HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Wednesday, October 22, 2003

TRUSTEES PRESENT
Mr. Will Miyake, Chairperson
Mr. Bob Awana, Secretary-Treasurer
Mr. Harold DeCosta
Ms. Audrey Hidano
Mr. Gerald Machida
Mr. Dayton Nakanelua
Mr. Mark Recktenwald
Ms. Kathleen Watanabe

TRUSTEES ABSENT
Ms. Joan Lewis, Vice-Chairperson
Mr. John Radcliffe

ATTORNEY
Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF
Mr. H. Mark Fukuhara, Administrator
Mr. Lawrence Nishihara
Ms. Maria Quartero
Mr. Gary Sanehira
Mr. John Garner, Consultant
Ms. Gerti Reagan, Consultant
Ms. Kathleen Shiroma
Ms. Donna Tonaki

OTHERS PRESENT
Ms. Lynette Arakawa, HDS
Mr. Tracy Ban, B&F
Ms. Sandra Benevides, Kaiser Permanente
Ms. Monica Engle, VSP
Ms Elaine Fujiwara, HDS
Ms. Venus Gabuyo, MBAH
Mr. Rick Jackson, MDX Hawaii
Ms. June Kadomoto, ORTA
Ms. Ruth Kim, HSRTA
Ms. Alice Kotake, HSTA-R
Ms. Doreen Kuroda, DHRD
Mr. Michael Moss, HMSA
Ms. Karen Muronaka, HSRTA
Ms. Gertrude Nitta, HGEA-R
Ms. Jody Serikawa, C&C
Mr. Rod Tam, HMSA
Ms. Lori Taniguchi, Royal Insurance
Mr. George Yamamoto, HGEA-Retirees
Ms. Lilia Yu-Lum

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I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 10:10 a.m. by Trustee Will Miyake, Chairperson, in Conference Room 1403, Leiopapa A Kamehameha Bldg., 234 S. Beretania Street, Honolulu, Hawaii, on Wednesday, October 22, 2003.

II. EXECUTIVE SESSION

MOTION was made to move into Executive Session to consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities and liabilities regarding: (a) the decision of whether or not to proceed further with the procurement of a TPA; (b) the selection of a TPA and negotiations of a contract with the selected TPA; (c) other matters pertaining to RFP No. 03-002 and/or the procurement of a TPA; (d) the solicitation and procurement of dual-coverage medical and prescription drug plans; and (e) the status of the O'Gorek lawsuit. Deliberation and decision-making as to the foregoing matters. (DeCosta/Recktenwald) Motion was passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

MOTION was made to move out of Executive Session. (Awana/DeCosta) Motion was passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

Executive Session adjourned at 11:52 a.m.

III. APPROVAL OF MINUTES: None

IV. COMMITTEE REPORTS

A. ADMINISTRATIVE COMMITTEE: None

B. BENEFITS COMMITTEE: None

V. OTHER REPORTS

A. ADMINISTRATOR

Mr. Fukuhara reported on:

1. EUTF Telephone/E-mail (see handout)

2. Office Space – DAGS is still working on lease and move will probably take place in early December.

3. Confirmation notices are sent to employees after each pay period.

4. Letter from EUTF in response to DOE requesting reimbursement for open enrollment expenses.

5. There are now 5 charter schools and EUTF would prefer to handle all schools on the same system. Additional information will be provided at the next Board meeting.

6. Quarterly Utilization Reports – Letters were sent to carriers.

7. Invitation by HMSA for Administrator to attend the forum on State Employee Business Challenges and Solutions in Chicago.

   MOTION was made to approve the Administrator to attend the forum on State Employee Business Challenges and Solutions in Chicago and to amend his out-of-state travel for the IFEBP conference in San Diego to include the Chicago conference. (Nakanelua/Awana) Motion was passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

8. eWorld Extension (see handout)
   Discussion held by Trustees and staff regarding the upgrading of the PeopleSoft system for the Kaiser multi-site configuration and COBRA process. Further discussion by the

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Trustees and staff regarding the eWorld extension, the original contract, and the cost. Trustee Hidano is concerned about the extension of contracts.

MOTION was made to approve the eWorld extension not to exceed $95,000 as amended. (Nakanelua/Watanabe) Motion was passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

AMENDED MOTION was made to extend time of contract to April 30, 2004. (Nakanelua/Watanabe) Motion was passed unanimously. Employer Trustees-5/Employee-Beneficiary Trustees-3)

9. Star Bulletin Article
Discussion by Trustees and staff regarding the Star Bulletin article and that it did not reflect the Board's sentiments about the staff. By consensus of the Board, the Administrator was directed to respond to the Star Bulletin article and state that the staff has the Board's full confidence and support and that the Board is looking forward to working with them in the future.

