

Royal State Center
819 South Beretania Street
Honolulu, Hawaii 96813
(808) 537-3151

MUTUAL BENEFIT ASSOCIATION OF HAWAII

Fax Transmittal
Original via U.S. Mail

October 23, 2002

To: Davis Yogi
Rules Committee
Hawaii Employer-Union Health Benefits Trust Fund

From: Melvin Higa, Senior Vice President

Subject: Response No. 3 to Your Letter Dated October 9, 2002
Re: Proposed Rules of the Hawaii Employer-Union Health Benefits Trust Fund

Oct 24 9 52 AM '02
ADMIN & RESEARCH
BUDGET & FINANCE

RECEIVED

This submission provides additional comments for the committee's and/or board's further consideration on the proposed rules.

Section 1.01 (page 3) provides in part that "The Fund is to be used to provide eligible state and county employees, retirees, and their dependents with health and other benefit plans at a cost affordable to both public employers and the public employees." Comments are as follow:

- The provision's reference to state and county employees, retirees, and their dependents being eligible for health and other benefit plans to be provided by the Fund, is ambiguous. As previously communicated, the deletion of the word "government" and change of "state" to "State" from Chapter 87 in the crafting of Chapter 87A, HRS necessitated your use of Chapter 89, HRS for defining "Employer" or "public employer", in the proposed rules. Similarly, "employees" need to be redefined, due to said crafting of the law. Otherwise, there is inconsistency between those employees, retirees and their dependents being eligible for benefits to the proposed rule defining employer or public employer of such employees.
- Whether by definition or Section within the proposed rules, there must be rules regarding the Fund providing "benefits plans at a cost affordable to both public employers and the public employees." I was not able to locate, from within the text of the proposed rules, any provision for the definition, determination or guidelines necessary to implement the administration for these mandated requirements. Such provision being a necessity is clearly stated within the Section: "The board is to administer and carry out the purposes of the Fund. These rules are adopted by the board pursuant to Section 87A-26 of the Hawaii Revised Statutes to implement the administration and purposes of the Fund." This rule provision relating to plans costs being affordable is also critical for proper preparation and construction of RFPs for soliciting carrier bids (proposals) to meet the said requirements, as well as for criteria for the evaluation, ranking and selection of proposals, and the ultimate award of contracts. This is a horse (rule) that needs to be placed before the cart (RFPs), which is not the case at hand.

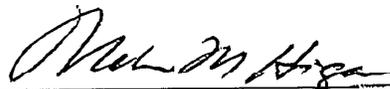
Davis Yogi
October 23, 2002
Page 2

The last sentence of Section 1.01 reads: "These rules are adopted by the board pursuant to Section 87A-26..." is not correct. The board has not complied with the Minimum Requirements of Section 87A-26. Please see my previous communications (Response No. 2), which by reference is being included and incorporated herein. Also included and incorporated herein by reference are my initial comments submitted on Section 1.02 (pages 3, 4 & 5 - Definitions).

Section 1.03 (page 5) should be revised. In respect to the Fund's then current business (such as these proposed rules) consideration should be given for inspection of public records through or on Website. Such documents are already in media format for Website hosting and are a modern day acceptable mode of communications and making available for inspecting the Fund's public records, particularly the current business of the Fund. The proposed rules are adequate for Fund's non-current business public records that need necessarily be removed from Website. In future, provision for downloading public records being removed from Website to electronic archive facility and allow public access thereto should be considered.

Section 1.05 (b) (page 5) choice of word/phrase. It may be preferable to replace "the same" with "one", to more clearly reflect "one from the other." Section 1.05 (c) does not make sense. The proposal rotates the one-year officer terms between the trustee groups annually, but all officers regardless of trustee group have the same one-year term.

I have been able to review and prepare my comments through page five (5) of the proposed rules, within the time period the board allotted. I have not been able to review and prepare comments on pages six (6) through twenty-six (26). However, review of the first five (5) pages only clearly shows that the proposed rules, in its current form, is not fit for solicitation of public comment and input. If the proposed rules were fit for solicitation of public comment and input, the time allotted for review and submittal of comments would likely have been adequate. As such, I assert that opportunity provided for submitting comments on the proposed rules is deficient. For that reason and additional other reasons that I have previously submitted, it is further asserted that the Board's intention to approve or adopt the proposed rules at upcoming series of board meetings beginning October 28, 2002 is improper and unlawful.



Melvin M. Higa