

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

TRUSTEES PRESENT

Mr. Mark Recktenwald, Chairperson
Mr. Gerald Machida
Ms. Kathleen Watanabe (arrived at 8:45 am)

TRUSTEES ABSENT

Mr. Willard Miyake
Mr. Stanley Shiraki

GUEST TRUSTEE

Mr. George Kahooahanohano
Ms. Katherine Thomason

ATTORNEY: Mr. Russell Suzuki, Deputy Attorney General

EUTF STAFF

Mr. James Williams, Administrator
Mr. Lawrence Nishihara
Ms. Maria Quartero
Ms. Kathleen Shiroma
Mr. John Garner, Consultant
Ms. Gerti Reagan, Consultant
Ms. Donna Tonaki

OTHERS PRESENT

Ms. Lynette Arakawa, HDS
Ms. Sandra Benevides, Kaiser Permanente
Ms. Monica Engle, VSP
Ms. Jeri Kakuno, MDX Hawaii
Mr. Eleu Kane, Summerlin
Ms. Ruth Kim, HSTA-R
Mr. Michael Moss, HMSA
Mr. Maurice Morita, HSTA
Ms. Gertrude Nitta, HGEA-R
Ms. Susan Pestana, 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 8:32 a.m. by Chairperson Mark Recktenwald in Conference Room 1935, City Financial Tower, Honolulu, Hawaii, on Tuesday, March 22, 2005.

Chairperson Recktenwald introduced Russell Suzuki from the Attorney General's office who is sitting in for Brian Aburano.

II. APPROVAL OF MINUTES

The Committee reviewed the draft minutes for the February 22, 2005 meeting.

Amendments: 1) page 1, line 51, change provide to "provides"; 2) page 2, line 11, delete "that are scalable"; and 3) page 4, line 33 change estimated to "estimating".

By consensus of the Trustees, the Administrative Committee approved the minutes for the February 22, 2005 meeting as amended.

III. REPORTS

A. Administrator

1. HIPAA Security Policies and Procedures

Ms. Shiroma stated that the HIPAA Security Policies and Procedures are confidential. The Administrator's memorandum which outlines outstanding issues, review of the HIPAA Security Policies and Procedures and answering questions, and requesting a recommendation to approve and implement the HIPAA Security Policies and Procedures will be discussed in Executive Session.

2. PeopleSoft Upgrade RFP Update

Ms. Shiroma reported that 19 vendors have registered with the State Procurement office. 65 questions were submitted and are being reviewed by staff. The deadline to submit proposals is Friday, April 1, 2005 by 2 p.m.

3. Alternatives to PeopleSoft System

Mr. Williams and Mr. Nishihara gave an overview regarding alternatives to PeopleSoft upgrade (see memorandum of Administrator). Mr. Williams summarized that the ERS option has a wide range of sub-options that could range from communication and how information can be exchanged all the way to actually collaborating on a project using the same software. The EUTF is still working on both options at this point: (1) going forward with the PeopleSoft RFP which includes work improvements in addition to installing the upgrades, or (2) stopping that process and going out with an RFP for a new system. The staff will make recommendations in May 2005. Discussion held by Trustees and staff regarding option 6 and option 7.

4. 2005 Open Enrollment Update

Mr. Nishihara reported open enrollment is proceeding on time and that the DPO training will start next week and approximately 400 personnel officers have signed up. 49 sessions are scheduled and 8 sessions are for retirees, one to be held on each island. Active open enrollment forms are going to be sent this week. Discussion held by Trustees and staff regarding anticipated problems.

5. PEHF Refund Project Update

Mr. Nishihara reported approximately 75,000 checks were sent out for the refund project. Four temporary staff were hired and one resigned to take another position. 8,500 checks were returned due to wrong addresses. The EUTF received approximately 1,000 calls, a significantly lower number than expected. The projected completion date is September 30, 2005 and a request to extend temporary positions will be submitted in May 2005. Discussion held by Trustees and staff regarding the processing of returned checks and the different options to obtain current addresses. An update will be given to the Trustees regarding the progress of returned checks.

6. Benefits Consultant RFP Update

Ms. Tonaki reported that the RFP was issued on March 1, 2005 and posted on the SPO; EUTF; and IFEBP website, and in the Honolulu Star Bulletin. A pre-proposal conference was held on March 15, 2005. Letters of Intent and questions were due yesterday, March 21, 2005. Discussion will be held in Executive Session.

