

BENJAMIN J. CAYETANO
GOVERNOR



STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

DRAFT 03-12-02

EMPLOYER TRUSTEES
SAM A. CALLEJO, CHAIR
AUDREY HIDANO, VICE CHAIR
KATHRYN S. MATAYOSHI
NEAL MIYAHIRA
DAVIS K. YOGI

EMPLOYEE-BENEFICIARY TRUSTEES
JOAN LEWIS
WILLARD MIYAKE
CLIFFORD T. UWAIINE
JAMES WILLIAMS, SECRETARY-TREASURER
JAMES H. YASUDA

March 12, 2002

The Honorable Neal Miyahira
Director of Finance
Department of Budget and Finance
P. O. Box 150
Honolulu, Hawaii 96810

Dear Mr. Miyahira:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board voted at their March 5, 2002 Board Meeting to make a request to the 2002 Legislature for funding in FY 02 and FY 03 to cover additional identified cost requirements for the purpose of EUTF transition.

Hence, the EUTF Board requests your consideration to include the following items as a Governor's Message submittal to the 2002 Legislature.

Additional general funds (\$279,653 in FY 02 and \$1,034,012 in FY 03) are requested to address projected shortfall in the operational costs of the EUTF program. The shortfalls are based on additional expenses that have been identified by the EUTF Board including reimbursement of executive departments for transition related costs, salary requirements for the EUTF Administrator and EUTF staff, expenses for open enrollment data entry, benefits consultant, insurance for EUTF Trustees, and other operating costs.

The Public Employees Health Fund Fund (PEHF) trust funds that are currently identified in the Supplemental Budget request (\$1,099,647 in FY 03 for BUF 142) are requested to be deposited to the credit of the EUTF. The \$1,099,647 in PEHF Trust Funds for FY 03 are comprised of the following: \$549,647 for EUTF office transition expenses, \$200,000 to hire consultants for EUTF computer system modifications to the HFIMS, and \$350,000 for HIPAA related compliance costs including an optical imaging system for HFIMS.

Attached for your consideration is the draft language (Governor's Message item and two budget provisos) for your review and submittal to the 2002 Legislature. Your favorable consideration of our request is appreciated. If you have any questions, please contact me.

Sincerely,

SAM A. CALLEJO
Chairperson

Attachment

Proposed 1 Governor's Message Item:

OPERATING

DEPARTMENT OF BUDGET AND FINANCE

Hawaii Employer-Union Health Benefits Trust Fund BUF xxx/XX)

To establish a new program appropriation for the Hawaii Employer-Union Health Benefits Trust Fund established by Act 88, SLH 2001.

	<u>FY 02</u>	<u>FY 03</u>
Personal Services	\$ 57,565 A	\$ 544,584 A
Other Current Expenses	\$222,088 A	\$ 489,428 A
Other Current Expenses	----- T	\$ 1,099,647 T

Proposed 2 Provisos

PROVISOS

The following are to add new provisos to the Supplemental Appropriations Act.

Section x1. Provided that of the appropriation authorized for executive programs in Part II of this Act for fiscal year 2001-2002, and fiscal year 2002-2003, Departments may advance and be reimbursed for costs associated with providing transition support to the Hawaii Employer-Union Health Benefits Trust Fund in fiscal year 2001-2002 and fiscal year 2002-2003; provided further that these reimbursements shall be made to Departments expending funds used to provide transition assistance to the Hawaii Employer-Union Health Benefits Trust Fund; provided further that Departments who are reimbursed by the Hawaii Employer-Union Health Benefits Trust Fund for transition related general fund expenditures shall lapse a corresponding amount of general funds at the end of the applicable fiscal year in which the expenditures were made.

(Staff note): This above proviso is to permit the advance and reimbursement of EUTF Transition related costs by Departments.

Section x2. Provided that of the trust fund appropriation authorized for the Health and Life Insurance Benefits program (BUF 142) in Part II of this Act, the sum of \$1,099,647 for fiscal year 2002-2003 shall be deposited to the credit of the Hawaii Employer-Union Health Benefits Trust Fund program (BUF XXX) to support transition related costs.

(Staff note): The above proviso is to Authorize Transfer of Trust Funds from the PEHF to the new EUTF Program.