

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, March 22, 2005

TRUSTEES PRESENT

Ms. Katherine Thomason, Chairperson	Ms. Joan Lewis
Ms. Kathleen Watanabe, Vice-Chairperson (Arrived 1:35 pm)	Mr. John Radcliffe
Mr. Gerald Machida, Secretary-Treasurer	Mr. Mark Recktenwald
Mr. Nelson Befitel	Mr. Stanley Shiraki
Mr. George Kahoohanohano	

TRUSTEES ABSENT

Mr. Willard Miyake

ATTORNEY

Mr. Russell Suzuki, Deputy Attorney General

EUTF STAFF

Mr. James Williams, Administrator	Mr. John Garner, Consultant
Mr. Lawrence Nishihara	Ms. Gerti Reagan, Consultant
Ms. Maria Quartero	Ms. Donna Tonaki
Ms. Kathleen Shiroma	

OTHERS PRESENT

Ms. Lynette Arakawa, HDS	Mr. Maurice Morita, HSTA
Ms. Sandra Benevides, Kaiser Permanente	Mr. Glenn Nakamoto, DOE
Ms. Monica Engle, VSP	Ms. Gertrude Nitta, HGEA-R
Mr. Rick Jackson, MDX Hawaii	Ms. Susan Pestana, HSTA-MBC
Ms. Venice Gabuyo, MBAH	Mr. Rod Tam, HMSA
Mr. Eleu Kane, Summerlin	Mr. George Yamamoto, HGEA-Retirees

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 1:01 p.m. by Trustee Katherine Thomason, Chairperson, in Conference Room 1935, City Financial Tower, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, March 22, 2005.

Chair Thomason introduced and welcomed new Trustee George Kahoohanohano. She also introduced Russell Suzuki from the Attorney General's office sitting in for Brian Aburano who is out of state.

MOTION was made to appoint Trustee George Kahoohanohano to the Administrative Committee. (Radcliffe/Recktenwald) The motion passed unanimously. Employer Trustees-4/Employee-Beneficiary Trustees-4)

II. APPROVAL OF MINUTES

The Board reviewed the draft minutes for February 23, 2005.

MOTION was made to approve the draft minutes for February 23, 2005 as submitted. (Radcliffe/Machida) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

III. COMMITTEES

A. Administrative Committee

Chair Recktenwald reported:

1. HIPAA Security Policies and Procedures
Overview by Trustee Recktenwald regarding HIPAA Security Policies and Procedures. Garner Consulting will review the operations in June to update the efforts in the compliance and submit a report to the Board on the outstanding items. The Administrative Committee recommends that the Board approve the HIPAA Security Policies and Procedures. Further discussion will be held in Executive Session.
2. PeopleSoft RFP
19 vendors registered and 65 questions are being reviewed. The deadline to submit proposals is April 1, 2005 by 2 p.m.
3. Alternatives to PeopleSoft Systems
Alternatives for PeopleSoft were discussed and a decision will be made in May 2005. The main options are: 1) to continue with the upgrading of PeopleSoft; and 2) to do an RFP for a new system and to have a contractor provide interim support for the EUTF to serve as a bridge between the old and new system.
4. Open Enrollment 2005
The Open Enrollment for 2005 is proceeding well. 400 personnel officers signed up for DPO training. 49 public sessions are scheduled and 8 sessions on each island for retirees.
5. PEHF Refund Project
Approximately 75,000 checks were sent out and 8,500 were returned due to incorrect addresses. Temporary staff is working on locating current addresses. Completion date for project is September 30, 2005 and a request to extend the temporary staff positions will be submitted in May 2005.
6. Benefits Consultant RFP
The Benefits Consultant RFP is posted on the EUTF; SPO; and IFEBP websites, and advertised in the Star Bulletin. A pre-proposal conference was held, letters of intent were due yesterday, and the proposals are due April 15, 2005. Discussion to be held in Executive Session.
7. Proposed Legislation Affecting EUTF

An overview was given by Chair Rectkenwald regarding bills affecting the EUTF (see summary): 1) SB1783 that changes the composition of the Board; 2) VEBA bills are moving forward; and 3) HB0841, SD1 to extend health coverage to volunteers in the DOE. Discussion held by Trustees and Administrator regarding HB0841, SD1.

MOTION was made upon the recommendation of the Administrative Committee for the Board to authorize the Administrator to oppose the portion of HB0841, SD1 that authorizes the Board to provide health coverage to volunteers of the DOE and to raise a concern that the same section may not relate to the title of the bill. The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

8. EUTF Facilities – Option to Lease Additional Space

Overview by Trustee Recktenwald regarding the leasing of additional space (see memorandum from Administrator).

