EUTF Admin Committee Transition

- Topic 1: Overview of projected fund balances in PEHF Trust Fund
- Topic 2: Projected workload and resource requirements to complete the closeout of the PEHF

5-29-03

Topic 1: PEHF Fund Balance

- The PEHF benefit consultant will be working with the carriers to identify and return as much of the PY 2003 gains as possible before 6/30/03
- Review Exhibit 1

5/28/2003
EXHIBIT 1

SUMMARY OF PROJECTED PEHF TRUST FUND BALANCES

	AS OF 3/31/03		AS OF 6/30/03	
TOTAL ASSETS	17,828,981	a/	22,061,769	e/
PROJECTED EXPENDITURES	(4,983,216)	b/	(4,983,216)	b/
FUND BALANCE	12,845,765		17,078,553	

Return to Employers	8,168,976	c/	11,859,075	g/
Disburse to EUTF	4,676,789	d/	5,219,478	d/ f/
TOTAL	12,845,765		17,078,553	

ESTIMATED TRUST FUND TRANSFERS FROM PEHF TO EUTF
a/o May 28, 2003

EXHIBIT 1

		1	2	3	4	5	6	7	8
			Experience 7/1/2002 Through 12/31/2002						
		3/31/2003 Balance	RSN Life	HDS Children's Dental	HDS Adult Dental Actives	HDS Adult Dental Retirees	HMSA Actives	HMSA Retirees	Projected 6/30/2003 Balance
I.	Balance as of 03-31-2003 (Total Assets)	17,828,981 a/	(26,470)	(446,386)	(376,502)	(1,808,120)	1,733,225	5,157,041	22,061,769 e/
II.	less Estimated Expenditures through 6/30/03 (Total Liabilites)	(4,332,296) b/							(4,332,296) b/
III.	Balance as of 6/30/03 (Fund Balance)	13,496,685	(26,470)	(446,386)	(376,502)	(1,808,120)	1,733,225	5,157,041	17,729,473
	To be transferred to EUTF:								
IV.	Reserved for Employee Health Benefits (Act 147/SLH 2001)	(796,884) d/			40%		40%		(796,884) d/
V.	Reserved for Employee Portion of Reserves	(3,516,175) d/			150,601		(693,290)		(4,058,864) f/
	To be returned to Employers:								
VI.	Reserved for Employee Health Benefits	(8,168,976) c/	26,470	446,386	60% 225,901	1,808,120	60% (1,039,935)	(5,157,041)	(11,859,075) g/
	To be expended by 6/30/03 or balance to be transferred to EUTF:								
VII.	Reserved for Trust Fund Appropriations not including health and life benefit payments	(1,014,650) [A]							(1,014,650)
	BALANCE	0							0

Reserved for Trust Fund Appropriations	[A]	1,014,650
Contracts for imaging, backfiles conversion, computer consultant and FY03 audit		(552,920) b/
Payroll		(48,000) b/
Others		(50,000) b/
Amount projected to be available to transfer to EUTF		363,730 d/

Topic 2: Workload & Resource Requirements for PEHF Closeout

- Mechanism set up to keep accounting of funds separate
- PEHF to clear most Health Fund business by 6/30/03
- There inevitably will be transactions/tasks that continue after 6/30/03 such as retro enrollments & cancellations & FY 03 audit

Workload & Resources (cont)

- Communications sent to DPOs, EOs to submit transactions daily
- Letters to be sent from Exec level to Department heads calling for timely submission of forms and to issue 7/31/03 cutoff date for retro transactions
- Review Exhibit 2—Workload
- Review Exhibit 3—Staffing Requirements

Exhibit 2

Hawaii Public Employees Health Fund (PEHF)
Closeout Activities (Post 6/30/03)

	TRUST FUNDS		
Workload Item	Estimated # of **Transactions**	Estimated $ **Value**	Estimated Completion **Date**
I. DISBURSEMENTS			
A. Operating Cost Disbursements	5	7,000	8/31/2003
B. Premium Returns to:			
Employers	7	11.8 million	11/30/2003
Employee Org./Carriers	50	3.3 million	9/30/2003
Employees	75	22,500	7/31/2003
C. Disbursement of premiums related to retro enrollments, cancellations, or changes in coverage type	950	300,000	9/30/2003
D. Disbursement to EUTF		5.2 million	11/30/2003
II. RECEIPTS			
A. Experience Gains from Carriers			
HMSA, HDS & RSN	3	8 million	10/31/2003
B. Insufficient Collections from EE/ER/Unions/Carriers or Overpayments Made to EE/ER/Employee Org./Carriers	50	3.3 million	9/30/2003
III. OTHER			
A. Audit for FY ending 6/30/03	Various		12/31/2003

Exhibit 3

ESTIMATED STAFFING REQUIREMENTS (POST 6/30/03)

Hours per Week by HF Staff

Position	Function	Jul-03	Aug-03	Sep-03	Oct 2003 to Dec 2003	Each Month until 6/30/04
Accountant	Admin./Acctg.	2	2	2	1	1
Acct Clerk	Acctg.	32	4	4	1	0
Clerk	Acctg.	32	3	3	0	0
Clerk	Acctg.	16	0	0	0	0
Clerk	Enrollment	8	2	1	1	0
Clerk	Enrollment	8	2	1	0	0
Clerk	Enrollment	4	1	1	0	0
Secretary	Admin	1	1	1	1	1
Accountant	Acctg.	16	8	8	1	0
	Total Hrs. per Week	119	23	21	5	2
	FTE	**3.00**	**0.50**	**0.50**	**0.13**	**0.05**

Workload & Resources (cont)

- Proposal

  1. Develop MOU between PEHF/Dir of Finance & EUTF to use former PEHF staff based on work plan & staffing requirements
  2. EUTF staff reports to B&F regarding closeout activities
  3. Proposed MOU will also require approval by PEHF Board

Workload & Resources (cont)

- Reasons for MOU
  - PEHF staff have history & knowledge of enrollment & financial records and transactions needed to complete maintenance and settlement of PEHF books
  - Settlement of outstanding obligations requires access and operational knowledge of HFIMS. Enrollment transactions entered into HFIMS drive reports needed for closeout

Workload & Resources Reasons for MOU (cont)

- Auditors will need to consult PEHF staff in completing final audit
- Closer coordination & interface equates to smoother transition. For the employee-beneficiary it can mean transparent interface (e.g. one phone call to one place to resolve questions on health benefits)