

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Minutes of the Board of Trustees  
Wednesday, November 30, 2005

TRUSTEES PRESENT

Mr. John Radcliffe, Chairperson	Mr. Willard Miyake (left at 12:14 pm)
Mr. Gerald Machida, Vice-Chairperson	Mr. Mark Recktenwald
Ms. Katherine Thomason, Secretary-Treasurer	Mr. Stanley Shiraki
Ms. Joan Lewis (arrived at 11:31 am)	

TRUSTEES ABSENT

Mr. Nelson Befitel  
Mr. George Kahooohanohano  
Ms. Marie Laderta

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

Mr. James Williams, Administrator	Mr. John Garner, Consultant
Mr. Lawrence Nishihara	Mr. Andy Keowen, Consultant
Ms. Maria Quartero	

OTHERS PRESENT

Ms. Lynette Arakawa, HDS	Ms. Wanda Kimura, B&F
Ms. Merlene Akau, DOE	Ms. Doreen Kuroda, DHRD
Ms. Sandra Benevides, Kaiser Permanente	Mr. Michael Moss, HMSA
Ms. Sonia Barayuga, Marsh Insurance	Mr. Glenn Nakamoto, DOE
Ms. Kathy Dang, Marsh Insurance	Ms. Gertrude Nitta, Retiree
Ms. Alana Deppe-Mariota, Kaiser Permanente	Mr. Mike Palma, Summerlin
Ms. Monica Engle, VSP	Ms. Cindy Sasaki, Grant Thornton
Ms. Lynette Fujiwara, HDS	Ms. Lynn Shimono, Grant Thornton
Mr. Rick Jackson, MDX Hawaii	Mr. Rod Tam, HMSA
Mr. Eleu Kane, Summerlin	Ms. Lilia Yu-Lum, MBAH/Royal State
Ms. Ruth Kim, HSTA-R	

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:07 a.m. by Trustee John Radcliffe, Chairperson, in Conference Room 1935, City Financial Tower, 201 Merchant Street, Honolulu, Hawaii, on Wednesday, November 30, 2005.

II. APPROVAL OF MINUTES

The Board reviewed the draft minutes for July 9, 2003, July 23, 2003, September 18, 2003, and October 25, 2005.

Amendment to the draft minutes for October 25, 2005: page 7, line 27, delete "Executive Session recessed at 12:30 p.m."

There being no objections by the Trustees, the minutes for July 9, 2003, July 23, 2003, and September 18, 2003 were approved as circulated.

MOTION was made to approve the draft minutes for October 25, 2005 as amended. (Machida/Miyake) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

### III. COMMITTEE REPORTS

#### A. Administrative Committee

Trustee Recktenwald reported that the Administrative Committee reviewed proposed changes to the Administrative Rules. The Administrative Committee tentatively approved the majority of the proposed Administrative Rules changes, the EUTF staff withdrew a few, and others were held for discussion. The proposed Administrative Rules changes will be submitted to the Deputy Attorney General for review. The EUTF staff will submit proposed Administrative Rules changes in Ramseyer format at the next Administrative Committee meeting in January 2006.

### IV. OTHER REPORTS

#### A. Administrator

##### 1. November Update (see written report)

###### a. PeopleSoft Support

Overview by Mr. Williams regarding the PeopleSoft support (see Administrator's report).

###### b. Alternatives to the PeopleSoft System

Mr. Williams reported that procuring an alternative to the PeopleSoft system was a two-step process: (1) RFP to get a contract to write the RFP for the new system, and (2) issue the RFP. The EUTF staff was notified that the approval for the issuance of the RFP has been put on hold and the request for \$5.3 million did not make it through Budget and Finance because the Governor's office is looking at the overall philosophy of systems development in the State. The budget that was approved by the Board will not be submitted to the Legislature, a request for \$600,000 will be submitted to continue the PeopleSoft support for an additional year. This development represents a setback for the EUTF.

###### c. Premium Holiday

Overview by Mr. Williams regarding the premium holiday (see Administrator's report).

