

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Minutes of the Board of Trustees  
Wednesday, April 1, 2009

TRUSTEES PRESENT

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

Dr. Carl Daeufer  
Mr. Guy Fujio  
Mr. George Kahooohanohano  
Mr. John Radcliffe  
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. 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. Lynette Arakawa, HDS  
Ms. Nikki Bassett, informedRx/NMHC  
Ms. Sandra Benevides, Kaiser Permanente  
Mr. Bob Davis, informedRx  
Ms. Monica Engle, VSP  
Ms. Elaine Fujiwara, HDS  
Ms. Venus Gabuyo RSN  
Ms. Susan Goya, HGEA  
Mr. Terry Harrison, informedRx  
Ms. Vanelle Hirayasu, HMA  
Ms. Bonny Kahalewai, Standard Insurance  
Mr. Jack Katahira, HGEA-R  
Ms. Ruth Kim, HSRTA

Ms. Wanda Kimura, B&F  
Ms. Doreen Kuroda, DHRD  
Mr. Michael Moss, Kaiser Permanente  
Ms. Gertrude Nitta, HGEA-R  
Mr. Jerry Shipkin, informedRx  
Mr. Rod Tam, HMSA  
Ms. Michelle Tamez, ATPA  
Ms. Cora Tellez, Sterling HSA  
Ms. Jennifer Tobin, C&C  
Ms. Valerie Trechter, Kaiser Permanente  
Ms. Eloise Tungpalan, Retiree  
Mr. John Wadahara, HGEA-R

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:00 a.m. by Trustee Marie Laderta, Chairperson, in EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Wednesday, April 1, 2009.

II. APPROVAL OF MINUTES

The minutes of the meeting on February 25, 2009 are deferred. The minutes of the special meeting on March 18, 2009 are deferred.

### 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. Vitech Systems Group, Inc. – V3 Benefits Administration System Implementation  
Overview by Ms. Shiroma regarding V3 Benefits Administration System Implementation (see Administrator's report).
  - c. IT Support by Gartner, Inc. –SPO Approved Vendor  
Ms. Shiroma reported that the fourth project oversight and risk assessment report will be presented later in the meeting (see Administrator's report).
  - d. Implementation of Dependent Eligibility Audit During FY 2009  
Mr. Williams reported that a draft RFP for the eligibility audit will be provided as soon as it is ready.
  - e. Preparation of RFP for Insured Proposals for Current EUTF Self Funded Plans  
Mr. Williams reported that Aon and EUTF staff commenced work on the RFP for insured proposals for EUTF self funded medical plans as approved at the March 18, 2009 Board meeting. Every effort will be made to present a draft for approval at the May 20, 2009 Board meeting ((see Administrator's report).
  - f. Planning for the 2009 Open Enrollment Period for Active Employees  
Overview by Mr. Williams regarding the planning of the 2009 Open Enrollment period for active employees (see Administrator's report). Every delay puts more pressure on as far as the ability for the EUTF to successfully conduct open enrollment activities and to do so in a timely manner (see Administrator's report).
  - g. Accounting Issues  
Ms. Tonaki reported according to the collection agency, the Department of Treasury took back the debt on January 5, 2009. Since then, the EUTF has not received notice from CMS or the Department of Treasury (see Administrator's report).
  - h. Investment Program Development  
Update by Ms Tonaki regarding the investment program development (see Administrator's report).