Chair Miyake informed the Board and public that Vice-Chair Audrey Hidano is resigning effective November 1, 2003.

Trustee Watanabe asked for clarification on the meeting with the DOE and charter schools. Mr. Fukuhara stated that the meeting is to determine what charter schools must do to maintain EUTF health benefits if they are no longer processing payroll through DAGS.

B. DEPUTY ATTORNEY GENERAL
Mr. Aburano reported on the following in response to previous requests made:

1. Insurance Coverage – Completion of PEHF Contracts and Obligations.
Mr. Aburano discussed what insurance coverage or other protections exist with respect to acts or omissions done to complete the PEHF contracts and obligations. He discussed the immunity and indemnity that the Trustees have under Section 26-35.5, Hawaii Revised Statutes. He said that the Trustees should review the document and that no action is needed at this time.

2. Background on Trust Fund Voting Structure
Mr. Aburano stated that the legislative history of Act 88 does not show why the legislature established the Trust Fund's particular voting structure. There appears to have been a pre-existing interest in having the Trust Fund's board composed of half trustees representing employers and half trustees representing employee beneficiaries. This probably stems from the Taft-Hartley Act which requires a similar Trust Fund structure for private sector plans. The history of Act 88 shows that the original Senate bill required 10 trustees but the voting was done by a simple majority of the trustees. In addition, there was a tie-breaking mechanism. When the Senate bill moved to the House, the House added 1 trustee so there were 11 trustees,

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and the House put in that the employer trustees would have 1 vote, the employee–beneficiary trustees would have 1 vote, and the 11th trustee would represent both the public and the employee-beneficiaries and would be the tie-breaking vote. Then the bill went to a conference committee and they changed the bill back to 10 Trustees, kept the 1 vote on each side, and put in a modified alternate disputes tie breaking mechanism.

C. BENEFITS CONSULTANT

1. Overview by Mr. Garner on the Special Report Evaluating the Implementation, Administration & Financial Impact of New Benefit Plans which began on July 1, 2003 (see handout)

   Discussion held by Trustees and consultant on the special report.

2. Garner Bulletin September 2003 (see handout)

D. CARRIERS

1. Mutual Benefit Association of Hawaii

2. Hawaii Dental Service

3. VSP

4. Kaiser Permanente
   Mr. Fukuhara introduced Sandra Benevides, the new accounts manager for Kaiser.

5. Aetna

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VI. UNFINISHED BUSINESS

A. Dual coverage medical plan effective mid-year
Trustee Miyake announced that proposals from HMSA and Royal State would be discussed at next month's Benefits Committee and Board meetings. He expects that a decision would be made to offer dual coverage medical plan(s) since there is language in the collective bargaining agreements for employer contributions and it is critical that the EUTF offer this type of plan option as soon as possible.

VII. NEW BUSINESS: None

VIII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES
Ms. Engle gave an overview on VSP "Get Focused" (see handout).

IX. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

* Administrative Committee meeting is scheduled for November 18, 2003, 1:00 p.m.

* Benefits Committee meeting is scheduled for November 18, 2003, 3 p.m.

* The next board meeting is scheduled for November 19, 2003, 9 a.m.

* HIPAA Training for Trustees is scheduled for November 19, 2003 after the board meeting.

* The monthly board meeting for December 17, 2003 is cancelled unless there is an emergency to meet.

Trustee Watanabe stated that the TPA Committee stands recessed indefinitely.

X. ADJOURNMENT

MOTION was made to adjourn the regular meeting. (Watanabe/Recktenwald) The motion was passed unanimously. (Employer trustees-5/Employee-Beneficiary trustees-3)

The meeting was adjourned at 2:20 p.m.

Respectfully submitted,

Bob Awana, Secretary-Treasurer

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Documents Distributed:

1. EUTF Telephone and Email dated 10/22/03. (1 page)
2. Estimated Cost for eWorld Extension dated 9/15/03. (1 page)
3. Honolulu Star Bulletin Article dated 10/14/03. (1 page)
4. EUTF Special Report Evaluating the Implementation, Administration & Financial Impact of New Benefit Plans Which Began on 7/1/03 dated 10/22/03 by Garner Consulting. (23 pages)
5. Garner Bulletin for September 2003. (3 pages)
6. Letter Appointing Georgina Kawamura as EUTF Trustee dated 10/17/03. (1 page)
7. The High Road – September 2003. (2 pages)
8. OpenLine – October 2003. (2 pages)
9. VSP "Get Focused" Newsletter. (2 pages)