# HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Wednesday, February 26, 2003

TRUSTEES PRESENT

Ms. Audrey Hidano, Vice-Chairperson
Ms. Kathryn Matayoshi
Mr. Neal Miyahira
Mr. Will Miyake
Mr. Dayton Nakanelua
Mr. John Radcliffe
Mr. Gerald Machida (Arrived 9:33 am)
Mr. Davis Yogi (Arrived 9:10 am, Left 11:08 am)

TRUSTEES ABSENT

Ms. Joan Lewis, Secretary-Treasurer
Mr. Bob Awana

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

Mr. H. Mark Fukuhara, Administrator
Mr. Lawrence Nishihara
Ms. Maria Quartero
Mr. Leslie Ozawa
Mr. John Garner, Consultant
Ms. Kathleen Shiroma
Ms. Donna Tonaki

OTHERS PRESENT

Ms. Lynette Arakawa, HDS
Ms. Jean Aoki, HSRTA
Ms. Nani Crowell, HSTA MBC
Ms. Alana Deppe-Mariota, Kaiser Permanente
Ms. Monica Engle, VSP
Ms Elaine Fujiwara, HDS
Ms. Karen Iwasaki, C&C DHR
Ms. Ruth Kim, HSRTA
Ms. Fanny Leung, DHRD
Mr. Tracy Matsumoto, ChiroPlan Hawaii
Mr. Michael Moss, HMSA
Ms. Karen Muronaka, HSRTA
Ms. Celeste Nip, HFFA
Ms. Jody Serikawa, C&C DHR
Mr. Rod Tam, HMSA
Ms. Lori Taniguchi, Royal Insurance
Mr. George Yamamoto, HGEA-Retirees

## I. CALL TO ORDER

## II. EXECUTIVE SESSION

MOTION was made to go into executive session for evaluation of RFP proposals with board's benefits consultant and consultation with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities and liabilities regarding the RFP proposals. (Matayoshi/Radcliffe) The motion was passed unanimously. (Employer trustees-3/Employee-Beneficiary trustees-3)

Executive session of the Board of Trustees was called to order at 9:03 a.m. by Trustee Audrey Hidano, Vice-Chairperson, in Conference Room 405, Leiopapa A Kamehameha Building, 235 South Beretania Street, Honolulu, Hawaii, on Wednesday, February 26, 2003.

Trustee Davis arrives at 9:10 a.m.
Trustee Machida arrives at 9:33 a.m.

MOTION was made to adjourn the executive session. (Radcliffe/Miyahira) The motion was passed unanimously. (Employer trustees-4/Employee-Beneficiary trustees-4)

The executive session was adjourned at 10:45 a.m.

The regular meeting of the Board of Trustees was called to order at 10:54 a.m. by Trustee Audrey Hidano, Vice-Chairperson, in Conference Room 405, Leiopapa A Kamehameha Building, 235 South Beretania Street, Honolulu, Hawaii, on Wednesday, February 26, 2003.

Consensus by the Board to take agenda item VII.B. (Selection of health benefits plans and group life insurance plans and awards of contracts, to be effective July 1, 2003, under RFP 03-001) out of order.

Mr. Garner reported that, subject to the negotiation of acceptable final contract terms, the Board approved the award of contracts under RFP 03-001 to the following:

1. HMO Contract – Kaiser Permanente
2. PPO – Hawaii Medical Service Association (HMSA)
3. Supplemental Plan – Royal State Group
4. Prescription Drug Coverage – HMSA and Kaiser Permanente
5. Chiropractic Coverage – Mutual Benefits Association of Hawaii (MBAH)
6. Dental – Hawaii Dental Service (HDS)
7. Vision – Vision Services Plan (VSP)
8. Life Insurance – Aetna

Mr. Garner stated that the chiropractic coverage would be bundled with the medical coverage for the actives and for the retirees; however, if necessary to come under the CAP, it will be removed for the retirees. No concerns were raised by the retirees in attendance if the chiropractic coverage was deleted to prevent premiums from going over the CAP.

## III. APPROVAL OF MINUTES: None

## IV. COMMITTEE REPORTS

### A. ADMINISTRATIVE COMMITTEE

Trustee Matayoshi reported that the Administrative Committee's items will be covered under the Administrator's report.

### B. RULES COMMITTEE

Trustee Yogi reported that the final rules are completed, copies will be e-mailed to the Trustees for review, and the Trustees should submit any concerns and/or comments by 12 noon on Friday to all Trustees. If there are no concerns and/or comments, the staff will

submit the final rules for filing. Trustee Matayoshi stated that it was determined by the Administrative Committee not to recommend proceeding with a request to the legislature to amend Act 88 to specifically include domestic partners. Vice-Chair Hidano stated that letters to Mr. Higa and Mr. Khim confirming Trustee Miyake's comments that they were rescinding their letters regarding rules and the RFP were signed and will be sent today. Trustee Yogi stated that Mr. Higa and Mr. Khim's letters regarding rules remain on the agenda until the Board receives their written response.

C. BENEFITS COMMITTEE
Consensus by the Board to keep the letters from Mr. Higa and Mr. Khim on the agenda.

V. OTHER REPORTS

A. ADMINISTRATOR
Mr. Fukuhara reported:

1. EUTF/PEHF Transition
   a. e-World Contract
      Mr. Fukuhara asked for confirmation by the Board that he is authorized to sign the e-World contract. After discussion, by consensus, the Board authorized the Administrator, Mark Fukuhara, to sign the e-World contract.

   b. Update on Office Space
      Mr. Fukuhara gave an update on the office space.

   c. HIPAA Compliance
      Mr. Fukuhara gave an update on the HIPAA Compliance.