A redline version of the draft press release with the Governor's recommendation was given to the Trustees today. Mr. Williams stated that the recommended changes are cosmetic and improve the flow of the

document and recommended approval to issue the press release as revised by the Governor's office. Discussion held by Trustees regarding not issuing or issuing a press release for the premium holiday. The Employer trustees expressed their preference that the press release regarding the premium holiday should be issued.

MOTION was made for the Board to approve issuing the press release as revised by the Governor's office. (Thomason/Recktenwald) After discussion by the Trustees, the motion failed. (Employer Trustees-3, yes-Recktenwald, Shiraki, Thomason/Employee-Beneficiary Trustees-2, yes-Machida, Radcliffe, 1, no-Miyake)

Chair Radcliffe asked the Deputy Attorney General if there is anything that would prohibit anyone other than EUTF from issuing a press release regarding the premium holiday. Mr. Aburano stated that the EUTF Board/staff cannot issue a press release but any other individuals or entities are free to issue a press release if they want to. Further discussion held by Trustees and staff regarding calls that may be received by members.

d. Implementation of HSTA VEBA

Overview by Mr. Williams regarding the implementation of HSTA VEBA (see Administrator's report) and the Memorandum of Understanding (MOU) with HSTA MBC.

MOTION was made for the Board to approve the Memorandum of Understanding (MOU) with HSTA MBC. (Miyake/Machida) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

- e. Medicare Part D – Assistance to the Department of Budget and Finance  
Overview by Mr. Lawrence Nishihara regarding Medicare Part D (see Administrator's report). Mr. Nishihara stated that the second temporary position would be difficult to fill because it is only for a 4-month period.
- f. EUTF Facilities – Option to Lease Additional Space  
Overview by Mr. Lawrence Nishihara regarding the EUTF facilities (see Administrator's report). Mr. Williams stated that the lease is circulating for signature and it is interesting that the EUTF does not sign the lease.
- g. GASB 43 & 45 Teleconference  
Overview by Ms. Tonaki regarding the GASB teleconference (see Administrator's report). Trustee Thomason stated that there was a broad range of attendees which also included the neighbor islands.

- h. Briefing with DHRD & OCB Re: High Deductible Health Plans (HDHP) and Health Savings Accounts (HSA)  
Overview by Mr. Williams regarding the briefing regarding HDHPs and HSAs (see Administrator's report).
- i. PEHF Refund Project  
Overview by Mr. Lawrence Nishihara regarding the PEHF refund project (see written report).
- j. International Foundation of Employee Benefit Plans Annual Conference, November 13 – 16, 2005  
Overview by Mr. Williams regarding the IFEBP Annual Conference (see Administrator's report). Trustees added their comments regarding the value of attending the conference.

B. DEPUTY ATTORNEY GENERAL: None

C. BENEFITS CONSULTANT

November Report

1. Financial Reports

Overview by Mr. Garner regarding the financial reports (see written report). Mr. Garner recommends that the Board authorize requests that the carriers return surpluses.

MOTION was made for the Board to approve the consultant's recommendation to authorize requests for VSP and Royal State to return surpluses.

(Miyake/Thomason) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

2. Enrollment Report

Overview by Mr. Garner (see written reports).

3. Performance Standards

Mr. Garner reported that a revised report on the performance standards was given to the Trustees today (see written report).

4. Self-Funding

Overview by Mr. Garner regarding self-funding (see written reports). Discussion held by Trustees and consultant regarding the amounts needed for self-funding and the effect if HSTA pulls out. Mr. Garner stated that if HSTA pulls out it reduces the amount of reserves the EUTF would need and would have no major impact on the projection because it is based on the entire group.

