

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Wednesday, August 25, 2004

TRUSTEES PRESENT

Ms. Katherine Thomason, Chairperson	Ms. Joan Lewis
Ms. Kathleen Watanabe, Vice-Chairperson	Mr. John Radcliffe
Mr. Gerald Machida, Secretary-Treasurer	Mr. Mark Recktenwald
Mr. Nelson Befitel (Arrived at 3:43 pm)	Mr. Stanley Shiraki

TRUSTEES ABSENT

Mr. Will Miyake
Mr. Dayton Nakanelua

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

Mr. Lawrence Nishihara, Acting Administrator	Ms. John Garner, Consultant
Ms. Maria Quartero	Ms. Donna Tonaki
Ms. Kathleen Shiroma	

OTHERS PRESENT

Mr. Gary Asato, Kaiser Permanente	Mr. Michael Moss, HMSA
Mr. Tracy Ban, B&F	Ms. Glenn Nakamoto, DOE
Ms. Sandra Benevides, Kaiser Permanente	Ms. Celeste Nip, HFFA
Ms. Monica Engle, VSP	Ms. Gertrude Nitta, HGEA-R
Ms. Venus Gabuyo, MBAH	Mr. Rod Tam, HMSA
Mr. Rick Jackson, MDX Hawaii	Mr. Miles Taniguchi, TRIA
Ms. Ruth Kim, HSTA-R/HSRTA	Mr. Charles Toguchi
Ms. Alice Kotake, HSTA-R	Mr. George Yamamoto, HGEA-Retirees
Ms. Tawnya Lloyd, Aetna	Ms. Lilia Yu Lum, Royal State
Mr. Norbert Mendes, HDS	

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 3:38 p.m. by Trustee Katherine Thomason, Chairperson, in Conference Room 405, Leiopapa A Kamehameha Building, 235 South Beretania Street, Honolulu, Hawaii, on Wednesday, August 25, 2004.

II. APPROVAL OF MINUTES: None

III. COMMITTEE REPORTS

MOTION was made to add Administrative Committee Report to the agenda. (Shiraki/Radcliffe)
The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

A. ADMINISTRATIVE COMMITTEE

Trustee Recktenwald reported:

1. Interviews for Recruitment of Administrator
Interviews by the Selection Committee will be held next week.
2. Chicken/Egg Problem
An overview was given on the survey that was done by Garner Consulting regarding the chicken/egg problem on whether the benefits or contributions were determined first. The states responding handled this problem differently only one state had a problem similar to Hawaii's. Mr. Garner will submit a written report regarding his findings on the survey.
3. HIPAA Gap Analysis
The report on the HIPAA Gap Analysis will be ready in two weeks. There appears to be no significant issues to address.
4. Health Fund Refund Project Methodology & Expenses
Trustee Recktenwald gave an overview regarding the Health Fund refunds. The total amount that can be returned is over 5.4 million less any administrative costs. The staff recommends that the EUTF follow the same methodology that the Health Fund used for refunds. The Acting Administrator will prepare and have available to the Trustees a plan identifying the administrative costs and how the refund will be undertaken. The Administrative Committee recommends that the Board authorize the staff to proceed with the paperwork in preparation to hire temporary employees to undertake the refund pending the submittal of the plan identifying the costs and how the refund will be undertaken. The actual hiring will be done after the board approves the plan identifying the costs and how the refund will be undertaken.
5. Consultation on Administrative Rule Change Regarding Adoption & Foster Children
No negative comments were submitted. The Department of Human Resources and Development submitted comments suggesting changes to include provisions that would require notice be given to the Trust Fund within thirty days as per Administrative Rule 4.05. The Administrative Committee recommends that the Board approve the Administrative Rule change regarding adoptions and foster children to include the suggested changes by DHRD. Mr. Aburano provided a draft of the suggested changes and explained the changes.

MOTION was made upon the recommendation of the Administrative Committee for the Board to approve the Administrative Rule change regarding adoptions and foster children to include provisions requiring that notice be given to the Trust Fund within thirty days as per Administrative Rule 4.05. The motion passed unanimously.
(Employer Trustees-5/Employee-Beneficiary Trustees-3)

6. Staffing Requirements for Next Biennium
The Acting Administrator has requested to approve only 8 positions and hold off on 3 IT positions until a decision has been made on the PeopleSoft upgrade. The Administrative Committee has approved 8 new positions to be included in the budget that will be

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presented to the Administrative Committee next month. The staff will also present the specific costs of the positions, the basis of how the salaries are reached, and the administrative fee for each plan.