9. Financial Audit of the EUTF

A draft report is being reviewed by the EUTF staff and the final should be ready at the next Board meeting. The Administrative Committee suggested that the Board review the final audit.

B. Benefits Committee

Chair Radcliffe reported:

1. Appeal by Employee-Beneficiary

After discussion in Executive Session, the Benefits Committee recommended that the Board approve upholding the staff recommendation to deny the appeal. Further discussion will be held in Executive Session.

IV. OTHER REPORTS

A. Administrator

Mr. Williams reported

1. February/March Update (see written report)

a. 2005 Open Enrollment Update

Discussed under the Administrative Committee report.

b. PeopleSoft RFP Update

Discussed under the Administrative Committee report.

c. PEHF Refund Project Update

Discussed under the Administrative Committee report.

d. Alternatives to PeopleSoft Systems

Discussed under the Administrative Committee report. Mr. Williams stated that a firm recommendation will be submitted in May 2005 regarding whether to proceed with the upgrade or the alternatives.

e. Update on Impact of Budget Adjustments

Mr. Lawrence Nishihara reported that DHRD submitted a report regarding the job site evaluation (see report). Mr. Williams gave an overview regarding the budget bill (see memorandum) and recommended that the Board authorize the Administrator to speak with the chairs and members of the money committees. By consensus of the Trustees, the Administrator is authorized to speak to the chairs and members of the money committees regarding the EUTF budget.

- f. Proposed Legislation Affecting EUTF
Discussed under the Administrative Committee report.
- g. Benefits Consultant RFP
Discussed under the Administrative Committee report.
- h. EUTF Facilities – Option to Lease Additional Space
Discussed under the Administrative Committee report. Mr. Nishihara gave an overview on the different options and focused on Option B. He stated that the cost for renovations is approximately \$179,000 and that the EUTF is looking for the absolute minimum renovations. If Option B is chosen, \$26,000 will be needed within the budget.

B. DEPUTY ATTORNEY GENERAL

Mr. Suzuki reported that the O’Gorek and Awakuni lawsuits will be discussed in Executive Session. He advised the Board that the Attorney General’s office is preparing an opinion regarding the plan sponsor definition for Medicare Part D and that this opinion is going to be reviewed by their Appellate and Opinion Review Committee and should be ready in two weeks.

C. BENEFITS CONSULTANT

Mr. Garner reported:

- 1. Final Special Report to the EUTF regarding Evaluating the Implementation, Administration & Financial Impact of Benefit Plans which Began Since 7/1/03 (see report)
- 2. Aetna Surplus
Garner submitted a request to Aetna regarding the 1st year surplus and has not received a response.
- 3. Garner Consulting Bulletin – February 2005
The monthly bulletin covers the final regulations of Medicare Part D benefits (see bulletin).
- 4. Final Aetna Life Insurance Claim Audit (see report)
- 5. Addendum to Annual Report
HMSA submitted claims experience by bargaining unit that is an addendum to the Annual Report (see memorandum).

6. Monthly Written Reports

By consensus of the Trustees, Garner Consulting will submit a monthly written report to the Board.

7. Quarterly Financial Reports

The quarterly financial reports will be submitted in the same format unless Garner Consulting receives any feedback from Trustees.

8. Education Sessions

Discussion held by Trustees and consultant regarding the education session held and future education sessions. Trustee Watanabe arrived at 1:35 p.m. Presenters were asked to provide follow-up information for the Board members. By consensus of the Trustees, the next education session will be on Health Savings Accounts and held in May 2005.

Discussion held by Trustees and consultant regarding self-funding and the projected timeline. Mr. Garner stated that projections on reserves have been geared to July 1, 2007 and if things continue the way they are going there will be enough in unrestricted funds to provide the reserves that are needed at that time and that he is comfortable recommending self-funding. A timeline for self-funding will be submitted by the Administrator and the consultant at the next Board meeting. Further discussion held by Trustees and consultant regarding if legislative authority will be needed, approximate amounts needed in reserves, and if reserves are guaranteed to stay in the EUTF. Mr. Garner stated that the latest estimate needed for self-funding in July 1, 2007 would be approximately 75 million dollars and the current projections that the EUTF would have is approximately 100 million dollars. The reserve numbers will be updated every quarter, an update will be submitted at the next Board meeting.