Mr. Garner presented a comprehensive overview regarding self-funding, including the advantages and disadvantages plus alternative approaches (see written presentation). Discussion held by Trustees and consultant regarding cost savings from self-funding. Mr. Garner stated that unbundling may be a potential advantage that can lead to lower costs. The ultimate costs will be the claims, administrative expenses minus the investment return. [Trustee Lewis arrived at 11:31 a.m.] Discussion held by Trustees and consultant regarding savings in the administrative costs and risks charge, types of control, and state mandated benefits. Mr. Moss commented that HMSA does have the ability to do both insurance and self-funding. Ms. Benevides commented that Kaiser does not presently offer self-funding. Discussion held by Trustees and consultant regarding the risks of self-funding and the possibility of the EUTF assuming the risks under the current plans. Mr. Garner stated that he does not see huge savings for the EUTF, the biggest advantage of self-funding would be control of the plan design and the rate setting process. Discussion held by Trustees and consultant regarding the setting of rates, the minimum premium plan which is technically a fully insured plan, and the chart on cumulative cashflow premiums vs. self-funding.

5. Long-Term Care Insurance

Mr. Keowen reported that a proposal was submitted by MedAmerica making two offers: (1) continue the current plan (asking them to give an extension on the current rates which expires the end of this year); and (2) change to MedAmerica's "Simplicity" product. The consultant does not recommend changing to the Simplicity product because it involves all the current participants getting information on a new plan and the rates may be different and some of the participants are older. Mr. Garner clarified that this has nothing to do with any extension of the long-term care, it is for the people that already have long-term care insurance that are entitled to keep it after the contract expires at the end of next month. Mr. Garner recommends that the Board accept the first offer that is to hold the rates for an additional two years. Under the terms of the contract with the State, Hartford remains liable even if it assigns the contract to MedAmerica. In exchange for releasing Hartford from that continuing liability, the EUTF would get another two-year rate guarantee for the 13,000 participants that already signed up for the long-term care insurance. Trustee Recktenwald inquired if MedAmerica is sound, stable and able to follow through on these obligations. Mr. Keowen stated yes, that they reviewed their financials and they are strong.

MOTION was made for the Board to amend the agenda to add "Consultant's Recommendation Regarding Long Term Care – Approval".

(Thomason/Recktenwald) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Further discussion held by Trustees, consultant, and deputy attorney general regarding the contract with Hartford and the new contract with MedAmerica.

MOTION was made for the Board to approve the consultant's recommendation regarding the long-term care and to hold rates for an additional two years through MedAmerica. (Recktenwald/Shiraki) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

6. 2006-2007 Rates

This item to be discussed in Executive Session.

7. Garner Consulting October Bulletin (see bulletin)

D. Financial Report as of September 30, 2005

Overview by Ms. Tonaki regarding the financial report as of September 30, 2005 (see written reports).

E. Audit Report for FY 2005

Ms. Tonaki introduced Cindy Sasaki and Lynn Shimono from Grant Thornton.

Overview by Ms. Shimono regarding the audit report for FY 2004-2005.

Recessed at 10:24 a.m. and Reconvened at 10:32 a.m.

Ms. Shimono explained that the 2004 financial statements were restated to reflect approximately \$6 million as surplus which was previously considered to be a liability. Auditors need to have evidence that supports why this amount should not continue to be reflected as a liability; there is nothing in writing that specifically says that the Trust Fund does not need to refund this amount to the public employers. It is a legal issue that needs to be resolved by a legal opinion.

Chair Radcliffe clarified that Grant Thornton cannot provide an unqualified audit unless this alleged defect is cured or there is sufficient evidence. A legal opinion is needed from the Attorney General. Discussion held by Trustees and auditors regarding the audit report. Trustee Thomason asked if the EUTF would go back and make an adjustment journal entry in alignment with the prior years, then would the auditors be able to render an unqualified opinion. Ms. Shimono stated that she would like to confer with her office before making a decision.

MOTION was made for the Board to approve the making of a journal entry change to be in compliance with the previous audit report, subject to approval by the auditors, and to also approve the audit report if an unqualified opinion can thereafter

be rendered. (Thomason/Machida) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to approve that the EUTF seek an Attorney General's opinion regarding the status or proper classification of Health Fund surplus funds. (Miyake/Thomason) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Discussion held by Trustees regarding the incomplete audit report. Mr. Aburano stated that it is unlikely that an opinion can be rendered before the end of the year.

