

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Benefits Committee Meeting
July 9, 2002

TRUSTEES PRESENT

Ms. Audrey Hidano, Vice-Chairperson
Mr. Neal Miyahira
Mr. Willard Miyake

GUEST TRUSTEES

Mr. Sam Callejo
Mr. Gerald Machida
Mr. James Williams

TRUSTEE ABSENT

Ms. Joan Lewis, Chairperson

HEUHBTF STAFF

Mr. H. Mark Fukuhara, Administrator	Mr. John Garner, Consultant	Ms. Gerti Reagan, Consultant
Mr. Tracy Ban	Ms. Wanda Kimura	
Ms. Lynette Fukunaga	Mr. Gary Sanehira	
Ms. Shirley Kawamoto	Ms. Karen Tom	

OTHERS PRESENT

Ms. Jean Aoki, HSTRA	Ms. Ruth P. Kim, HSTA-Retired
Ms. Lynette Arakawa, HDS	Mr. Michael Moss, HMSA
Mr. George Butterfield, HSTA-Retired	Ms. Sarah Moriyama, ORTA
Ms. Alana Deppe-Mariota, Kaiser Permanente	Ms. Kären Muronaka, HSTA-Retired
Ms. Monica Engle, VSP	Mr. Richard Sasaki, HGEA-Retirees
	Mr. Rod Tam, HMSA

I. CALL TO ORDER

The meeting of the Benefits Committee was called to order at 1:35 p.m. by Vice-Chairperson Audrey Hidano in Executive Office on Aging Conference Room, 4th Floor, No. 1 Capitol District Building, 250 South Hotel Street, Honolulu, Hawaii, on Tuesday, July 9, 2002. Chair Lewis was unable to attend this meeting.

II. APPROVAL OF MINUTES

The approval of minutes of June 14, 2002 was deferred as Trustees Miyahira and Miyake were not present at that meeting.

III. UNFINISHED BUSINESS: There was no unfinished business to discuss.

IV. NEW BUSINESS

A. Key Decisions on Benefit Plan Design (Garner Consulting)

Garner Consulting gave a presentation on certain key decisions that needed to be made by the Committee and the Board regarding the design of the Trust Fund's benefits plans. Thereafter, the Committee, with public input, discussed each key decision, and voted to make the following recommendations to the full Board on July 23, 2002.

1. Request for Proposals – it was discussed that in the past, multiple RFP's were used by the Public Employees Health Fund, each RFP covering a different plan or design alternative. There being no objection, the Committee voted to recommend issuance of only one RFP with different components, each component covering a different plan or design alternative. A carrier would be able to bid on one or

more components. Each component will include minimum standards and requirements, as well as financial requirements that must be met.

2. Self-funding – the advantages and disadvantages of self-funding were discussed. Without knowing what the experience has been for a large part of the population, it was agreed that it is too early to attempt a self-funding structure at this time. There being no objection, the Committee agreed to recommend an insured plan to the full Board.
3. Structure of active vs. retired employees. Unlike active employees, retired employees have caps; thus benefit plans should be structured to not go over the cap. At least one of the designs should attempt to match the plan for active employees. There being no objections, the committee will recommend three plans to the full Board: 1) plan based on current PEHF plan, which includes retirees under/over age 65 on the mainland and in other countries, 2) an actuarially equivalent PPO plan, and 3) a plan to match the actives' plan.
4. Managed Competition Approach – this approach would mean all plans would have the same eligibility, coverage, exclusions, etc. Under managed competition, the Trust would design eligibility rules and have all rules apply to all plans. There would be a tier structure and rates would be based on the structure vs. being based on a composite rate. A decision on this item was deferred until the Consultant could take a closer look at the demographics and make a proposal to the Committee as to what would be the best rate structure to recommend to the full Board.
5. Health Reimbursement Accounts – not much is known about Health Reimbursement Accounts. However, their use was approved by the IRS on June 26, 2002. More information is needed before any decisions can be made as to the Trust Fund's possible use of HRA's; thus, the Committee deferred any decision on this item.

B. An issue raised in the course of discussions on the above items was the possibility of having union plans. Mr. Aburano will be talking further with Trustee Miyake and Mr. Fukuhara regarding this matter.

V. FUTURE AGENDA ITEMS AND NEXT MEETING

The next meeting is scheduled for Wednesday, July 17, 2002, at 9 a.m.

The following meetings were also scheduled to facilitate travel plans for the consultant:

- July 23, 2002, 1:30 p.m. (Tuesday - after full Board meeting)
- July 24, 2002, 9 a.m. (Wednesday all day - continuation of Tuesday's meeting)
- July 31, 2002, 9 a.m. (Wednesday all day)
- Aug 6, 2002, 2:30 p.m. (Tuesday - after full Board meeting; Mr. Garner unable to attend)
- Aug 13, 2002, 9 a.m. (Tuesday all day)

- Aug 20, 2002, 9 a.m. (Tuesday all day; approval of final draft RFP for recommendation to the Board for approval on August 27)

A question was raised as to whether there was a need for alternative employee-beneficiary trustees for the Benefits Committee since it would be doing a lot of work over the next couple of months and one or more employee-beneficiary members were going to be unavailable for meetings during that time. A motion was made to recommend the following: First alternate: Trustee Williams; Second Alternate: Trustee Machida, and Third Alternate: Trustee Uwaine. (Miyake/Miyahira) Discussion: In view of the need for quorum, Mr. Garner queried if it was possible to have an alternate Employer and Employee-Beneficiary trustee on the Committee to fill in should a committee member not be available/able to attend a meeting, as each meeting is critical for decision making. Vote: Motion was passed unanimously.

VI. ADJOURNMENT

Motion to adjourn. (Miyake/Miyahira)

Discussion: None.

Vote: Unanimously passed.

Meeting adjourned at 3:16 p.m.

Respectfully submitted,

Audrey Hidano, Vice-Chairperson

APPROVED on July 23, 2002.

DOCUMENTS DISTRIBUTED:

1. Minutes for May 14, 2002. (3 pages)
2. Approved minutes for April 30, 2002. (3 pages)