of benefits available for public employees and retirees at lower costs. We were advised at the time that consolidating responsibility for health care benefits under EUTF would increase the coverage pool, strengthen the bargaining power which the Health Fund (created in 1961) lacked, and drive down the cost of the various health plans. Based on what has happened in a short period of five years (from 2003 when EUTF became operational to the present), and what this measure implies it seems that some of the 2001 claims were overstated.

We do not agree with the proponents of this measure that health care cost increases in recent years are due primarily to the prescription drug plans. We urge the committee to investigate what the principal cost drivers have been, and to determine why the EUTF has been unable to implement cost containing measures. If the coverage pool of all state and county employees and retirees has nothing to do with reduced costs the statute should be amended to authorize union sponsored plans once again. Placing the entire cost and burden of a failed system on the backs of workers is unfair. We also urge the committee to review the national health care reforms proposed by the Obama administration in the interim.

As previously stated, the amount of contributions which State and counties are required to make under Sections 87A-32 through 87A-37, HRS, toward the payment of costs for health benefit plans is a mandatory subject of collective bargaining. The right to engage in collective bargaining is protected under Article XIII, Section 2 of the State Constitution for public employees. Where the legislature seeks to impose by statute the substantive terms of what should be negotiable constitutes a violation of the employee's right to engage in collective bargaining. See United Public Workers, AFSCME, Local 646, AFL-CIO v. Yogi, 101 Hawai'i 46, 62 P.3d 189

(2002). This measure interferes with the process of collective bargaining over fringe benefit costs and contributions which are core subjects of collective bargaining.

For the foregoing reasons, we urge that this bill not be passed.