MOTION was made for the Board to approve to hold a Special Board meeting to review the Auditor's report regardless of whether it is qualified or unqualified. (Thomason/Recktenwald) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

F. Carrier's Reports

1. HDS

Written report submitted. Ms. Arakawa reported that HDS met with the EUTF staff regarding the changing of retirees to actives. HDS was able to internally do an enhancement to their system that they will be able to do changes so the waiting period would not be applied.

2. HMSA

Written report submitted. Overview by Mr. Tam regarding: (1) the disease management and member education programs. Mr. Tam invited the Board and staff to tour the state of the art Disease Management facilities; and (2) although the Hawaii Board of Pharmacy placed a sanction on Precision Rx, HMSA's mail order prescription vendor, there was no disruption in services. The action by the Texas Board was taken in 2004 and Precision Rx already complied with the terms of the reprimand. HMSA conducts on site audits of Precision Rx and monitors their performance standards.

3. Kaiser Permanente

Written report submitted.

4. MBAH

No report submitted.

5. Royal State Insurance

Written report submitted.

6. VSP

No report submitted.

V. UNFINISHED BUSINESS

A. Premium Holiday – Press Release

This item was acted upon under the Administrator's report.

VI. NEW BUSINESS

- A. Audited Financial Statements for FY 2005  
Deferred to Special Board meeting.

B. Insurance Renewal Proposal

Ms. Tonaki introduced Ms. Kathy Dang and Ms. Sonia Barayuga from Marsh Insurance. Overview by Ms. Dang regarding the terms of the insurance renewal. Only the incumbent submitted a quote, others declined because it did not meet the underwriting guidelines. On the renewal there is a 12.5% decrease. Mr. Williams explained that the recommendation would be for renewal option 1 stated on the premium summary, section 2, and that the fidelity bond insurance with Travelers is for 3 years.

MOTION was made for the Board to approve the proposed insurance terms and rates, renewal option 1. (Thomason/Recktenwald) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Mr. Aburano stated that the summary says that the waiver of recourse does not apply to the EUTF and inquired if that information came from the insurance company. Ms. Dang confirmed that it did come from the insurance company because the EUTF, as a public entity, is not subject to ERISA and does not need to purchase the waiver of recourse. Marsh did receive an e-mail in writing from the insurance company that the waiver of recourse does not apply and will forward a copy to the EUTF and will also submit copies of the insurance policies. Based on one of the seminars at the recent IFEBP conference, Mr. Aburano stated that a discussion should be held later regarding the possibility of having a different policy provision whereby the EUTF/State could select counsel to defend any claims. Ms. Dang stated that if the Attorney General has counsel in mind then Marsh can submit the name of that counsel to the insurance company for pre-approval.

C. Administrative Rules

This item will be deferred until the next Board meeting.

D. 2006-2007 Rates

This item will be discussed in Executive Session.

E. Memorandum of Understanding with HSTA MBC

This item was acted upon under the Administrator's report.

F. Return of Surpluses

This item was acted upon under the Consultant's report.

G. HGEA Request (Re: Use of Data by Kaiser)

Overview by Chair Radcliffe regarding the HGEA request.



MOTION was made for the Board to approve the request, subject to the same conditions as the previous request related to HMSA. (Miyake/Machida) After discussion held by the Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

AMENDED MOTION was made for the Board to approve providing the same information to employers upon request. (Shiraki/Recktenwald) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to approve that the employers get the same use of data from HMSA. (Shiraki/Thomason) After discussion held by the Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to approve that the Administrator be authorized to approve other similar requests for use of carrier data without having to come back to the Board. (Miyake/Machida) After discussion held by the Trustees, the motion failed. (Employer Trustees-3, no-Recktenwald, Shiraki, Thomason/Employee-Beneficiary Trustees-4, yes-Lewis, Machida, Miyake, Radcliffe)

#### H. EUTF Annual Report

Mr. Williams reported that the only issue would be on the last page and last paragraph of the Annual Report regarding the Annual Audit. Because the Annual Report is due to the Governor's office, the Administrator will submit the Annual Report, if approved, with a cover memorandum stating that the Annual Audit is pending, the Board will be meeting, and the audit will be forwarded when done.