7. Final Accounting for Health Fund Contracts Ending 6/30/03

The Final Accounting for Health Fund contracts ending 6/30/03 are done or not required with the exception of Royal State for life insurance which will be completed soon.

8. Carriers' Performance Standard Quarterly Report

Carriers met all the standards except for HMSA that had 98.9% regarding the issuance of ID cards in 15 days. There is no financial consequence.

9. RFP for Services to Upgrade the PeopleSoft System

Deferred until September's meeting at which the consultant who is working on this will brief Trustees.

10. Legislative Proposals

Deferred to next month. Trustees may submit items in writing to the Administrative Committee by September 4, 2004. The issue of legislation to recognize hanai children as beneficiaries for the purpose of the Trust Fund was brought up.

11. Carrier Claims Audit(s)

An audit was done for Aetna and there was discussion as to whether the Board would want to do audits for other carriers that are processing claims (which would exclude Kaiser and Mutual Benefit Association of Hawaii). Garner Consulting will provide fee estimates for claim audits and descriptions of the scope of the work.

12. Joint Labor Management Committee

Mr. Aburano responded to Trustee Machida's question as to whether it was possible for the Trust Fund to act as a Joint Labor Management Committee, i.e., a third party that provides information to or advises collective bargaining parties regarding plan benefits. Mr. Aburano said that he had informally talked to a deputy in the employment law area. That deputy said he was aware that collective bargaining parties had requested third parties to come into the negotiations to provide information from time to time. The deputy suggested that the Trust Fund board or a committee could write to the Office of Collective Bargaining and/or the unions involved in negotiations to request to be present during their next negotiation session to either provide information about the Trust Fund's benefits plans or find out the status of negotiations on employer contributions.

B. BENEFITS COMMITTEE

Trustee Radcliffe reported:

1. Retrospective Premium

Mr. Garner gave an overview on Hawaii Dental Service's (HDS) retrospective premium. Recommendation was made by Mr. Garner to accept HDS's invoice and to

make payment now, with the understanding that the amount of the retrospective premium will be adjusted to reflect the final accounting.

MOTION was made to approve to accept HDS's invoice and to make payment now. (Radcliffe/Machida) After discussion, the motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

2. Benefits – RFP 05-001

Discussion held by Trustees regarding the issuance and approval of RFP 05-001.

C. SELECTION COMMITTEE

Trustee Watanabe reported that interviews for the recruitment of administrator will be held tomorrow and Friday. A full recommendation to the Board is expected by September 15, 2004. She acknowledged Lawrence Nishihara, Karen Tom, and Jean Kashiwaeda for their tremendous help in the initial screening of the minimum qualifications as well formulating the questions. Trustee Watanabe clarified that the interviews by the Full Board will also be held September 15, 2004.

IV. OTHER REPORTS

A. ADMINISTRATOR

1. EUTF Lease

Mr. Nishihara recommended that the Board authorize him to finalize and sign the EUTF lease pending confirmation of the dollar amounts shown on DAGS' proposal (which he had received just at the start of today's meeting).

MOTION was made to authorize Mr. Nishihara to finalize and sign the EUTF lease pending confirmation of the dollar amounts shown on DAGS' proposal. (Watanabe/Radcliffe) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

B. DEPUTY ATTORNEY GENERAL: None

C. BENEFITS CONSULTANT

Mr. Garner reported:

1. July 2004 Bulletin (see handout)

D. CARRIER'S REPORTS

1. Royal State
2. VSP

V. UNFINISHED BUSINESS

- A. Benefits RFP No. 05-001
Deferred

VI. NEW BUSINESS

- A. Financial Report as of June 30, 2004
Overview by Ms. Tonaki regarding the financial report as of June 30, 2004 (see handouts). Discussion held by Trustees and staff regarding administrative costs.

VII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

1. August 2004 - The High Road (see handout)

VIII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

*Regular Board meeting is scheduled for September 15, 2004, time and place to be arranged.

*Administrative Committee meeting is scheduled for September 14, 2004, time and place to be arranged.

*Benefits Committee meeting is scheduled for September 14, 2004, time and place to be arranged.

