

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Wednesday, April 2, 2008

TRUSTEES PRESENT

Mr. Gerald Machida, Chairperson
Mr. George Kahooohanohano, Vice Chairperson
Ms. Marie Laderta, Secretary-Treasurer
Ms. Barbara Annis

Mr. Guy Fujio
Ms. Elizabeth Ho
Mr. John Radcliffe
Mr. Lawrence Reifurth

TRUSTEES ABSENT

Mr. Darwin Ching
Mr. Stanley Shiraki

ATTORNEY

Ms. Diane Erickson, Deputy Attorney General

EUTF STAFF

Mr. James Williams, Administrator
Mr. Lawrence Nishihara
Ms. Maria Quartero
Ms. Kathleen Shiroma
Ms. Donna Tonaki

Mr. Timothy Nimmer, Consultant
Mr. Mark Fukuhara, Consultant
Mr. Justin Kindy, Consultant
Ms. Joni Tamayo-Wilson, Consultant

OTHERS PRESENT

Ms. Charlene Acohido, HSTA-MBC
Ms. Sara Ballard, NMHC
Ms. Sandra Benevides, Kaiser Permanente
Ms. Monica Engle, VSP
Ms. Elaine Fujiwara, HDS
Ms. Venus Gabuyo RSN
Ms. Susan Goya, HGEA-R
Mr. Terry Harrison, NMHC
Ms. Donna Higashi, HSTA-R
Ms. Bonnie Kahalewai, Standard Insurance
Mr. Jack Katahira, HGEA-R
Ms. Ruth Kim, HSRTA
Ms. Wanda Kimura, B&F

Ms. Alice Kotaki, HSTA-R
Ms. Doreen Kuroda, HRD
Ms. Margaret Lawrence,
Ms. Jeanette Matsumoto, HGEA-R
Ms. Randy Mau, Pfizer
Ms. Mary Ellen Mitchell, NMHC
Mr. Harris Nakamoto, HMA
Ms. Gertrude Nitta, HGEA-R
I. Stlalley, CBU
Mr. Rod Tam, HMSA
Ms. Michelle Tamaye, HSTA-MBC
Mr. Roger Tayasu, C&C, Hnl
Mr. Mark Thierer, SXC

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:01 a.m. by Trustee Gerald Machida, Chairperson, in EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Wednesday, April 2, 2008.

Chair Machida reported that Deputy Attorney General Brian Aburano is at a hearing today and introduced Deputy Attorney General Diane Erickson. Chair Machida also welcomed Joni Tamayo-Wilson who is taking Brian Aycock's position at Aon.

II. APPROVAL OF MINUTES

The Board reviewed the draft minutes for February 27, 2008.

There being no objections by the Trustees, the minutes for February 27, 2008 were approved as circulated.

III. OTHER REPORTS

A. Administrator

1. March Update (see written report)

a. PeopleSoft Support

Overview by Ms. Shiroma regarding PeopleSoft support (see Administrator's report).

b. RFP No. 08-001 Benefits Administration System Implementation and Maintenance Services

Overview by Ms. Shiroma regarding RFP No. 08-001. A kick-off meeting will be scheduled (see Administrator's report).

c. EUTF Web Site Update Problems

Overview by Ms. Shiroma regarding an update on EUTF web site problems. Mr. Williams stated the security incident did not involve the EUTF.

d. Replacement of the Automated Call Distribution (ACD) System

Overview by Ms. Shiroma regarding the ACD system. Overview by Mr. Nishihara regarding calls (see Administrator's report).

e. 2008 Open Enrollment

Overview by Mr. Nishihara regarding the 2008 Open Enrollment (see Administrator's report).

f. Supplemental Budget Bill – HB No. 2500, H.D. 1

Overview by Ms. Tonaki regarding the supplemental budget bill. The House reduced the EUTF budget by 3 FTE permanent positions which would leave the EUTF with only 24 permanent positions. The Senate WAM did approve the House version of this bill with amendments which should be posted by Friday (see Administrator's report). Discussion held by Trustees and staff regarding justification of reducing positions. Mr. Williams stated that these positions were not vacant for a long period of time. Ms. Tonaki reported that the House Committee did add a new budget proviso Section 124.6 that was in the Trustees packet. Overview by Ms. Tonaki and Mr. Williams regarding the new budget proviso Section 124.6 (see Administrator's report).

g. Accounting Issues

Overview by Ms. Tonaki regarding debts that CMS and Kaiser Permanente Northwest claims the State owes (see Administrator's report). Mr. Williams stated he wants to be clear with the Board that when the Board implemented the Medicare Part D plans all the carriers were asked for their revised rates because they get the federal subsidy directly which allows them to lower the rates. All carriers gave rates to our consultant (Garner) at that time. The Hawaii and mainland Kaiser plans accepted lower rates beginning in January. The EUTF paid lower rates to Kaiser Northwest, and they later claimed the lower rates do not start until July. The administrator's position is no, the EUTF will not be paying Kaiser Northwest and they can sue the EUTF. Unless the Board feels otherwise that is how the EUTF will handle this (see Administrator's report).

h. GASB 43/45

Overview by Ms. Tonaki regarding GASB 43/45 (see Administrator's report).

i. Request for Proposals (RFP) No. 08-002 to Furnish Investment Consultant Services

Overview by Ms. Tonaki regarding due dates for RFP No. 08-002 (see Administrator's report). Any further details will be discussed in Executive Session.

j. Short Term Investments

Overview by Ms. Tonaki regarding short term investments (see Administrator's report).

k. Diabetes Life Coaching Program-City & County of Honolulu

Mr. Williams stated that the City & County is still researching legal questions and requested that this item remain on agenda until the City & County notifies the EUTF.

