

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Special Meeting of the Board of Trustees
Friday, July 11, 2008

TRUSTEES PRESENT

Ms. Marie Laderta, Chairperson
Ms. Barbara Annis, Vice Chairperson
Ms. Elizabeth Ho, Secretary-Treasurer
Mr. Darwin Ching

Mr. Gerald Machida
Mr. John Radcliffe
Mr. Lawrence Reifurth
Mr. Stanley Shiraki

TRUSTEES ABSENT

Mr. Guy Fujio
Mr. George Kahooahanohano

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

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

Mr. Mark Fukuhara, Consultant
Ms. Joni Tamayo-Wilson, Consultant
Ms. Donna Tonaki

OTHERS PRESENT

Ms. Sandra Benevides, Kaiser Permanente
Ms. Susan Goya, HGEA-R
Ms. Vanelle Hirayasu, HMA
Ms. Susan Jackson, DOH
Ms. Bonny Kahelewai, Standard Insurance

Ms. Alice Kotake, HSTa-R
Mr. Harris Nakamoto, HMA
Ms. Gertrude Nitta, HGEA-R
Mr. Paul Schnur, HMSA
Mr. Rod Tam, HMSA

I. CALL TO ORDER

The special meeting of the Board of Trustees was called to order at 10:05 a.m. by Trustee Marie Laderta, Chairperson, in EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Friday, July 11, 2008.

Mr. Williams suggested amending the agenda to note under New Business IV.B that this item may be considered in Executive Session and under Executive Session VII., to add "Emergency Medical Services" as one of the topics listed.

MOTION was made for the Board to approve to amend the agenda to note under New Business IV.B that this item may be considered in Executive Session and under Executive Session VII., to add "Emergency Medical Services" as one of the topics listed. (Ching/Radcliffe) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

II. OTHER REPORTS - None

III. UNFINISHED BUSINESS - None

IV. NEW BUSINESS

A. Award of Contract – Investment Consultant RFP No. 08-002 – Rescind Approval
This item will be addressed in Executive Session.

B. Award of Contract – Investment Consultant RFP No. 08-002 - Approval
This item will be addressed in Executive Session.

C. Emergency Medical Services (EMS)
Overview by Mr. Fukuhara on the status of HMSA contract issues regarding emergency medical services that terminated effective June 30, 2008 resulting in financial and administrative impacts for HMSA participants statewide when using ambulance service. Nonparticipating (nonpar) providers are not limited to discounted fees (i.e., eligible charges), may balance bill and do not have to adhere to HMSA's administrative requirements. Mr. Fukuhara referred to an article in the Honolulu Advertiser regarding the State no longer offering special pricing (discounted fees) to healthcare providers dated July 9, 2008. The fee they are looking for is \$659.45. As of yesterday, Aon has been informed that HMA and HMAA have signed participating contracts with EMS and agreed to the \$659.45 fee. UHA and Kaiser are still negotiating with EMS. Kaiser will continue to send payments directly to EMS, so Kaiser participants will probably not notice the change in EMS being nonpar with Kaiser effective July 1, 2008.

HMSA has revised eligible fees to lessen the impact on participants. The usual \$100 deductible for nonpar services would be waived for ambulance services. Any questions regarding negotiations between DOH and HMSA or revised eligible fees will be discussed in Executive Session.

HMSA has decided not to notify their members of EMS becoming nonpar or the actions that HMSA has taken to minimize the financial impact on them. HMSA will notify their employers via a Group Leader Update which will be enclosed with the July billing statements scheduled to be mailed to employers in mid-July.

Alternative Actions for EUTF Board consideration:

1. Do nothing. Allow HMSA to try to get EMS to agree to a discounted fee.
2. Request HMSA to mail letters at their cost to the EUTF's HMSA non-Medicare participants informing them of the EMS situation and what they can expect after utilizing ambulance services.

3. Request HMSA to continue mailing payments to EMS for EUTF participants.
4. Request Aon and EUTF staff to negotiate with the Department of Health to obtain discounted fee for EUTF participants.

Aon recommends Board approval for alternatives #2 and #3 as stated above.

Chair Laderta introduced 1st Deputy Susan Jackson of the Department of Health (DOH). Ms. Jackson is available to address any questions regarding this situation.

Discussion held by Trustees, staff, carriers, and members of the public regarding the purpose of the fee increase, what DOH wants to accomplish and what a Medicare person gets charged. Ms. Susan Jackson explained they are trying to clean up their contracts and increase accountability, because it involves taxpayers' dollars and they do not believe in giving a discount for anyone because they happen to belong to one health plan or another. The revenue that is generated goes directly back into the general fund. The DOH has the responsibility to provide the EMS services but they are not the direct provider. Rates were not increased for a number of years. The DOH is reviewing all of the contracts and adopting one single fee that they felt was fair. The fee is still less than the actual costs. The DOH has been working on this for a year and held off on increasing the costs because they wanted to meet with each health plan. In response to a question on what a Medicare person gets charged, Ms. Susan Jackson stated Medicare fees are set by federal law.