- i. Proposed Rule Change  
Mr. Williams reported that the changes to Administrative rule 5.00 approved by the Board are being prepared for distribution to employers and employee-organizations for comment (see Administrator's report).
  - j. Proposed Legislation  
Overview by Mr. Williams regarding HB 1504, SB 881, SB 1122, and SB 1673 (see "Proposed Legislation Affecting EUTF" for House and Senate).
  - k. Biennium Budget  
Mr. Williams reported that the House Finance Committee made no adjustments to the EUTF budget. The budget has now been referred to the Senate Ways and Means Committee (see Administrator's report).
  - l. Department of Health Initiative on Worksite Wellness  
Overview by Mr. Williams regarding worksite wellness initiated by the Department of Health (see Administrator's report).
  - m. Recruitment for Vacant Positions  
Mr. Williams reported that there are no changes regarding recruitment for vacant positions (see Administrator's report).
- B. Project Oversight and Risk Management Assessment – Gartner, Inc.  
Presentation by Ms. Rosy Spraker regarding the project oversight and risk management assessment (see report). Discussion held by Trustees and staff regarding the status on the backfill positions. Mr. Williams stated the request is at Budget and Finance (B&F) and he has not received any feedback from B&F. Discussion held by Trustees and staff regarding 89 day hire or temporary help from other departments' IT staff. Mr. Williams stated any hires would still need approval and is not sure if the EUTF would benefit from an 89 day hire. It would be doubtful for someone to drop in and be productive on the first day. Discussion held by Trustees to notify the Administration about the millions invested in the Vitech project. Chair Laderta stated that she and the administrator were to meet with the Director of Finance regarding the vacant positions. Reasons were not given for holding these requests. There being no objections by the Trustees, the EUTF will look into the 89 day hire. Discussion held by Trustees and Ms. Spraker regarding the bill on the shared IT services fund for the statewide RFP on the 3<sup>rd</sup> party backup contract for disaster recovery.
- C. Dispute Resolution – Mediation Update  
Chair Laderta reported that the Board met with the Federal mediator, Ken Kawamoto, on Monday, March 30, 2009. The dispute resolution is on-going and the Trustees will be meeting in Executive Session later today.

D. Deputy Attorney General

Mr. Suzuki stated that he has nothing to report.

E. Benefits Consultant

1. March Report

a. Newsletters

Update by Mr. Fukuhara regarding the newsletters (see Consultant's report).

b. Hoana Lifebed

Overview by Mr. Fukuhara regarding Hoana Lifebed (see Consultant's report).

There being no objections by the Trustees, any action on this item is deferred until the May 20, 2009 Board meeting.

c. NMHC

1. Specialty Therapy Management

Overview by Mr. Fukuhara regarding the specialty therapy management and 3 other clinical recommendations. Aon recommends Board approval of the option which combines all non-transplant specialty medications managed and dispensed by Ascend in a 30 day supply and transplant medications filled in 90 day supply through mail for improved management and maximum cost savings (see Consultant's report). Presentation by Mr. Bob Davis from Ascend SpecialtyRx, much of which was presented in December 2008 (see presentation). Discussion held by Trustees and Mr. Davis regarding terms. Mr. Davis stated BT means business term, AWP means average wholesale price, NDC means national drug code, and J-code means the drug. Discussion held by Trustees and Mr. Davis regarding the time period of the total savings. Mr. Davis stated it is for a 12-month period of claims for 2008. This is for only 71% of the claims and when they receive all the numbers, it would probably go up 10% to 30%. Discussion held by Trustees and Mr. Davis regarding NMHC, informedRx and Ascend SpecialtyRx. Mr. Davis stated that NMHC, informedRx and Ascend SpecialtyRx are all the same except that Ascend SpecialtyRx has its own dispensing pharmacy. Due to dispensing specialty medications through Ascend's pharmacy and being able to identify these claims, the EUTF would be able to get a better cost and rebates. Discussion held by Trustees and Mr. Davis regarding the EUTF paying an additional administrative fee. Mr. Davis stated there are no additional administrative costs, whatever administrative fee the EUTF is paying NMHC/informedRx for claims remains the same. All of this is savings; there are no additional costs for these specialty programs. Mr. Williams asked Aon to recap what the Board already decided and what needs to be decided today. Mr. Fukuhara stated the Board previously approved the

