

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Special Meeting of the Board of Trustees
Wednesday, January 7, 2009

TRUSTEES PRESENT

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

Mr. Guy Fujio
Mr. George Kahooohanohano
Mr. John Radcliffe
Mr. Lawrence Reifurth
Mr. Stanley Shiraki

TRUSTEES ABSENT: None

ATTORNEY

Mr. Russell Suzuki, Deputy Attorney General

EUTF STAFF

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

Mr. Timothy Nimmer, Consultant (via
conference call)
Mr. Mark Fukuhara, Consultant
Ms. Joni Tamayo-Wilson, Consultant

OTHERS PRESENT

Ms. Lynette Arakawa, HDS
Ms. Sara Ballard, NMHC
Ms. Sandra Benevides, Kaiser Permanente
Ms. Monica Engle, VSP
Ms. Elaine Fujiwara, HDS
Ms. Susan Goya, HGEA
Ms. Vanelle Hirayasu, HMA
Ms. Wilma Iwasaki, DHRD
Ms. Frances Kagawa, HGEA-R
Ms. Bonny Kahalewai, Standard Insurance
Mr. Jack Katahira, HGEA-R

Ms. Wanda Kimura, B&F
Ms. Alice Kotake, HSTA-R
Mr. Maurice Morita, HSTA
Mr. Michael Moss, Kaiser Permanente
Mr. J.N. Musto, UHPA
Mr. Dayton Nakanelua, UPW
Ms. Celeste Nip, HFFA
Mr. Randy Perreira, HGEA
Mr. Rod Tam, HMSA
Ms. Valerie Trechter, Kaiser Permanente

I. CALL TO ORDER

The special meeting of the Board of Trustees was called to order at 9:05 a.m. by Trustee Marie Laderta, Chairperson, in EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Wednesday, January 7, 2009.

Chair Laderta announced that Deputy Attorney General Russell Suzuki is sitting in for Deputy Attorney General Brian Aburano.

Due to scheduling conflicts, Mr. Timothy Nimmer, benefits consultant will be participating via conference call.

II. OTHER REPORTS: None

Reports presented at the December meeting may be referenced during this meeting.

III. UNFINISHED BUSINESS

A. NMHC Clinical Recommendations for Active Employees

Mr. Fukuhara summarized NMHC clinical recommendations for active employees that were presented last month. Mr. Fukuhara stated that the memo distributed this morning explains that approximate total savings will be .5%. Removing the grandfathering saves .23%. Savings from requiring the prior authorizations is .12%, clinical recommendation is .16%, and specialty therapy management is less than .1%. Overall, it is approximately .5%. If the Board approves these changes, Aon will provide the impact on the actual rates. If the Board does all four, the total would be a .5% reduction in the overall rate increase. Further discussion will be held in Executive Session.

Trustee Shiraki stated that the Board should look at the whole package to determine what can be done. Also, the Council on Revenues will be meeting on Friday to give their forecast.

MOTION was made for the Board to defer this item until the Board can review whole package and outcome of Council on Revenues forecast. (Shiraki/Radcliffe)
The motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-5)

B. Self-Funded Plans Rates and Benefits Effective 7/1/09

Trustee Radcliffe stated that employee trustees are not prepared to accept any reduction of any benefit or pay for any increase in premiums and therefore, if the Board gets to it, they recommend Option 1A that will be presented later. He further recommends that the EUTF first use reserves to pay for any increase in costs that might be incurred. We recognize that is a fairly strong position and puts us in a difficult place. We would not be negotiating minor changes. Trustee Annis stated she would have a hard time making a decision until after the Council of Revenues meets on Friday because it could make a difference. Chair Laderta stated it seems no decision making will occur today and the Board should probably receive additional information from our benefits consultant to review and digest. In light of that Mr. Williams recommended that only new information be presented to the Board. Mr. Fukuhara was going to do a recap of what was previously presented as a preview to decision making but because there may not be decision making it may not be necessary to do that recap. There being no objections by the Trustees, meeting will proceed as recommended by the Administrator.

Mr. Fukuhara stated in response to the Board's request to get a better idea of how the EUTF actives' PPO plan's benefits compare with the most prevalent plan offered in the community by HMSA. Mr. Fukuhara summarized the "Benefit Summary Comparison" prepared by HMSA (see handout). Mr. Fukuhara stated that physical

examinations are not covered under the prevalent plan but covered 100% under the EUTF. For the Trustees information, it could be a potential Option V for benefit changes. Mr. Fukuhara stated it is not on the sheet but Aon did get an estimate of the difference in benefits overall from HMSA which is 3.37%. In other words, if the Board was to move from the current plan design offered for active employees to the prevalent plan offered in the private sector, the rates would be decreased by 3.37%. Discussion held by Trustees, staff, and benefits consultant regarding lifetime maximums and which saves more. Mr. Fukuhara stated that he believes the annual maximum out-of-pocket in the community plan is \$500.00 more per person. Discussion held by Trustees, staff, benefits consultant, and Mr. Rod Tam from HMSA regarding other regular plan benefits such as maternity care not included. Mr. Tam stated it is included but it may be different level of benefits. Mr. Williams stated, under that plan, some of the lab services are covered at 80% and that it is not treated as maternity but coded under other categories of services. Mr. Fukuhara stated as far as other information on self-funded plans, Mr. Nimmer had planned to summarize the options from last Board meeting because there is nothing new to present today. Discussion held by Trustees, staff, and deputy attorney general regarding informational meetings to answer questions and clarification of information some Trustees may have and concerns about requiring a formal meeting and making quorum. Mr. Suzuki stated that the Board must have a scheduled meeting and if there is no quorum, the Board cannot have a meeting. Mr. Williams stated if Trustees have questions or need clarification, they may contact the administrator or benefit consultants. Mr. Suzuki stated two Board members may interact with consultant and administrator as long as there is no decision making.

- C. Fully-Insured Plan Rates (Kaiser, Royal State, ChiroPlan, HDS, VSP, Standard) Effective 7/1/09
This item will be addressed in Executive Session.

IV. NEW BUSINESS

- A. Aon Contract – Optional Additional Services for Open Enrollment
This item will be addressed in Executive Session.
- B. Dependent Eligibility Verification Audit During FY09 and Request for Procurement Exception to Contract with Aon
This item will be addressed in Executive Session.

V. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

VI. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

- A. January 28, 2009 – Regular Board meeting.

VII. EXECUTIVE SESSION

MOTION was made to go into Executive Session at 9:24 a.m. for the reasons stated on

the agenda. (Shiraki/Radcliffe) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

The Executive Session adjourned at 10:48 a.m.

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

1. Deferred Action on Fully-Insured Active Benefit Plans and Rates.
2. Deferred Action on Dependent Eligibility Verification Audit During FY09 and Request for Procurement Exception to Contract with Aon.
3. Approved Aon Contract – Optional Additional Services for Open Enrollment.

VIII. ADJOURNMENT

There being no objections by the Trustees, the meeting adjourned at 10:55 a.m.

Respectfully submitted,

/s/

Elizabeth Ho, Secretary-Treasurer

APPROVED on January 28, 2009.

Documents Distributed:

1. Benefit Summary/Comparison Prepared by HMSA dated 12/17/08. (3 pages)
2. Letter to Governor from Robert Harkins Regarding Reduction of Health Care Cost and GASB Liabilities. (3 pages)
3. Letter to Trustee Ho from UPW Regarding BOT to Support UPW on Health Benefits. (2 pages)