   Trustee Yogi left at 11:08 a.m.

   d. IFEBP
      Mr. Fukuhara stated that the maximum is 14 members.

2. Communication Plan
   Mr. Fukuhara gave an overview on the communication plan (see handout). Discussion held by Trustees and staff regarding open enrollment and public announcements. Consensus by the Board that Mr. Fukuhara may answer media questions regarding the approved plans. Trustee Miyake stated that he agrees as long as he qualifies that it is subject to final agreement. Mr. Fukuhara stated if asked he will be general and not go into detail. Further discussion by the Trustees on the communication plan.

3. Annual Report
   Trustee Miyake addressed his concerns and stated that in the future the Annual Report should be reviewed by the Board first. He stated that no action will be taken. Vice-Chair Hidano asked that the Board be given all documents for review and/or comments.

4. FY03 Expenditure Report as of 1/31/03
Mr. Fukuhara gave an overview on the FY03 Expenditure Report as of 1/31/03 (see handout). Discussion by Trustees regarding the overage of 12, 241 - EUTF Salaries.

5. State Treasury Investment Pool Earnings
Mr. Fukuhara stated that the EUTF is now participating in the State Treasury Investment Pool and that the interest earned in November was approximately $5,000 and in December it was approximately $3,300. Discussion held by Trustees regarding investment of money for a better return. Mr. Fukuhara stated that the recommendation would be to restructure committees and add a Finance Committee.

Recess 11:41 p.m. and Reconvened at 1:34 p.m.

C. DEPUTY ATTORNEY GENERAL
Mr. Aburano reported:
1. The memorandum on collective bargaining was presented to the Attorney General (AG) and the AOR committee. The AG requested that the conclusion be in bullet points and for some further research in certain areas. Discussion held by Trustees and Deputy Attorney General regarding information on strikes.

2. Informational Hearing on Friday at House Labor – Information on VEBA Trust
He will be attending the informational hearing to present a memorandum written by another deputy attorney general as to whether state regulation of VEBA trusts is preempted by ERISA. Trustee Radcliffe requested a copy of the memorandum.

D. BENEFITS CONSULTANT: None

VI. UNFINISHED BUSINESS: None

VII. NEW BUSINESS

A. Election of New Chair or Interim Chair (Deferred)

B. Selection of health benefits plans and group life insurance plans and awards of contracts, to be effective July 1, 2003, under RFP. 03-001 (taken out of order)

C. Staff Plan (see handout)

Trustee Radcliffe left at 1:56 p.m.

MOTION was made on the recommendation of the Administrative Committee for the Board to approve the staffing plan. Discussion by the Trustees on the staffing plan and Third Party Administrators.

MOTION was made to amend the motion to provide that implementation of the staffing plan would be subject to consultation to the extent required by applicable laws and collective bargaining agreements. (Matayoshi/Machida) After further discussion, the motion passed unanimously. Employer Trustees-3/Employees-Beneficiary Trustees-3)

Trustee Radcliffe returns at 2:03 p.m.

1. Hire 3 customer service staff

2. Data entry assistance from DAGS

MOTION was made on the recommendation of the Administrative Committee for the Board to approve the hiring of 3 new customer service staff and the assistance of the data entry staff at DAGS. After discussion by the Trustees, the motion passed unanimously. Employer Trustees-3/Employee-Beneficiary Trustees-4)

D. Action Plan for Open Enrollment (see handout)
Discussion by the Trustees and staff regarding the action plan for open enrollment.

E. Administrative Cost Allocation (see handout)
MOTION was made on the recommendation of the Administrative Committee for the Board to approve the proposed administrative cost allocation. After discussion by the Trustees, the motion passed unanimously. Employer Trustees-3/Employee-Beneficiary Trustees-4)

VIII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

Mr. Yamamoto commented that the retirees are not looking for anything less or more than they are getting now. So if the chiropractic coverage causes the premiums to go over the CAP, it should be taken out.

IX. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

Administrative Committee meeting to be held on March 4, 2003 at 9 a.m. (No meeting on March 6, 2003).

Board meeting to discuss open enrollment and to finalize negotiations to be held on March 10, 2003 from 9 a.m. to 4 p.m. (No Board meetings on March 13, 14, 2003.)

Board meeting on March 18, 2003 from 9 a.m. to 4 p.m.

X. ADJOURNMENT

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

The meeting was adjourned at 2:44 p.m.

Respectfully submitted,

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Bob Awana, Secretary-Treasurer

Documents Distributed:

1. EUTF FY03 Expenditures dated 2/26/03 (1 page)
2. EUTF Staffing Plan Effective 7/1/03 dated 2/26/03 (12 pages)
3. EUTF Staffing Proposal Effective 7/1/03 dated 2/26/03 (6 pages)
4. Open Enrollment 2003 Action Plan dated 2/26/03 (3 pages)
5. EUTF Action Plan for Open Enrollment 2003 dated 2/26/03 (8 pages)
6. EUTF Administrative Cost Allocation dated 2/26/03. (4 pages)