MOTION was made for the Board to approve the annual report and authorize the Administrator to submit the report to the Governor and the Legislature. (Miyake/Machida) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

#### I. Establishment of Investment (and/or Finance) Committee

Overview by Mr. Williams regarding the establishment of an Investment Committee (see written report). Chair Radcliffe recommended that an Investigative Committee on Investment with 2 members on each side be established.

MOTION was made for the Board to approve the establishment of an Investigative Committee on Investment with Trustees Radcliffe, Machida, Shiraki and Thomason serving as members. (Lewis/Thomason) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

J. Appeal by Participant

This item will be discussed in Executive Session.

VII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES:  
None

VIII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

Special Board meeting is be scheduled to discuss the Annual Audit.

Administrative Committee meeting is scheduled for Tuesday, January 24, 2006,  
2:00 p.m., CFT-room 1935.

Board meeting is scheduled for Wednesday, January 25, 2006, 9:00 a.m., CFT-room  
1935.

IX. EXECUTIVE SESSION

MOTION was made to go into Executive Session at 12:14 p.m. for the reasons stated on  
the agenda. (Lewis/Recktenwald) The motion passed unanimously. (Employer  
Trustees-3/Employee-Beneficiary Trustees-4)

Recessed at 12:14 p.m. [Trustee Miyake left at 12:14 p.m.] and Reconvened at 12:20 p.m.

MOTION was made to move out of Executive Session at 1:08 p.m.  
(Recktenwald/Thomason) The motion passed unanimously. (Employer Trustees-  
3/Employee-Beneficiary Trustees-3)

The chair reported that the Board has taken the following action in Executive Session:

1. Approval of October 25, 2005 Executive Session minutes as amended.
2. Approval of November 1, 2005 Executive Session minutes as circulated.
3. Deferred decision on the appeal by the participant and directed the deputy attorney  
general to draft a proposed change to the Administrative Rules regarding transfers of  
employment.

Recessed at 1:08 p.m. and will reconvene on Thursday, December 8, 2005 at 9:00 a.m.

Documents Distributed:

1. Draft Minutes for July 9, 2003. (5 pages)
2. Draft Minutes for July 23, 2003. (3 pages)
3. Draft Minutes for September 18, 2003. (5 pages)
4. Draft Minutes for October 25, 2005. (9 pages)
5. Memorandum to Administrative Committee Members from Assistant Administrator  
regarding Potential Changes to EUTF Administrative Rules dated 11/23/05. (10 pages)

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6. Memorandum to BOT from Administrator regarding November Administrator Report dated 11/22/05. (3 pages)
7. Memorandum to BOT from Assistant Administrator regarding 2005 Employee Refund Project Final Report. (1 page)
8. Letter to BOT from Garner Consulting regarding November Benefit Consultant Report dated 11/23/05. (20 pages)
9. Report on "The Basics of Health Insurance Financing and Self-Funded Programs by Garner Consulting dated 10/19/05. (23 pages)
10. EUTF Statement of Net Assets (Unaudited) dated 11/18/05. (1 page)
11. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison Month Ended 9/30/05 (Unaudited) dated 11/18/05. (1 page)
12. EUTF Statement of Cash Flows Month ended 9/30/05 dated 11/18/05. (1 page)
13. Letter from HGEA regarding request for use of Kaiser Data dated 10/27/05. (1 page)
14. Memorandum to BOT from Administrator regarding Formation of Finance and/or Investment Committee dated 11/23/05. (22 pages)
15. Approved Minutes for February 18, 2004. (8 pages)
16. Approved Minutes for September 28, 2005. (10 pages)

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Minutes of the Board of Trustees  
RECONVENED ON Thursday, December 8, 2005

TRUSTEES PRESENT

Mr. John Radcliffe, Chairperson  
Mr. Nelson Befitel  
Ms. Joan Lewis

Mr. Willard Miyake  
Mr. Mark Recktenwald  
Mr. Stanley Shiraki

TRUSTEES ABSENT

Ms. Katherine Thomason, Secretary-Treasurer  
Mr. Gerald Machida, Vice-Chairperson