specialty therapy management program along with 3 other changes. It is his understanding that approval of the specialty therapy management included moving the coverage for specialty drugs from the medical plan to the prescription drug plan. What needs to be decided is the scope, either transplant only or include non-transplant specialty drugs. Aon's recommendation is to include the two combined as that will result in the most savings. That was the number used for determining that the four approved clinical changes resulted in the estimated .5% overall medical and prescription drug plan savings that the Board approved. This particular item that the Board approved had options to it. Mr. Davis asked if the injectables would be moved also. Mr. Fukuhara stated yes the injectables would be moved. Discussion held by Trustees, consultant and Mr. Davis if there is a downside to this change. Mr. Davis stated there is no downside. The most important, in terms of member satisfaction is about the communication with them about the change. AscendRx has been working with Aon about the letters and phone calls to make a smooth transition. Mr. Tam from HMSA stated currently there are injectable drugs covered under the medical plan which are dispensed by doctors. Mr. Tam asked if there is a recommendation to take that benefit out of the medical plan. In other words, all specialty drugs are going to be managed by informedRx. Mr. Davis stated when they did their evaluation they actually had access to where the drugs were being dispensed: the hospital, physician's office or the pharmacy. About 40% of the medications are being dispensed in the pharmacy already. When AscendRx calculated the savings, they removed all the drugs that would be hospital administered under the assumption they probably were administered during the hospital stay or for some reason in an out patient office. AscendRx has not included those in the savings estimate. Those are things that should be discussed whether the Board wants to pursue that issue or not. It is not AscendRx's recommendation at this time to try to move injectables out of hospitals or out of the oncologist's office. Discussion held by Trustees and Mr. Davis regarding the process for the consumer. Mr. Davis stated they would identify the patient, then the patient would receive a letter of notification of the benefit change as directed by the board, then they would receive a phone call to explain the process and enroll them in the program. If they are on the medication on a weekly or monthly basis, the medication would be provided prior to their due date as necessary. The patient is fully a part of the communication process. Discussion held by Trustees and Mr. Davis regarding shipment of medication locally and the neighbor islands. Mr. Tam asked if there would be a different benefit level for those injectables and if there would be a co-payment because the medical maximum is \$2,000. Mr. Fukuhara stated there has been no decision made on that. There will be an upcoming presentation by NMHC and that is one of the options for the Board's consideration. Mr. Williams asked, based on the

decisions made now, if someone is removed from the medical benefits to the prescription drug benefits, would they have the normal prescription co-pay as of now? Mr. Fukuhara stated yes. Discussion held by Trustees and staff regarding concerns about the motion because there are questions that cannot be answered at this time. Mr. Williams stated that the questions Mr. Tam raised are not about this motion but other aspects of the program which have already been approved. The Board can vote now. Discussion held by Trustees and Mr. Davis regarding receiving any complaints from users about this program. Mr. Davis stated the satisfaction rate is 98%. Mr. Fukuhara stated that Ascend provided names of other large groups that switched and Aon contacted them. The feedback regarding transition and on-going service levels was very positive. Mr. Jack Kitahira asked how the change would affect Medicare members. Mr. Fukuhara stated the motion on the table for consideration affects only the actives and non-Medicare retirees.

MOTION was made for the Board to approve the combined Options 1 & 2 of the specialty therapy management program (as noted on page 2 of the presentation) as recommended by the benefits consultant (Fujio/Radcliffe) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-5)

## 2. Clinical Recommendations for Reducing Costs

Mr. Fukuhara stated that attached to the consultant's report in the trustees' packets is a PowerPoint presentation from NMHC that was presented in a meeting with Aon on March 9, 2009 which provides alternatives for reducing prescription drug costs for the EUTF. Mr. Terry Harrison introduced Jerry Shipkin, Chief Clinical Officer at NMHC. Presentation by Mr. Harrison regarding the clinical recommendations for reducing costs and procedures (see presentation). Mr. Harrison stated for the active population the number of participants that will be impacted for mandatory mail will be 28,458 which is not noted in the presentation. Mr. Williams asked Mr. Harrison to clarify if someone gets an infection and goes to the pharmacy for amoxicillin or penicillin; nothing would happen because that is not considered a maintenance drug. Mr. Harrison stated that is correct. Mr. Williams gave an example; if he had high blood pressure medication and got the prescription filled, the system would pick that up and send a letter saying he has a limited time before being required to use mail order instead of going to the pharmacy. If the person ignores the first letter and goes back to a pharmacy, a second letter will be sent. After the third time, a letter will be sent informing the person that is the last time and now they must use the mail order and an order form would be enclosed.

Mr. Harrison stated that is correct. Discussion held by Trustees, staff and Mr. Harrison regarding the different options to order by mail. Mr. Harrison

