

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Administrative Committee Meeting
February 22, 2005

TRUSTEES PRESENT

Mr. Mark Recktenwald, Chairperson
Mr. Will Miyake

Ms. Kathleen Watanabe (arrived at 8:45 am)

TRUSTEES ABSENT

Mr. Gerald Machida
Mr. Dayton Nakanelua
Mr. Stanley Shiraki

GUEST TRUSTEE

Ms. Katherine Thomason

ATTORNEY: Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

Mr. James Williams, Administrator
Mr. Lawrence Nishihara
Ms. Maria Quartero
Ms. Kathleen Shiroma

Mr. Zaven Kazazian, Consultant
Mr. Richard Euson, Consultant
Ms. Donna Tonaki

OTHERS PRESENT

Ms. Sandra Benevides, Kaiser Permanente
Ms. Alana Deppe-Mariota, Kaiser Permanente
Ms. Monica Engle, VSP
Mr. Eleu Kane, Summerlin
Mr. Maurice Morita, HSTA
Mr. Michael Moss, HMSA

Ms. Gertrude Nitta, HGEA-R
Ms. Susan Pestana, HSTA-MBC
Mr. Rod Shinno, HSTA-MBC
Mr. Rod Tam, HMSA
Mr. George Yamamoto, HGEA-Retirees

I. CALL TO ORDER

The meeting of the Administrative Committee was called to order at 8:36 a.m. by Chairperson Mark Recktenwald in Conference Room 1935, City Financial Tower, Honolulu, Hawaii, on Tuesday, February 22, 2005.

Mr. Williams introduced Zaven Kazazian and Richard Euson from Garner Consulting.

II. APPROVAL OF MINUTES

The Committee reviewed the draft minutes for the January 18, 2005 meeting.

By consensus of the Trustees, the Administrative Committee approved the minutes for the January 18, 2005 meeting as submitted.

III. REPORTS

A. Administrator

1. HIPAA Security Policies and Procedures

Mr. Euson reported that a letter dated January 11, 2005 was given to the Trustees that provides a general overview for the HIPAA Security Policies and

Procedures. He stated that the security rule is a subset of the HIPAA Privacy provisions and deals with electronic protected health information (ePHI). Under the regulations of the security rule, EUTF has to comply with defined administrative, physical, and technical safeguards. The safeguards are designed to protect the confidentiality, integrity, and the availability of ePHI. The Trustees should keep in mind that the regulations set a floor and not a ceiling. While they mandate the minimal effort that the EUTF must undertake to become compliant, the EUTF can also do more under the standards. HHS made it clear that they were not mandating specific technologies or hardware configurations, they were trying to address global concerns and their intentions are to have standards that could be modified. The compliance deadline is April 21, 2005.

Ms. Kathleen Shiroma reported that a final draft of the HIPAA Security Policy and Procedures will be ready for approval at the March 2005 Board meeting. Draft copies of the HIPAA Security Policy and Procedures were provided to Budget and Finance and ICSD for review and comments. There was discussion by Trustees and staff regarding the impact in terms of the hardware and software capabilities that would need to be modified. Ms. Kathleen Shiroma stated that configurations on the server must be modified for security purposes. Software has been identified for recommendation to purchase to detect spy ware, etc. She confirmed that the modifications would be minimal. Further discussion will be held in Executive Session.

2. PeopleSoft RFP

Ms. Shiroma reported that the PeopleSoft RFP was sent out on February 1, 2005. A pre-proposal conference was held on February 14, 2005 that six vendors attended. Written questions were due on February 18, 2005 and the response is due to vendors on March 11, 2005. Seventeen vendors have registered.

3. 2005 Open Enrollment

Mr. Lawrence Nishihara reported that the schedule for the DPO training was sent to State and County Department Heads, Departmental Personnel Officers (DPO), and contacts on February 7, 2005. DPOs may also register on the EUTF website. Ten sessions will be held from March 28, 2005 to April 6, 2005 throughout the State except Molokai and Lanai. As of February 14th, 235 have signed up for the DPO training. The 2005 Open Enrollment meeting schedule is completed with minor changes. One day is scheduled for Molokai. The low bid for printing was \$4,500 over the budgeted amount of \$137,900; the additional amount will be covered by education funds. Discussion held by Trustees and staff regarding the times and places of the Open Enrollment sessions.

4. PEHF Refund Project

Ms. Tonaki reported that approximately 75,000 refund checks were mailed on February 16, 2005 to former PEHF employee-beneficiaries. The EUTF hired three temporary clerks to assist with the PEHF refund project. Approximately

150 calls have been received per day. All checks were mailed except for approximately 900 beneficiaries that have passed away. A separate letter will be sent to the next of kin explaining the procedure for receiving the refund. Discussion was held by Trustees and staff regarding the period of the refund and how the amounts differ by plan year. The refund period was for FY1992 - FY2003 and the monies were primarily from HMSA. Mr. Lawrence Nishihara stated that approximately 6,000-8,000 checks could be returned as undeliverable and the temporary staff will be assisting in researching for the current addresses for these people.

Trustee Watanabe arrived at 8:45 a.m.

B. Deputy Attorney General

1. Direct Deposit of Medicare Part B Premium Refunds

Mr. Aburano was asked to review the legal issues pertaining to the EUTF direct depositing Medicare Part B premium refunds using account information obtained from the ERS and a “negative consent” notice, i.e., a notice sent to all EUTF retirees notifying them that their refunds would be direct deposited unless they affirmatively notified the EUTF that they did not want this done.

