

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Benefits Committee Meeting
July 23, 2002

TRUSTEES PRESENT

Ms. Joan Lewis, Chairperson
Ms. Audrey Hidano, Vice-Chairperson
Mr. Willard Miyake

GUEST TRUSTEE

Mr. James Williams

TRUSTEE ABSENT

Mr. Neal Miyahira

HEUHBTF STAFF

Mr. H. Mark Fukuhara, Administrator
Mr. Tracy Ban
Ms. Lynette Fukunaga
Ms. Shirley Kawamoto
Ms. Wanda Kimura

Mr. John Garner, Consultant
Ms. Gerti Reagan, Consultant
Mr. Gary Sanehira
Ms. Karen Tom

OTHERS PRESENT

Ms. Jean Aoki, HSRTA
Ms. Lynette Arakawa, HDS
Mr. Gary Asato, Kaiser Permanente
Mr. George Butterfield, HSTA-Retired
Ms. Nani Crowell, HSTA MBC
Mr. Charles Khim
Ms. Ruth Kim, HSTA-Retired
Mr. Norbert Mendes, HDS
Mr. Maurice Morita, HSTA

Ms. Sarah Moriyama, ORTA
Mr. Michael Moss, HMSA
Mr. Gordon Murakami, Royal State
Ms. Celeste Nip, HFFA
Ms. Karen Sawai, HDS
Mr. Rod Tam, HMSA
Mr. George Yamamoto, HGEA-Retirees
Ms. Amy Yasuda, UH

I. CALL TO ORDER

The meeting of the Benefits Committee was called to order at 1:30 p.m. by Chairperson Joan Lewis in Conference Room 408, State Capitol, 415 South Beretania Street, Honolulu, Hawaii, on Tuesday, July 23, 2002. Trustee Miyahira was unable to attend this meeting.

II. APPROVAL OF MINUTES

MOTION was made to approve the minutes of May 14, 2002. (Hidano/Lewis)

Discussion: None.

Vote: Unanimously passed.

MOTION was made to approve the minutes of July 9, 2002. (Miyake/Hidano)

Discussion: None.

Vote: Unanimously passed.

There being no objection, future meeting dates were discussed as items were referred back to the Committee from the morning's Board meeting.

MOTION was made to accept the changes made to future meeting dates. (Hidano/Miyake)

Discussion: The meeting changes are:

Change time to 1:30 p.m. from 2:30 p.m. on August 6, 2002 after full Board meeting.

Rescheduled August 13, 2002 to August 12, 2002, 9 a.m., all day.

Vote: Unanimously passed.

There being no objection, the Committee moved agenda item IV.A., Medical Plan Details, before agenda item III, Unfinished Business.

IV. NEW BUSINESS

A. Medical Plan Details

Mr. Garner described the HMO, POS, and PPO options to be requested in the RFP. The Committee will recommend to the board:

1) HMO Options

MOTION was made to request quotes on the current plan (\$8 co-pay), modified plan #1 (current plan with a \$10 co-pay), and plan designs #1, #2, and #3 as proposed by Garner Consulting. (Miyake/Hidano)

Discussion: None.

Vote: Unanimously passed.

2) POS Options

MOTION was made to defer the point-of-service plan option and place it on hold. (Miyake/Hidano)

Discussion: This may be the most expensive plan due to the low co-pay and freedom of choice and would have higher administrative costs.

Vote: Unanimously passed.

3) PPO Options

MOTION was made to request quotes on the following six options: 1) prevailing plan in the community; 2) current Health Fund plan; 3) Plan Design 1, with lifetime maximum benefit of \$1M/\$5M; 4) Plan Design 2, with \$1M/\$5M lifetime maximum benefit; 5) Plan Design 3, with \$1M lifetime maximum benefit; and 6) an actuarial equivalent to the current PPO plan design. (Miyake/Hidano)

Discussion: None.

Vote: Unanimously passed.

B. Pharmacy Benefits - scheduled for discussion in two weeks.

C. Life/Dental/Vision Benefits - benefits will be discussed in three weeks.

III. UNFINISHED BUSINESS

The Committee discussed the items that were referred back to the Committee: 1) two-year contract with two-year option; 2) 5% retroactive premium; 3) composite rate premiums; and 4) default plans.

A. Structural Plan Decisions

Due to low participation in the HMSA pre-paid dental plan, the Committee agreed that the consultant should request quotes based on the HDS fully insured dental plan.

1. MOTION was made to recommend to the Board a two-year contract with a two-year option to extend, negotiated in one-year steps. (Miyake/Hidano)
Discussion: For the two-year renewal period, rates will be negotiated in one-year increments based on a formula and each year will be calculated so that the members will realize maximum value for the dollar.
Vote: Unanimously passed.
2. Retroactive premium was referred to the Deputy Attorney General.
3. MOTION was made to recommend to the Board composite rate premiums as originally proposed, but clarify that it would be recalculated if there is more than a ten percent change in the active employee population. (Miyake/Hidano)
Discussion: Utilization of a composite rate will allow for administrative simplification. Essentially, payments to the carriers will be simplified.
Vote: Unanimously passed.
4. The Committee agreed that a recommendation to the Board on default plans would be deferred until more information on the plans becomes available.

B. Request for Proposal

At the July 24, 2002 meeting, recommendations on minimum coverages and minimum exclusions under the plans, and the impact of demographic information on the rate structure will be discussed.

V. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

Retirees:

Ms. Kim asked when the Committee would deal with benefits for retirees 65 years and older. Mr. Garner responded that it had already been discussed and determined that quotes will be asked on the current plan, actuarially equivalent PPO plan design, and everything that is being asked for the actives.

Mr. Butterfield indicated that dependent coverage is of concern to retirees under age 65 who have children approaching college age. Mr. Garner responded that rates with and without Medicare would be requested as the statute only mentions single and family.

VI. FUTURE AGENDA ITEMS AND NEXT MEETING

The next meeting is scheduled for Wednesday, July 24, 2002, at 9 a.m., Executive Office on Aging, Conference Room 410. Trustees Hidano and Miyake will call the meeting to order at 9 a.m. and will recess to 2:30 p.m. to continue today's meeting.

VII. ADJOURNMENT

MOTION to adjourn. (Miyake/Hidano)

Discussion: None.

Vote: Unanimously passed.

Meeting adjourned at 4:32 p.m.

Respectfully submitted,

/s/

John Radcliffe, Chairperson

APPROVED on July 17, 2003.

DOCUMENTS DISTRIBUTED:

1. Minutes for May 14, 2002. (3 pages)
2. Minutes for July 9, 2002. (3 pages)
3. Garner PowerPoint (HMO/POS/PPO Options. (3 pages)
4. Plan Comparison dated March 12, 2002. (1 page)
5. Plan Comparison dated March 12, 2002. (1 page)