stated there is the telephone and secure on-line system to order by mail. Mr. Nimmer stated that Mr. Harrison mentioned that the trends would be reduced by 9% or 10% and thinks the Board needs to understand how that would impact just the global picture of what is discussed on a daily basis. Medical and drug trends when combined is on a weighted basis. For the active plan about 20%, roughly speaking, is attributable to the drug plan. If you take 10% to 20% of the drug costs that would be a net impact of 2%. To translate that to the big picture, it would reduce the 29.4% by 2%. There are technically no impact on trends, just on setting the overall costs. Discussion held by Trustees, benefits consultant, and NMHC regarding co-payment for dual coverage and coordination of benefits. Trustee Kahooohanohano stated there will be questions and it has not been mentioned but where the pharmacy would normally process the paperwork those with dual coverage would need to pay up front and be reimbursed. Mr. Harrison stated that is a good point and correct. Discussion held by Trustees and benefits consultant regarding if the change would affect the base. Mr. Nimmer stated yes, the impact would change the base level. It would drop and the trend would stay positive. You would reduce the base and the overall cost would be reduced but the rate the plan costs' increase would still be there. Discussion held by Trustees, staff and Mr. Harrison regarding another option to opt out of coordination of benefits. Mr. Harrison explained what coordination of benefits means. Discussion held by Trustees, staff and Mr. Harrison regarding concerns about mail order shipments in remote areas of the neighbor islands and possible overrides for those areas. Mr. Harrison continued presentation from page 4, mandatory mail analysis-early retirees. Discussion held by Trustees, staff and a member of the public regarding concerns about changing effective dates for early retirees. Mr. Williams stated if the Board entertains these options and makes a motion that will have to be decided. Mr. Williams does not think this is part of NMHC's recommendation. Normally changes are done with the plan year, January 1. If the Board wants to accelerate it, they could make that decision. It is not on the table now. Discussion held by Trustees, staff and benefits consultant regarding how the early retiree reduction translates from the 8% on page 4 to the 17.5% increase in rates needed for retirees. Mr. Nimmer stated that it is divided by more than half, approximately under 3%. It is more than actives because the percentage of drug usage as a person ages is greater. Chair Laderta asked if 2.75% for early retirees is a fair number to use. Mr. Nimmer stated that would be correct. Mr. Harrison continued presentation from page 5, referenced based pricing. Discussion held by Trustees, staff and NMHC regarding how this affects the doctor's recommendation and the concern that the pharmacist or someone else on the side making a decision different than the doctor that this other drug can do the same or better not knowing the patient's symptoms due to financial costs. Mr. Harrison stated that the

program is based on financial costs of the drug. In cases where there is a clinical rationale that the higher cost drug would be more effective for that patient, there are prior authorization criteria that can be applied. Trustee Kahoohanohano expressed his concern about the problems with NMHC on prior authorizations. Mr. Harrison stated the standard for handling prior authorizations is different today under informedRx. Discussion held by Trustees and Mr. Shipken regarding the turnaround time for prior authorizations. Mr. Shipken stated most prior authorizations turnaround time is 2 to 3 hours and pharmacists are available 24/7. Discussion held by Trustees regarding cost savings and that it may inconvenience people. Trustee Kahoohanohano stated he is not dealing with costs but concerned about patient's safety, what the doctor recommends versus what the pharmacist suggests. The problem is a pharmacist making a decision for a doctor and there is no feedback. Mr. Harrison continued the presentation on page 6 (pages 7-9 are back-up information for reference based pricing-actives) and to page 10, reference based pricing-early retirees (pages 11-13 are back-up information for reference based pricing-early retirees. Mr. Harrison continued the presentation from page 14, co-pay increase analysis. Mr. Harrison stated that there is not a lot of clinical backing to this recommendation. Mr. Williams stated that this would be an alternative to what Aon has presented in the various options; at the bottom they have different co-pay structures. NMHC is doing the analysis to show the impact and he asked if NMHC actually went through the EUTF claims that were paid? Mr. Harrison stated yes and the claims analyzed were from April 2008 through January 31, 2009. Chair Laderta asked how these numbers change Aon's numbers and if Aon needs to change their numbers. Mr. Nimmer stated Aon would not need to change their numbers for purposes of this presentation. This is a different option relative to Aon's. It is another option for the Board to consider. Mr. Harrison continued the presentation from page 16, specialty tier 4. Mr. Williams clarified, the asterisk on the bottom of page 16, is where the EUTF is now, based on what the Board approved for the specialty program that the Board discussed earlier in this meeting, that was approved at a previous Board meeting and was refined today with the approval of combined Options 1 & 2. It is where we are now and the Board can consider changing that. Discussion held by Trustees, staff and Mr. Harrison regarding the \$250 co-pay maximum. Mr. Williams asked if the maximum is on the 90-day supply or per year? Mr. Harrison stated it is for per fill. Mr. Williams stated if they had four 90-day supply then the maximum would be \$1,000. If they had a 30-day supply then the maximum could be \$3,000. Mr. Harrison stated Mr. Williams was correct. Mr. Harrison continued the presentation from page 19, therapeutic class removal/reference based pricing combo. The recommendation to remove benefit of PPI & antihistamine classes is based

primarily on the fact that many of those drugs are available over the counter. Discussion held by Trustees, Mr. Harrison and a member of the public regarding the shifting of prescription drugs over the counter that was treated as a generic drug where the member would pay the co-payment which is currently enforced. Mr. Harrison stated with this proposal it would be out the door. It would become a benefit exclusion and shifted to the member.

