

DISMISSAL OF ERS vs. STATE and HHSC LAWSUIT

On June 19, 2017, the Employees' Retirement System (ERS), the State of Hawaii, and the Hawaii Health Systems Corporation (HHSC) jointly agreed to dismiss a lawsuit regarding benefits for employees at the Maui Region HHSC hospitals.

This lawsuit was filed in August 2016 to block implementation of Act 1/2016, a new law that provided a choice of either a severance payment or a special retirement benefit for state hospital workers affected by the transfer of the Maui Region HHSC hospitals to Kaiser. The lawsuit was filed because the 2016 law threatened the tax-exempt status of the ERS's retirement fund and the retirement benefits of ERS members. In September 2016, the parties agreed to delay both the court proceedings and the implementation of the law until an IRS opinion could be issued. In March 2017, the IRS issued a Private Letter Ruling on the matter, and Act 1 was repealed by Act 18, Session Laws of Hawaii 2017. Consequently, the parties agreed to dismiss the case.

"With the end of this lawsuit, there are no further cases related to the transition of the three Maui county hospitals from public to private management and control," Attorney General Doug Chin said.

The transfer of the three hospitals (Maui Memorial Medical Center, Kula Hospital, and Lanai Community Hospital) will occur on July 1, 2017.