Further discussion by Trustees, staff, carriers, and members of the public on why HMSA does not want to pay the difference if it comes from the EUTF fund anyway. Mr. Paul Schnur stated it is a tax supported system and an expensive service to run that needs to be available 24/7 across the State. The nature of the service mandates that it should be a tax supported system. It is HMSA's belief that EUTF members, their members, and tax paying citizens that pay taxes for the services should not have to pay an undue or unfair fee for utilizing the service. If you look at the fee relative to Medicare/Medicaid, HMSA feels the shortfall in revenues compared to costs should not be shifted over to private insurance plans. HMSA does not feel it is very reasonable because private insurance comprises a very small percentage of the overall use of EMS services. The beneficiaries that the EUTF has covered as retirees are part of the Medicare plan and are not affected by this financial transaction. This additional expense really applies to thousands of other members but the impact is not that critical because it only affects a very, very small percentage of your population who will need to use ambulance services.

Further discussion by Trustees, staff, carriers, and public regarding concerns if a participant receives a reimbursement check and has to turn around to pay someone else, it will be a problem. Trustee Radcliffe stated as a representative of a union for

40 years, the participant will not understand and spend that money and will be extremely upset when they have to pay money they will consider out of their own pockets even though they got reimbursed ahead of time for it. It is a problem that the Board cannot take lightly.

Trustee Ching inquired how many outside people are affected and regarding Aon recommendation #2 (that HMSA mail the letters at their cost) would HMSA charge the cost back to the EUTF? Mr. Schnur stated that 560,000 private business members are affected by this issue. Mr. Rod Tam stated no, the costs are already included as part of HMSA's administrative fees. Mr. Williams clarified that Trustee Radcliffe was in support of the benefit consultant's recommendations.

Mr. Williams stated that if HMSA is successful in getting a lower rate (he understands DOH position is not negotiable, it will be \$650) the EUTF plan would benefit from that because the co-payment would be lower. The part of the logic Mr. Williams does not understand is, if he understands Aon's report correctly, HMSA is already going to set the eligible charge at \$650. If the eligible charge is \$650, which is what is being proposed by DOH then the EUTF plan is going to already pay the \$650. How can HMSA say the eligible charge is \$650 but you should be paying EMS less? Details will be discussed in Executive Session. Mr. Williams stated he is just addressing the concept. Mr. Schnur explained some of the reasons HMSA enters into a contract with a provider are administrative procedures, discounted fees and there are certain standards regarding quality and following standard practices of medicine that they ensure on EUTF's behalf. Without a contract, you get none of that. For example, coordination of benefits is an administrative rule, there is no obligation for a nonparticipating provider to coordinate benefits. The reality is that you hired HMSA as a plan and they are NCQA certified and to get that HMSA has to follow certain standards that are over and above what Medicare offers. Trustee Annis stated that people need to see the bottom line in using a state employee as a negotiating tool adversely. She has no problem with negotiating the best practice you can but has a serious problem when you use the participants for leverage and that is what she sees happening.

MOTION was made for the Board to approve the recommendation of the benefits consultant for non-Medicare participants for alternative 2: Request HMSA to mail letters at their cost to the EUTF's HMSA participants informing them of the EMS situation and what they can expect after utilizing ambulance service; and 3: Request HMSA to continue mailing payments to EMS for affected EUTF participants. (Annis/Radcliffe) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

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

VI. FUTURE AGENDA ITEMS AND NEXT MEETING DATE
Board meeting is scheduled for Wednesday, August 20, 2008, 9:00 a.m., EUTF conference room, 15th floor.

Trustee Ching will not be able to attend the August 20, 2008 meeting.

VII. EXECUTIVE SESSION
MOTION was made to go into Executive Session at 10:48 a.m. for the reasons stated on the agenda. (Ching/Annis) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

MOTION was made to move out of Executive Session at 11:01 a.m. (Radcliffe/Annis) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

VIII. ADJOURNMENT
There being no objections by the Trustees, the meeting adjourned at 11:01 a.m.

Respectfully submitted,

/s/

Elizabeth Ho, Secretary-Treasurer

APPROVED on August 20, 2008.

Documents Distributed:

1. Article "Hawaii ambulance users no longer getting cut rate from state" in the Honolulu Advertiser dated 7/8/08. (1 page)