

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Monday, June 16, 2003

TRUSTEES PRESENT

Ms. Audrey Hidano, Vice-Chairperson	Ms. Kathryn Matayoshi (Arrived 3:39 pm)
Ms. Joan Lewis, Secretary-Treasurer (Arrived 3:48 pm)	Mr. Neal Miyahira
Mr. Bob Awana	Mr. Willard Miyake
Mr. Gerald Machida (left 3:39 pm)	Mr. John Radcliffe

TRUSTEES ABSENT

Mr. Dayton Nakanelua
Mr. Davis Yogi

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

Mr. H. Mark Fukuhara, Administrator	Mr. John Garner, Consultant
Mr. Lawrence Nishihara	Mr. Gary Sanehira
Ms. Maria Quartero	Ms. Donna Tonaki

OTHERS PRESENT

Ms. Lynette Arakawa, HDS	Ms. Sarah Moriyama, ORTA
Ms. Nani Crowell, HSTA-MBC	Mr. Gordon Murakami, Royal State
Ms. Monica Engle, VSP	Ms. Karen Muronaka, HSRTA
Ms. Elaine Fujiwara, HDS	Ms. Celeste Nip, HFFA
Ms. Venus Gabuyo, MBAH	Ms. Gertrude Nitta, HGEA-R
Ms. Grace Ing, HSTA-R	Mr. Peter Rodriguez, Hartford
Mr. Rick Jackson, MDX Hawaii	Mr. Rod Tam, HMSA
Mr. Tracy Matsumoto, ChiroPlan	Ms. Lori Taniguchi, Royal Insurance
Mr. Maurice Morita, HSTA	Mr. George Yamamoto, HGEA-Retirees

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 3:37 p.m. by Trustee Audrey Hidano, Vice-Chairperson, in Conference Room 405, Leiopapa A Kamehameha Building, 235 South Beretania Street, Honolulu, Hawaii, on Monday, June 16, 2003.

II. APPROVAL OF MINUTES: None

III. COMMITTEE REPORTS

A. ADMINISTRATIVE COMMITTEE

1. EUTF/PEHF Transition

Overview by Trustee Matayoshi regarding the presentation by Mr. Bert Nishihara and Ms. Wanda Kimura regarding the PEHF's analysis of amounts to be returned to the public employers (see written report). The Administrative

Committee members have expressed concerns about the employees' portion not being returned to the employees and the amounts that should be returned to the employees. Discussion held by Trustees regarding the amounts that should be returned to the employers/employees. Mr. Aburano summarized his legal analysis regarding the PEHF's return of rate credits and reimbursements to the public employees. Mr. Aburano stated that the PEHF does have the legal authority and is required to return excess rate credits and reimbursements to the public employers under Section 87-3, Hawaii Revised Statutes. However, Section 87-3 may not necessarily require the PEHF to return the employee-beneficiaries' share of such rate credits and reimbursements. Act 88 does not expressly repeal Section 87-3 prior to July 1, 2003; it does say that among the assets to be transferred from the PEHF to the EUTF are "funds to be refunded to employees". Mr. Aburano reviewed the collective bargaining agreements and the sections of those agreements that deal with employer contributions to the PEHF all say that they are "subject to the provisions of Chapter 87", and part of Chapter 87 includes the requirement to return the employers' share of excess rate credits and reimbursements to the public employers. Further discussion held by Trustees and staff regarding amounts that should or should not be returned to the employers/employees and the amounts listed in the analysis report. Mr. Bert Nishihara explained the tasks involved in the close out of the PEHF for the Memorandum of Understanding (MOU) between EUTF, PEHF, and Budget & Finance (B&F).

MOTION was made for the Board to authorize the EUTF staff to request that the PEHF return the employees' portion of surplus. (Miyake/Radcliffe) After discussion by the Trustees, the motion passed. Employer Trustees-3 yes-Awana, Matayoshi, Miyahira, 1 no-Hidano/Employee-Beneficiary Trustees-4 yes-Lewis, Machida, Miyake, Radcliffe)

Overview by Trustee Matayoshi regarding the MOU between the EUTF, PEHF, and B&F. Mr. Aburano stated that since there was a concern by the Board about liability as far as the assignment provision goes, he will add a proviso at the end of the assignment that the assignment shall not operate to make the EUTF liable for any breach of contract or any acts or omissions of the PEHF that have or may have occurred prior to July 1, 2003.

MOTION was made upon the recommendation of the Administrative Committee that the Board approve the MOU between the EUTF, PEHF, and B&F with the added proviso. (Miyake/Radcliffe) After discussion by the Trustees, the motion passed unanimously. Employer Trustees-4/Employee-Beneficiary Trustees-4)

- B. BENEFITS COMMITTEE: None
- C. RULES COMMITTEE
Deferred to next Board meeting.