There being no objections from the Trustees, this item will remain on the agenda until the City & County notifies the EUTF.

l. Proposed Legislation

Update by Mr. Williams regarding bills affecting the EUTF (see Administrator's report and Updates on Bills). Mr. Williams thanked Trustees Shiraki and Radcliffe for attending a meeting regarding HB 2481/SB 2262 with the Speaker of the House.

Inquiry by Trustee regarding the status of Hoana. Aon will cover this item under their report.

B. DEPUTY ATTORNEY GENERAL: None

C. BENEFITS CONSULTANT

1. March Report

a. Website

Overview by Mr. Fukuhara regarding the website (see Consultant's report).

b. Open Enrollment Preparations and Support

Overview by Mr. Fukuhara regarding the open enrollment preparations and support (see Consultant's report).

c. VSP Medical Data Collection Tool

Overview by Mr. Fukuhara regarding VSP's Medical Data Collection Tool (see Consultant's report).

d. Retroterminations and Recoupment of Claims Payment

Overview by Mr. Fukuhara regarding retroterminations and recoupment of claims payment (see Consultant's report).

e. Newsletter Name Contest

List of suggestions for naming the actives/retirees newsletter were distributed to Trustees. There being no objections by the Trustees, the EUTF staff will provide three (3) finalists to the Board. Trustees may e-mail Mr. Williams if they have any favorite names.

f. Staffing/Budget Comparisons

For information only, Aon provided results of an informal survey of state employee benefits administration across the country (see Consultant's report and survey). Discussion held by Trustees, staff, and consultant regarding concerns about the survey. Mr. Williams stated that you can not draw conclusions with this survey. Mr. Nimmer stated that the chart can be misleading and the Board can request to conduct a more precise survey methodology which includes only those employees directly involved with benefits administration. There being no objections by the Trustees, the report is good but in the future a more detailed analysis should be presented to the Board.

g. TelaDoc

Overview by Mr. Nimmer regarding TelaDoc. Aon is still reviewing and it is too early to assess the cost effectiveness and impacts of the program. Aon recommends the Board revisit this service later this year, in consideration with other benefit changes for plan year 2009. Discussion

held by Trustees, staff, and consultant regarding if an RFP would be needed. Mr. Williams stated that an RFP would be needed or an exemption requested. Mr. Nimmer stated Aon's recommendation would be to go through an RFP process.

Mr. Fukuhara reported on the status of the Hoana Lifebed. The Board previously approved up to \$18.00 per day reimbursement. Aon is still working with HMSA and HMA on finalizing the administration of this benefit effective July 1, 2008. Discussion held by Trustees and consultant if Aon will be able to meet the effective date of July 1, 2008.

Mr. Fukuhara stated yes, Aon will be able to meet the effective date of July 1, 2008.

h. BMC, Financial Reports and IBNR Certification

Overview by Mr. Nimmer regarding 2008 base monthly contribution (BMC). Discussion held by Trustees and consultant regarding if the calculations for the BMC are mechanical. Mr. Nimmer stated that the calculations are mechanical. Copies will be made available to members of the public.

MOTION was made for the Board to approve the 2008 base monthly contribution as presented by the consultant (Kahooohanohano/Reifurth) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-beneficiary Trustees-5)

Overview by Mr. Nimmer regarding the financial reports which will be submitted on a quarterly basis. After reviewing the draft report, if the Trustees have any recommendations, comments, or changes to make the report more adaptable to read, let Aon know so changes can be made before the next report is due. Discussion held by Trustees and consultant regarding spike. Mr. Nimmer stated that Aon has not had a chance to analyze all the data because final data was received from the carriers last week. In the future, Aon will have more time to analyze why a spike like this occurs. It does look consistent with the exception of November. In summary, Mr. Nimmer stated that the plans are running according to expectations. At an actuarial perspective, the solvency of the program is very much intact and there should be no concerns at this time in terms of the financial security of the plan for the next year.

MOTION was made for the Board to amend the agenda to add the IBNR reserve estimates to New Business, item C. (Radcliffe/Reifurth) The motion passed unanimously. (Employer Trustees-3/Employee-beneficiary Trustees-5)

MOTION was made for the Board to approve the IBNR reserve estimates [see letter dated 3/27/08]. (Laderta/Radcliffe) The motion passed unanimously. (Employer Trustees-3/Employee-beneficiary Trustees-5)

D. Financial Report as of January 31, 2008

Overview by Ms. Tonaki regarding the financial report as of January 31, 2008 (see financial reports).