MOTION was made to commend Trustee Watanabe on being appointed Judge of the 5th Circuit of the State of Hawaii. (Radcliffe/Befitel) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

D. Financial Report as of January 31, 2005

Overview by Ms. Tonaki regarding the financial report (see handouts).

E. Financial Audit FY 2004

Discussed under the Administrative Committee report.

F. Carrier's Reports

1. HDS

Written report submitted. The newsletter for April 2005 was distributed to the Trustees. Ms. Arakawa stated that the lead article is regarding multi-state national connections which the EUTF already has in place.

2. HMSA
Written report submitted.
3. Kaiser Permanente
Written report submitted. Ms. Benevides stated that a report was submitted for the education session presentation including the follow-up information. An invitation was distributed to the Trustees regarding "Medicare Part D" hosted by Kaiser.
4. Royal State Insurance
Written report submitted.
5. VSP
Ms. Engle stated that an updated contact list for VSP was given to the EUTF today. Copies were distributed to the Trustees.

V. UNFINISHED BUSINESS: None

VI. NEW BUSINESS

- A. HIPAA Security Policies and Procedures
To be discussed in Executive Session.
- B. Appeal by Employee Beneficiary
To be discussed in Executive Session.
- C. Medicare Part D, Subpart R, Application for Subsidy
To be discussed in Executive Session.
- D. Appointment to Administrative Committee
Action earlier under Call to Order.

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

VIII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

Administrative Committee meeting scheduled for Tuesday, May 17, 2005, 8:30 a.m.

Benefits Committee meeting scheduled for Tuesday, May 17, 2005, 10:30 a.m.

Regular Board meeting scheduled for Tuesday, May 17, 2005, 1:30 p.m., CFT-room 1935.

IX. EXECUTIVE SESSION

MOTION was made to go into Executive Session to consult with the Board's attorney regarding (1) O'Gorek and Awakuni lawsuits; (2) Benefits Consultant RFP; (3) HIPAA Security Policies and Procedures; (4) Royal State Insurance interest charge; and (5) Appeal by Employee-beneficiary at 2:03 p.m. (Radcliffe/Kahoohanohano) The motion passed unanimously. Employer Trustees-5/Employee-Beneficiary Trustees-4)

Recess at 2:03 p.m. and Reconvened at 2:06 p.m.

MOTION was made to move out of Executive Session. (Watanabe/Befitel) The motion passed unanimously. Employer Trustees-5/Employee-Beneficiary Trustees-4)

Executive Session adjourned at 2:36 p.m.

Executive Session Report:

1. Approved a motion to uphold the recommendation of the staff to deny the appeal of the employee-beneficiary.
2. Approved the HIPAA Security Policies and Procedures as presented.

X. ADJOURNMENT

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

The meeting was adjourned at 2:38 p.m.

Respectfully submitted,

/s/

Gerald Machida, Secretary-Treasurer

APPROVED on May 17, 2005.

Documents Distributed:

1. Draft Minutes for February 23, 2005.
2. Memorandum to BOT from Administrator regarding February Administrator Report dated 3/14/05. (7 pages)
3. Proposed Legislation Affecting EUTF, Update on House Bills Reviewed by BOT dated 3/14/05. (1 page)
4. Proposed Legislation Affecting EUTF, Update on House Bills Reviewed by BOT dated 3/14/05. (1 page)
5. Memorandum to BOT from Administrator regarding House Bill No. 100, House Draft 1 (HD1) dated 3/14/05. (9 pages)
6. Memorandum to BOT from Administrator regarding Option to Lease Additional Space dated 3/14/05. (8 pages)

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7. Special Report to the EUTF regarding Evaluating the Implementation, Administration & Financial Impact of Benefit Plans which Began Since 7/1/03 dated 3/8/05 by Garner Consulting. (16 pages)
8. Life Insurance Claim Audit for EUTF dated 3/7/05 by Garner Consulting. (14 pages)
9. Addendum to Annual Report for the EUTF by Garner Consulting regarding Claim Experience by Bargaining Unit from HMSA dated 3/16/05. (6 pages)
10. Garner Bulletin for February 2005. (2 pages)
11. EUTF Statement of Net Assets (Unaudited) dated 3/22/05. (1 page)
12. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 6 Months Ended 1/31/05 (Unaudited) dated 3/22/05. (1 page)
13. EUTF Statement of Cash Flows 6 Months ended 1/31/05 dated 3/22/05. (1 page)
14. The High Road, February 2005. (2 pages)