7. Proposed Legislation Affecting EUTF Update

Mr. Williams gave an update on proposed legislation affecting the EUTF (see handouts). Mr. Williams stated that HB0841, SD1 was brought to his attention yesterday and that the Trustees may want to consider taking a position on this bill. The bill is related to Education but there is a provision in part 5, section 16 that would change section 87A-19, HRS, (allows the EUTF to offer plans for part-time, seasonal or casual employees) to add volunteers from the DOE. Mr. Garner commented that he has never seen a plan that covers volunteers and it would open the EUTF to adverse selection. It may be possible to rate a group separately so it does not have a cost impact for employees, employers, and retirees but the cost would probably be higher. Mr. Garner stated that it is not feasible. Discussion held by Trustees, staff, and consultant regarding HB0841, SD1; definition of volunteers under HRS, Chapter 90-1; and the impact of cost. By consensus of the Trustees, the Administrative Committee recommends that the Board authorize the Administrator to testify in opposition of portion of HB0841, SD1 that authorizes the Board to provide health coverage to volunteers of the DOE and to raise a concern that the same section may not relate to the title of the bill.

8. EUTF Facilities – Option to Lease Additional Space

Mr. Williams and Mr. Nishihara gave an overview regarding the options to lease additional space (see memorandum from Administrator). Mr. Nishihara also gave an update regarding the moving of staff into the space recently acquired by the EUTF. Mr. Nishihara stated that DAGS paid for the HF lease but effective FY 2006; the EUTF will be responsible for the lease. The budget ceiling for FY 2006 was not increased; therefore, administrative expenses of approximately \$100,000 were used. Mr. Williams summarized that a recommendation will be submitted in May 2005 based on option B that will result in a \$26,000 additional expense over the budgeted amount that is currently under consideration at the legislature. Money from other areas of the budget will need to be moved. Build out costs are currently estimated at \$179,000 versus \$172,000 that is available. Discussion held by Trustees and staff regarding the additional cost of \$26,000.

B. Financial Audit FY 2004

Ms. Tonaki reported that the preliminary draft of the financial audit for FY 2004 is being reviewed and that the audit should be distributed at the next Board meeting. Mr. Williams stated that the opinion letter in the preliminary draft is unqualified. By consensus of the Trustees, the auditor will do the audit presentation. The Administrative Committee suggested that the Board review the final audit.

C. Deputy Attorney General
Mr. Suzuki reported that Brian Aburano is out of state and will be returning on April 4, 2005.

D. Benefits Consultant

1. HIPAA Security Policies and Procedures
Discussion will be held in Executive Session.

IV. UNFINISHED BUSINESS: None

V. NEW BUSINESS

A. HIPAA Security Policies and Procedures
Discussion will be held in Executive Session.

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 is scheduled for May 17, 2005.

Agenda items: (1) Alternatives to PeopleSoft; (2) Benefits Consultant contract; and (3) Option to lease additional space.

Trustee Shiraki arrived at 9:37 a.m.

VIII. EXECUTIVE SESSION

MOTION was made to go into Executive Session to consult with the Board's attorney regarding: (1) Benefits Consultant RFP; (2) HIPAA Security Policies and Procedures; and (3) any other item of business on the Administrative Committee's agenda at 9:35 a.m. (Watanabe/Machida) The motion passed unanimously. Employer Trustees-3/Employee-Beneficiary Trustees-1)

Recessed at 9:35 a.m. and Reconvened at 9:40 a.m.

MOTION was made to move out of Executive Session. (Machida/Watanabe) The motion passed unanimously. Employer Trustees-3/Employee-Beneficiary Trustees-1)

Executive Session adjourned at 10:05 a.m.

Executive Session Report:

- 1) The Administrative Committee recommends that the Board approve the HIPAA Security Policies and Procedures effective upon approval. Garner Consulting will also be coming in June 2005 to monitor compliance with HIPAA, and will submit a report regarding outstanding issues.

Trustees and staff walked through the proposed additional space and the EUTF office.

IX. ADJOURNMENT

By consensus of the Trustees, the Administrative Committee adjourned.

Meeting adjourned at 10:20 a.m.

Respectfully submitted,

/s/

Mark Recktenwald, Chairperson

APPROVED on May 17, 2005 as amended.

DOCUMENTS DISTRIBUTED:

1. Draft Minutes for 2/22/05. (6 pages)
2. Memorandum to Board of Trustees from Administrator regarding Alternatives to PeopleSoft Upgrade dated 3/14/05. (5 pages)
3. Proposed Legislation Affecting EUTF-Update on House Bills Reviewed by Board of Trustees dated 3/14/05. (1 page)
4. Proposed Legislation Affecting EUTF-Update on Senate Bills Reviewed by Board of Trustees dated 3/14/05. (1page)
5. Memorandum to Board of Trustees from Administrator regarding Option to Lease Additional Space dated 3/14/05. (8 pages)
6. Approved Minutes for January 18, 2005. (5 pages)