E. Carrier's Reports

1. VSP

No report submitted.

2. Standard Insurance

Written report submitted.

3. Royal State Insurance

No report submitted.

4. NMHC

Written report submitted. Mr. Harrison reported on the acquisition of NMHC by SXC and introduced Mr. Mark Thierer, President and Chief Operating Officer. Mr. Thierer stated that the EUTF will be one of their largest clients and will be their top of priority and to expect no changes but over time improvements. The merger is scheduled to close in the coming weeks. Discussion was held by NMHC and public regarding name change. Mr. Williams stated that Aon and EUTF staff will be meeting with NMHC regarding plans and concerns.

5. Kaiser

Written report submitted. Overview by Ms. Benevides regarding new enhancement effective 4/1/08, electronic health records to be able to provide efficient health care and convenience.

6. HMA

Written report submitted. Overview by Mr. Nakamoto regarding HMA's Akamai program.

7. HMSA

Written report submitted. Update by Mr. Tam regarding DPO sessions. Mr. Tam reported that HMSA is working with personnel offices to set-up on-site sessions for Health Pass.

8. HDS

Written report submitted.

IV. UNFINISHED BUSINESS

A. Diabetes Life Coaching Program-City & County of Honolulu

This item was addressed during the Administrator's report and will remain on agenda until the City & County notifies the EUTF.

V. NEW BUSINESS

A. Base Monthly Contribution Adjustment

This item was addressed during the Consultant's report.

B. Out of State Travel-Investments Institute

Overview by Mr. Williams regarding the Investments Institute. Due to conflicting schedules, Ms. Tonaki is unable to attend the Investments Institute. The administrator recommends for the Board to approve the attendance of two (2) Trustees and one (1) EUTF staff member at the Investments Institute of the International Foundation of Employee Benefit Plans as presented by the administrator and in the approved travel request.

MOTION was made for the Board to approve the attendance of two (2) Trustees and one (1) EUTF staff member at the Investments Institute of the International Foundation of Employee Benefit Plans as presented by the administrator and in the approved travel request. (Radcliffe/Annis) The motion passed unanimously. (Employer Trustees-3/Employee-beneficiary Trustees-5)

C. IBNR Reserve Estimates

This item was addressed during the Consultant's report.

VI. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES:

None

VII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

The next Board meeting is scheduled for Wednesday, May 14, 2008, 9:00 a.m., EUTF conference room, 15th floor.

VIII. EXECUTIVE SESSION

MOTION was made to go into Executive Session at 10:20 a.m. for the reasons stated on the agenda. (Reifurth/Ho) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

MOTION was made to move out of Executive Session at 10:29 a.m. (Fujio/Ho) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

The Chair reported that the Board has taken the following actions in Executive Session:

1. Approval of February 27, 2008 Executive Session minutes.

IX. ADJOURNMENT

There being no objections by the Trustees, the meeting adjourned at 10:31 a.m.

Respectfully submitted,

/s/

Marie Laderta, Secretary-Treasurer

Documents Distributed:

1. Draft Minutes for February 27, 2008. (8 pages)
2. Memorandum to BOT from Administrator regarding February Administrator Report dated 3/25/08. (4 pages)
3. Call System Comparison dated 3/24/08. (1 page)
4. Attachment – Budget Proviso Section 124.6 dated 3/27/08. (1 page)
5. Proposed Legislation Affecting EUTF, House Bills Introduced in 2008 Session dated 3/25/08. (2 pages)
6. Proposed Legislation Affecting EUTF, Senate Bills Introduced in 2008 Session dated 3/25/08. (1 page)
7. Testimony by Jim Williams to Senate WAM on HB 2710, HD2, SD1 on 3/27/08. (2 pages).
8. Testimony by HGEA, UHPA, UPW, HFFA to House Finance on SB 2262, SD1, HD1, (2 pages)
9. Letter to Administrator from C&C regarding Diabetes Life Coaching Program dated 11/15/07. (1 page).
10. Letter to BOT from Aon Consulting regarding March 2008 Benefit Consultant Report dated 3/20/08. (6 pages)
11. Letter to Administrator from Aon Consulting regarding Reserve estimates (3 pages).
12. EUTF Self Funded Medical Plans: Funding vs Cost, July 2008-December 2007 (20 pages).
13. EUTF Statement of Net Assets (Unaudited) dated 3/13/08. (1 page)
14. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 7 Months Ended 1/31/08 (Unaudited) dated 3/13/08. (1 page)
15. EUTF Statement of Cash Flows 7 Months Ended 1/31/08 (Unaudited) dated 3/3/08. (1 page)
16. Letter to Chair Machida from Rep. K. Mark Takai regarding NMHC dated 2/22/08 and Response dated 3/6/08. (2 pages)
17. Response to Rep. K. Mark Takai from Administrator regarding Letter to Chair Machida dated 3/18/08. (4 pages)