Hawaii State Retired Teachers Association

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June 7, 2003

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Ms. Audrey Hidano, Vice Chair
Hawaii Employer-Union Health Benefits Trust Fund
P.O. Box 150
Honolulu, Hawaii 96810-0150

Dear Ms. Hidano:

The Hawaii State Retired Teachers Association questions the decision of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees (Board) to hire a Third Party Administrator (TPA). When the EUTF was in its formative stages, the Board disregarded the recommendation of its paid consultant (The Gartner Group) to administer the EUTF through the current staff. Gartner recommended that this be facilitated by upgrading the software used in the Health Fund Information and Management System.

A presentation at the February 5, 2002 Board meeting pointed out the advantages and disadvantages of using a Captive versus TPA. The arguments presented clearly supported using a Captive Administrator. There was no sound reason given to disregard Gartner's recommendation.

The open enrollment period was not as smooth as it might have been, but much of this can be attributed to the three-month period during which the Board could not meet for lack of a quorum.
We believe that the current administration and staff should be given the opportunity to administer the EUTF and that we should support their efforts. We submit that privatization is not necessarily the answer to every problem.

We recall that at a meeting held at the state capitol, the Board extended recognition and appreciation to the staff members who worked so diligently during EUTF's formative stages. Are we now saying that the very people who were so instrumental in helping to create a viable EUTF are now incapable of administering this program?

We appreciate the time and effort that all of the Board members have invested in creating an operational EUTF, but we ask that the Board reconsider its decision to hire a TPA.

Sincerely,

Kenneth Stephenson KW

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Karen Muronaka

Karen Muronaka, Chair
HSRTA Health Committee