

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: Tuesday, February 17, 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. 1727 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). 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 oppose House Bill 1727 which eliminates dental and vision benefit plan coverage under chapter 87A for the period covering July 1, 2009 to June 30, 2015, and authorizes the employer-union benefit trust fund to contract for vision and dental plans entirely at employee cost.

We are disappointed with the proponents of this measure who want to require public employees suddenly to assume

the entire cost of providing vision and dental plan benefit coverage. When the legislature adopted the Hawaii Employer-Union Trust Fund in 2001 we were told that by providing "a single health benefits program for employees" the level and type of benefits available for public employees and retirees could be assured at lower costs. The law eliminated the option of obtaining health, dental, and vision coverage through union sponsored plans. By consolidating coverage of all public employees into one large pool, the theory was that EUTF would have the necessary bargaining power to drive down the over-all cost. EUTF became operational in 2003, and in a period of five short years there has been a reversal in theory and approach. There is no reason for this type of sudden change.

In 2003 the cost of providing vision plans for employees was \$3.58 (per employee) and \$7.64 (per employee with one or more dependent-beneficiaries). See attachment 1 at page 112. The cost of providing a vision plan for employees today is \$3.59 (per employee) and \$6.64 (2 party) or \$8.67 (family). See attachment 2 at page 136. This is not a significant change in costs over 5 years. In 2003 the cost of providing dental plan coverage for an employee was \$15.56 (See attachment 1 at page 112), and today it is \$16.76 (See attachment 2 at page 136). The 2003 cost for dental for an employee with one or more dependent beneficiary was \$52.76 (See attachment 1 at page 112). Today the cost of dental is at \$33.53 (for 2 party coverage) which is lower than in 2003, but the cost for family coverage is higher i.e., at \$69.73. (See attachment 2, at page 136).

What these comparisons indicate is that employee coverage for vision and dental has not increased in 5 years. There has been a trade off for lower costs for both vision and dental plans (employee with plus 1 coverage) costing less, and employee plus more than one costing slightly higher. These

figures reflect the choices made by EUTF on which plans to adopt through their dealings with Hawaii Dental Service, HMSA, and other pre-paid carriers. The changes in monthly contribution amount do not necessarily indicate an increase in usage of vision and dental services by employees or their beneficiaries. Clearly, they do not indicate any form of abuse by employees or beneficiaries.

Accordingly, there is no justification for eliminating the existing program and having employees assume the entire cost for the next six years of vision and dental coverage. So long as EUTF maintains virtual monopoly in the public sector over providing vision and dental benefit plans for employees, alternative approaches to reducing costs should be explored. For the foregoing reasons we respectfully urge you not to pass this type of measure.