IV. OTHER REPORTS

A. ADMINISTRATOR

1. EUTF/PEHF Transition

Overview by Mr. Fukuhara regarding the EUTF/PEHF transition. DAGS is still working on lease for the office space. The actual transition is on schedule to take place on July 1, 2003.

2. Open Enrollment Update

Overview by Mr. Fukuhara regarding the open enrollment update. Responses by Mr. Okata of HGEA and Mr. Murakami of Royal State regarding authorized leave of absence. [Trustee Matayoshi arrived at 3:30 p.m.] A response was sent to Mr. Perreira of HGEA regarding concerns about open enrollment. A memorandum from Mr. Bob Awana, Chief of Staff, and Georgina Kawamura, Director of Finance, notifying departmental personnel and fiscal officers to immediately process outstanding PEHF enrollment related transactions. [Trustee Lewis arrived at 3:48 p.m.] Aetna life insurance certificates will be mailed to retirees with the 1 page insert for the reference guides and the active employees' certificates and the 1 page insert will be sent to the actives via the DPOs. The Administrator recommended that the Board authorize the EUTF staff to get 3 bids to print 90,000 of the inserts for the retirees' and actives' reference guides with a price not to exceed \$25,000.

MOTION was made for the Board to authorize the EUTF staff to get 3 bids to print 90,000 pages of inserts for the retirees and active reference guides with a price not to exceed \$25,000. (Matayoshi/Machida) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Discussion held by Trustees, staff, and carriers regarding the issuing of health cards.

B. DEPUTY ATTORNEY GENERAL: None

C. BENEFITS CONSULTANT

1. Active/Retirees Reference Guide Correction (see handout)

Overview by Mr. Garner regarding the active/retirees reference guide corrections that were discussed at prior Board meetings. Discussion held by Trustees and consultant regarding the deductibles.

MOTION was made for the Board to approve and send out the corrections to the reference guides for the actives/retirees. (Awana/Matayoshi) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

2. Garner Consulting Bulletin for May 2003
Overview by Mr. Garner regarding the Garner Consulting bulletin for
May 2003 (see bulletin).

V. UNFINISHED BUSINESS: None

VI. NEW BUSINESS

A. Election of New Officers; Election or Appointment of Committee Positions

Recessed at 5:08 p.m. and Reconvened at 5:12 p.m. [Trustee Machida left at 5:12 p.m.]

MOTION was made for the Board to approve Trustee Miyake as Chairperson. (Radcliffe/Lewis) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to approve Trustee Lewis as Vice-chairperson. (Radcliffe/Miyake) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to approve Trustee Awana as Secretary-Treasurer. (Matayoshi/Hidano) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to approve Trustee Radcliffe as Chairperson for the Benefits Committee. (Miyake/Hidano) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

B. Dual Coverage Medical Plans Effective Mid-year; Unbundling Medical and Drug Plans; Three or Four Tier of Rates

Mr. Fukuhara stated there were three issues that should be assigned to the Benefits Committee to review: (1) whether it is feasible to have a dual coverage medical plan effective mid-plan year, i.e., January 1st; (2) unbundling medical and drug plans; and (3) expanding the current two-tier rate to three or four tier rates.

VII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

Letter from HRSTA expressing their concerns of the Board hiring a Third Party Administrator. Mr. Fukuhara summarized the draft response to HRSTA. Trustees will submit comments to the Administrator regarding the draft response.

Mr. George Yamamoto asked for Trustee Awana to thank the Governor for signing Act 111.

VIII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

The next board meeting is scheduled for July 9, 2003, 9:00 a.m. to discuss the unbundling of medical and drug plans, chiropractic care for retirees, and multiple tiering.

IX. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session as stated on the agenda at 5:25 p.m. (Matayoshi/Lewis) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to move out of Executive Session at 5:56 p.m. (Matayoshi/Lewis) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

X. ADJOURNMENT

MOTION was made to adjourn the regular meeting. (Matayoshi/Lewis) The motion passed unanimously. (Employer trustees-4/Employee-Beneficiary trustees-3)

The meeting was adjourned at 5:56 p.m.

Respectfully submitted,

/s/

Katherine Thomason, Secretary-Treasurer

APPROVED on January 25, 2006.

Documents Distributed:

1. Response Letter to Randy Perreira dated 6/6/03. (1 Page)
2. Letter from Russell Okata regarding leave of absence dated 6/3/03. (1 Page)
3. Letter from Gordon Murakami regarding leave of absence dated 6/6/03. (1 Page)
4. Letter from Chief of Staff regarding Closeout of PEHF dated 6/2/03. (1 Page)
5. EUTF Active Employees Correction to Reference Guide dated 6/1/03. (1 Page)
6. EUTF Retirees Reference Guide Clarification and Plan Improvements dated 6/1/03. (1 Page)
7. Garner Consulting Bulletin, May 2003. (1 Page)
8. Letter from HSRTA regarding RFP for TPA dated 6/7/03. (1 Page)