IX. EXECUTIVE SESSION

Motion was made to go into Executive Session for the purposes stated in the agenda at 4:18 p.m. (Lewis/Recktenwald) The motion passed unanimously. Employer Trustees-5/Employee-Beneficiary Trustees-3)

Recessed at 4:18 p.m. and Reconvened at 4:28 p.m.

Motion was made to move out of Executive Session. (Lewis/Recktenwald) The motion passed unanimously. Employer Trustees-5/Employee-Beneficiary Trustees-3)
Executive Session adjourned at 6:40 p.m.

Recessed at 6:48 p.m.

Board meeting to Reconvene on Thursday, 8/26/04, 4:30 p.m., SOT Conference Room 1400.

Documents Distributed:

1. Garner Consulting Bulletin - July 2004. (2 pages)
2. EUTF Statement of Cash Flows Year Ended 6/30/04 (Unaudited) dated 8/25/04. (1 page)
3. EUTF Statement of Net Assets 6/30/04 (Unaudited) dated 8/25/04. (1 page)

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4. EUTF Combined Statement of Revenues & Expenses-Budget & Actual Comparison 12 Months Ended 6/30/04 (Unaudited). (2 pages)
5. The High Road - August 2004. (2 pages)

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Minutes of the Board of Trustees
RECONVENED ON THURSDAY, AUGUST 26, 2004

TRUSTEES PRESENT

Ms. Katherine Thomason, Chairperson	Mr. Will Miyake
Ms. Kathleen Watanabe, Vice-Chairperson	Mr. John Radcliffe
Mr. Gerald Machida, Secretary-Treasurer	Mr. Mark Recktenwald
Mr. Nelson Befitel	Mr. Stanley Shiraki
Ms. Joan Lewis	

TRUSTEES ABSENT

Mr. Dayton Nakanelua

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

Mr. Lawrence Nishihara, Acting Administrator	Ms. John Garner, Consultant
Ms. Maria Quartero	Ms. Donna Tonaki
Ms. Kathleen Shiroma	

OTHERS PRESENT

Mr. Jack Borja, HMA/Summerlin	Ms. Gertrude Nitta, HGEA-R
Ms. Sandra Benevides, Kaiser Permanente	Ms. Susan Pestana, HSTA-MBC
Mr. Jim Dyer, HMA/Summerlin	Mr. Rod Tam, HMSA
Ms. Venus Gabayo, MBAH	Mr. Charles Toguchi, C.T. Toguchi & Assoc.
Mr. John Jacobs, HMSA	Mr. George Yamamoto, HGEA-Retirees
Mr. Michael Moss, HMSA	

I. CALL TO ORDER

The regular meeting of the Board of Trustees was reconvened at 4:58 p.m. by Trustee Katherine Thomason, Chairperson, in Conference Room 1400, Leiopapa A Kamehameha Building, 235 South Beretania Street, Honolulu, Hawaii, on Thursday, August 26, 2004.

MOTION was made to move into Executive Session for the purposes stated in the agenda at 4:59 p.m. (Befitel/Shiraki) The motion passed unanimously. (Employer trustees-5/Employee-Beneficiary trustees-4)

MOTION was made to move out of Executive Session at 5:52 p.m. (Watanabe/Radcliffe). The motion passed unanimously. (Employer trustees-5/Employee-Beneficiary trustees-4)

MOTION was made upon the recommendation of the Benefits Committee for the Board to approve the form of RFP 05-001 (Revised on August 13, 2004), that the RFP not include Royal State's dual coverage plan, and for the EUTF to negotiate an extension of the dual coverage plan

with Royal State. The motion passed unanimously. (Employer trustees-5/Employee-Beneficiary trustees-4)

MOTION was made for the Board to defer issuance of RFP 05-001 until the next Board meeting and authorize the Trust Fund's attorney, Brian Aburano, and the benefits consultant, John Garner to negotiate the terms of an extension of contract with our existing contractor, HMSA. (Recktenwald/Miyake). The motion passed unanimously. (Employer trustees-5/Employee-Beneficiary trustees-4)

X. ADJOURNMENT

MOTION was made to adjourn the regular meeting. (Lewis/Watanabe) The motion passed unanimously. (Employer trustees-5/Employee-Beneficiary trustees-4)

The meeting was adjourned at 5:55 p.m.

Respectfully submitted,

/s/

Gerald Machida, Secretary-Treasurer

APPROVED on October 20, 2004 and
APPROVED on December 15, 2004 as amended.