

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Administrative Committee Meeting
June 4, 2002

HEUHBTF TRUSTEES PRESENT

Ms. Kathryn S. Matayoshi, Chairperson
Ms. Audrey Hidano

Mr. Gerald Machida
Mr. James Williams

PEHF TRUSTEES PRESENT

Mr. Milton Fuke
Mr. Robert Hu (Absent)

Mr. Neal Miyahira (Left 2:25 p.m.)
Ms. Julie Price, Chairperson

ATTORNEY: Mr. Brian Aburano, Deputy Attorney General for the HEUHBTF
Ms. Diane Kishimoto, Deputy Attorney General for the PEHF

HEUHBTF STAFF

Mr. Tracy Ban
Ms. Lynette Fukunaga
Ms. Shirley Kawamoto
Ms. Wanda Kimura
Ms. Karen Tom

PEHF STAFF

Mr. Bert Nishihara
Mr. Alex Kagawa
Ms. Sharon Urada
Mr. Tom Morrison, The Segal Company

OTHERS PRESENT

Mr. George Butterfield, HSTA-Retired
Ms. Monica Engle, VSP
Ms. Kathy Fay, HDS
Ms. Ruth Kim, HSTA-Retired

Mr. Maurice Morita, HSTA
Ms. Sarah Moriyama, ORTA
Ms. Karen Muronaka, HSTA-Retired
Mr. Rod Tam, HMSA

I. CALL TO ORDER

The meeting of the Administrative Committee was called to order at 1:35 p.m. by Chairperson Kathryn Matayoshi in Conference Room 303, No. 1 Capitol District Building, 250 South Hotel Street, Honolulu, Hawaii, on Tuesday, June 4, 2002.

II. TRANSITION FROM HEALTH FUND TO TRUST FUND

Ms. Matayoshi noted that this transition meeting was called to start communications between the Trust Fund and Health Fund; to talk about and begin discussions on the operations of the Health Fund as it is winding down and the Trust Fund as it is gearing up. Questions on liabilities, assets and operations exist and there is a need to identify issues that both funds need to jointly work on and develop a protocol and process for staff to work together. She suggested that each committee present their standpoint on where they are.

The Trust Fund is in the process of hiring: 1) An Administrator which the Trust Fund hopes to select by the end of next week and at the latest, at the end of the month. The Administrator will then be hiring his/her management team. 2) A benefits consultant and the Trust Fund hopes to get the consultant on board by the end of the month. 3) In terms of transition, the Trust Fund has retained the Gartner Group to do an independent

evaluation of the HFIMS computer system that should be completed by the end of the month.

The Health Fund is: 1) Just getting through its open enrollment and are working to get the information to the carriers so that the cards can be issued, 2) Getting the surplus premium refund checks out to about 16,000 employees which will amount to approximately \$24 million, 3) Undertaking the HIPAA imaging project. The Health Fund needs to work with the Trust Fund to determine which way to go on this project; outsourcing or in-house. \$350,000 is in the budget for this item. Everything is related to what the Trust Fund plans to do; the Health Fund will assist the Trust Fund. The Health Fund noted that it is in the process of talking to the department (B&F) and the unions about the staff, communicating and educating employees and retirees about the new Trust Fund, and all carrier contracts excluding Hartford expires on July 1, 2003.

A. Transition Issues

1. Staffing

A major concern for the Health Fund and its staff is the possibility of the Trust Fund utilizing a TPA and the impact it will have on the staff. Specifically, the staff is uncertain as to where they will be on July 1, 2003 and the need to seek another position. It was stressed that staff needs to be notified as soon as possible to give sufficient time to seek other positions if the Trust Fund opts for a TPA. An absence or lateness of the direction the Trust Fund will be following will prompt staff to start moving out before July 1, 2003.

The Gartner Group study will help determine whether the Trust Fund goes with a TPA or HFIMS. The Administrator will need to develop a staffing plan; so the Trust Fund cannot give a definitive answer at this point in time. The Trust Fund also wanted to know the number of employees that would be available to the Trust Fund to help in its open enrollment. It was mentioned that Chapter 87A, HRS includes a provision for the Health Fund staff.

It was determined that the staffing issue needs a separate discussion and both sides agreed that the Administrator have the ability to contact the Health Fund and its staff directly.

2. Communication

The informing of employees and retirees about their benefits under the Trust Fund is another issue for the Health Fund. For the Trust Fund, informing employees about the plans under the Trust Fund is a major future issue and not a transition issue. Communication – who to call is important.

3. Responsibilities beyond June 30, 2003

At the end of the year there will or may be on-going contracts or responsibilities that will extend beyond June 30, 2003; for example the Health Fund audit and other items, as well as, billings, cash reimbursements, etc. The

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Trust Fund needs to know what it will be getting. There is a need to identify tasks that will extend beyond June 30, 2003 and any "big ticket" items.

Therefore the following items are requested:

- a. Inventory of assets and liabilities that will be transferred to the Trust Fund, including a list of inventory, leases and anticipated liabilities.
- b. Financial statements/reports prepared by the Administrator and Consultant, for example, Quarterly Consultants' Reports and annual plan year report. Regarding the balance sheet, the Health Fund was requested to provide a breakout as of December 2001.

B. Transition Plan

1. The Committee went over the question and answers in the Transition Plans and other related issues. Items discussed were records management, inventory, contracts, physical space, currency of files, HIPAA compliance, etc.
2. Issues to be addressed at a later point in time were: whether forms filed under the Health Fund become the Trust Fund's and whether retirees would be filing when they have changes only. HIPAA compliance was also identified as an issue to be addressed in the future.

III. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

The next meeting of the Transition Committee with PEHF and HEUHBTF members will not be scheduled at this time. Issues have been identified and will be addressed when the Administrator is selected. The Administrator will be contacting Health Fund staff.

IV. ADJOURNMENT

Motion to adjourn. (Hidano/Machida)

Discussion: None.

Vote: Unanimously passed.

Meeting adjourned at 3:40 p.m.

Respectfully submitted,

Kathryn Matayoshi, Chairperson

APPROVED on August 8, 2002.

DOCUMENTS DISTRIBUTED:

1. Response to transition questions. (6 pages)
2. General Records Schedules (1996). (1 page)
3. Balance Sheet – Fiduciary Fund Types (Unaudited). (1 page)

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4. HFIMS Task List. (1 page)