Mr. George Kahooohanohano  
Ms. Marie Laderta

ATTORNEY: Brian Aburano, Deputy Attorney General

EUTF STAFF

Mr. James Williams, Administrator  
Mr. Lawrence Nishihara

Mr. John Garner, Consultant  
Ms. Maria Quartero

OTHERS PRESENT

Ms. Monica Engle, VSP  
Mr. Mel Higa, MBAH  
Mr. Paul Matsuo, HGEA-R  
Ms. Gertrude Nitta, Retiree

Mr. Mike Palma, Summerlin  
Ms. Cindy Sasaki, Grant Thornton  
Ms. Lynn Shimono, Grant Thornton

I. CALL TO ORDER

The regular meeting of the Board of Trustees was reconvened at 9:03 a.m. by Trustee John Radcliffe, Chairperson, in Conference Room 1935, City Financial Tower, 201 Merchant Street, Honolulu, Hawaii, on Thursday, December 8, 2005.

Audit Report

Ms. Shimono summarized the issue relating to the previous draft of the audit report - that the 2004 financial statements were restated to reflect approximately \$6 million as surplus related to the PEHF contracts which were previously considered to be a liability and was restated this year to reflect the amounts of 2004 in the statement of revenue and expenses as a revenue. Trustee Recktenwald asked how the issue was resolved. Ms. Shimono stated that the 2004 amount of \$6 million is now reflected in the same manner it was previously, as a liability (note D). The audit report is now acceptable to Grant Thornton. The Trust Fund has sent a request for legal advice to the Attorney General's office regarding the status of rate credits and reimbursements (under Financial Highlights on page 8 of the Auditor's report). Depending on the response by the Attorney General, the amounts may be reclassified on subsequent years' reports.

MOTION was made for the Board to approve the Auditor's report. (Recktenwald/Lewis)  
The motion passed unanimously. Employer Trustees-3/Employee-Beneficiary Trustees-3)

MOTION was made to go into Executive Session at 9:12 a.m. for the reasons stated on the agenda. (Lewis/Befitel) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

MOTION was made to move out of Executive Session at 9:53 a.m. (Miyake/Lewis) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

The chair reported that the Board has taken the following action in Executive Session:

1. Approval of 2006-2007 rates.
2. Approval of appeal by participant.

MOTION was made for the Board to approve to amend the agenda to consider an Administrative Rule change. (Befitel/Shiraki) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to approve the proposed amendments to the Administrative Rules related to transfer of employment to be sent to employer/employee organizations for consultation. (Lewis/Miyake) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

#### Kaiser – Medicare Part D

Mr. Garner reported that Kaiser has recently informed Mr. Williams, Mr. Nishihara, and himself that because of the way they filed their paperwork with CMS there will actually be some people who are suffering a cutback in benefits. There are some benefits that were previously covered under Medicare Part B that are now covered under Medicare Part D and with the change, Hepatitis B injections and certain cancer drugs that were previously covered under Medicare Part B will now have higher co-payments. The consultant and administrator have been trying to discuss with Kaiser to resolve this matter and have been unsuccessful. A meeting will be scheduled later today or tomorrow. Mr. Williams stated that the Hepatitis B injections will go from no co-payment to \$40 per shot, home infusion drugs will go from no co-payment to \$10 for generic and \$40 for brand name drugs, but drugs in long-term care facility that are currently not covered will be covered. Mr. Williams and Mr. Garner have repeatedly told Kaiser that they need to bring these things to the Board before, not after, they make decisions. The EUTF is put in a difficult position because the plan has been approved by CMS.

MOTION was made for the Board to approve to authorize the Administrator to send a letter to Kaiser expressing the concerns discussed at today's meeting. (Shiraki/Lewis) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to commend and thank Trustees Lewis and Miyake for the fine work they have done in serving on this Board. (Recktenwald/Machida) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Trustee Miyake thanked the Board and EUTF staff and said it was a great experience.

X. ADJOURNMENT

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

The meeting was adjourned at 10:04 a.m.

Respectfully submitted,

/s/

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Katherine Thomason, Secretary-Treasurer

APPROVED on January 25, 2006.