Mr. Aburano reviewed federal and state laws pertaining to banking and privacy, and consulted with the deputy attorney general who advises the DCCA’s financial institutions division (a follow-up inquiry with that deputy is still pending). Based on this review, Mr. Aburano advised that he could not find anything that would prevent the EUTF from going ahead with the direct deposit program. Mr. Aburano did provide some cautions regarding the setting up of such a program. First, under the Gramm-Leach-Bliley Act, the EUTF would probably be unable to get financial institutions to directly provide the EUTF with retiree account information. However, this should not be a problem since he understood that the EUTF would be getting such information from the ERS not from financial institutions. Second, under the Gramm-Leach-Bliley Act, the EUTF would not be able to disclose any retiree account information that the ERS got from financial institutions to any nonaffiliated third party, i.e., a bank or other entity that the EUTF might use in implementing the direct deposit program. However, this should not be a problem since he understood that the ERS got the retiree account information directly from its members not financial institutions. Third, the EUTF would have to strictly guard the privacy and confidentiality of the retiree account information.

The Trustees discussed the direct deposit program. Mr. Williams said that subject to hearing anything negative from the deputy who advises the DCCA’s financial institutions division, the EUTF staff would go ahead with the direct deposit project and keep in mind Mr. Aburano’s cautions. No Board action is needed since this is an operational matter, unless the Board wants to direct the staff not to proceed. The goal is to implement the project by the 3rd quarter and to send the “negative consent” notice to the retirees with their June 30th refund.

C. Benefits Consultant

Mr. Kazazian reported (see written report):

1. HIPAA Security Policies and Procedures
Discussed under the Administrator's report. Further discussion will be held in Executive Session.
2. Carriers Performance Standards
There was one carrier that failed to meet a standard and that standard does not have a penalty. It is not considered a significant problem.

IV. UNFINISHED BUSINESS: None

V. NEW BUSINESS

A. Benefits Consultant RFP

Ms. Donna Tonaki reported that the Administrator, Mr. Brian Aburano, Pat O'Hara, and she reviewed the Benefits Consultant RFP. Further discussion will be held in Executive Session.

B. Positions on Proposed Legislation Affecting EUTF

Discussion held by Trustees, staff, and public regarding recommendations by the Administrator on proposed legislation affecting EUTF (see handouts-blue and yellow sheets). Mr. Williams gave overview regarding the methodology and presented two methods on estimated costs for SB1052 relating to Dependent-Beneficiaries. Further discussion held regarding the EUTF bill relating to Dependent-Beneficiaries (HB1272, SB1052, the VEBA bills (HB0122, HB1608, SB0579, and the SHOPO bills (HB1545, SB1566). Trustees expressed concerns regarding the methods on estimating costs for SB1052.

By consensus of the Trustees, the Administrative Committee recommends that SB1052 be deferred to the Board and that if testifying a disclaimer should be made that the cost numbers are estimates and assumptions used in making the estimations should be provided.

By consensus of the Trustees, the Administrative Committee recommends that the Board approve the recommendations of the Administrator with the following provisions: (1) HB 1548 - to take no position and for Administrator to testify regarding quorum; (2) VEBA bills (HB0122, HB1608, SB0579) and SHOPO bills (HB1545, SB1566) - to take no position and for the Administrator to submit for consideration by the Board draft testimony with factual comments only; (3) SB1054 – authorize the Administrator to oppose any effort to expand responsibilities of EUTF beyond public employees and retirees; and (4) SB1283 – no action, Administrator to speak to Chair Hanabusa informally regarding reasons for the

proposed Constitutional Amendment. (see handout "Proposed Legislation Affecting EUTF, Recommendation of Administrative Committee - 2/22/05").

VI. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

There was no communication from the public.

VII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

The next regular Committee meeting will be scheduled at the Board meeting.

Agenda items to be added: (1) Alternatives to PeopleSoft; and (2) HIPAA Security Policies and Procedures.

VIII. EXECUTIVE SESSION

Motion was made to go into Executive Session to consult with the Board's attorney regarding HIPAA Security Policies and Procedures, direct deposit of Medicare Part B premium refunds, and Benefits Consultant RFP at 11:43 a.m. (Miyake/Recktenwald) The motion passed unanimously. Employer Trustees-1/Employee-Beneficiary Trustees-1)

Trustee Watanabe left at 12:05 p.m.

Motion was made to move out of Executive Session. (Miyake/Recktenwald) The motion passed unanimously. Employer Trustees-1/Employee-Beneficiary Trustees-1)

Executive Session adjourned at 12:22 p.m.

Executive Session Report:

- 1) The Administrative Committee recommends that the Board approve the Benefits Consultant RFP.

IX. ADJOURNMENT

By consensus of the Trustees, the Administrative Committee adjourned.

Meeting adjourned at 12:23 p.m.

Respectfully submitted,

/s/

Mark Recktenwald, Chairperson

APPROVED on March 22, 2005 as amended.

DOCUMENTS DISTRIBUTED:

1. Draft Minutes for 1/18/05. (5 pages)
2. Garner Consulting February Benefit Consultant Report dated 2/10/05. (2 pages)
3. Proposed Legislation Affecting EUTF-House Bills dated 2/15/05. (12 pages)
4. Proposed Legislation Affecting EUTF-Senate Bills dated 2/15/05. (11 pages)
5. Approved Minutes for 11/16/04. (5 pages)