There being no objections by the Trustees, this item will remain on the agenda.

Recess at 10:45 a.m. and reconvene at 10:55 a.m.

### 3. Claims Audit

Mr. Fukuhara reported that in Executive Session at the last Board meeting, after an overview of NMHC's contract and other information, this is a follow-up to that discussion. In order to get more information in terms of the contract as well as other benchmarks, Aon is recommending the issuance of an RFP to perform a claims audit for the PPO self funded prescription drug plan and a formal review of the results by Aon's chief pharmacist (see consultant's report). Discussion held by Trustees, staff and benefits consultant regarding if a claims audit is a normal procedure and recommended frequency. Mr. Nimmer stated a claims audit is done when a new carrier moves in. It is common to do an implementation audit just to insure that the details of the contract are being followed correctly. Also, from the Board's perspective, it is a good idea to periodically do a claims audit to ensure that the claims are being paid appropriately. Some plans at the State level go as far as doing this once a quarter. Most plans do a claims audit once or twice a year. It is part of the EUTF budget and Aon feels, given the circumstances and fiscal pressures at this time, it is an excellent idea to implement the audit.

Mr. Fukuhara stated he spoke to Mark Thierer, CEO of informedRx, yesterday. In discussion over the phone with Mr. Thierer, his firm is willing to negotiate with Aon to change the terms of the current contract. This would mean potential cost savings to the EUTF. If this is approved, NMHC would also like the Board to consider extending the second year of the contract. Mr. Williams stated he advised Aon that although the Board could pass a motion, he does not think it is necessary for the Board to pass a motion regarding discussions with Aon, carriers or administrators. If there is an issue that they want to discuss, any recommendations or options could then be brought before the Board.

There being no objections by the Trustees, the claims audit will be placed on the agenda for action at a later meeting.

d. Self-Funded Plans IBNR and Utilization Reports

Overview by Mr. Nimmer regarding the self-funded plans IBNR (see letter from Aon dated 3/24/09 regarding 12/31/08 reserve estimates). Mr. Nimmer stated the additional margin is 5% for the IBNR which ensures that the EUTF is 95% confident that the EUTF can cover the claims as they run out. The technical term for people who go to the doctor and claims have not been paid yet. Discussion held by Trustees, staff and benefits consultant regarding reserve numbers going down and the shifting of monies. Mr. Williams stated the overall projection for the amount of claims stays the same but we are shifting some into the later bucket that will be paid later. Mr. Nimmer stated that is correct. It is truly a timing issue of when the claims are paid. The total amount of claims that the EUTF is going to pay remains the same. Discussion held by Trustees, staff, and benefits consultant regarding the 5%. Mr. Williams stated he thinks if they come in exactly as projected; the EUTF would have the 5% left over. Mr. Nimmer stated that is correct.

MOTION was made for the Board to approve the IBNR in the amount of \$39,227,000 as presented by the consultant including a 5% margin as of 12/31/08 (Annis/Dauefer) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-5)

Overview by Mr. Nimmer regarding the utilization report (see report). Mr. Nimmer stated he has two items to point out: (1) claims are coming very close to expectation as to what Aon discussed. These numbers support the discussions we have had all of the Board meetings up until this point; and (2) there have been several publications in the media. When people are nervous in the environment, what they tend to do is make sure they utilize their benefits. Aon is monitoring that very closely. It is something very real and Aon sees it with their clients across the country. Aon has noticed about 1% of total plan costs, in terms of an elevated spike in behavior changes. There is nothing to be concerned about. Aon is not changing their projections as a result. Aon stands on the projections provided in the fall. Mr. Williams asked on the detail of the table on page 1, instead of talking about an insured plan we are talking about premium. It is what the EUTF budgeted and charging to employers and employees. Mr. Nimmer stated it is a good point, on page 1, for all actives and retirees; the budget of \$194,065,449 is how much funds came into the plan (premium). The claims cost piece is how much money came out of the plan. The way the math works is we have a budget amount, which is how much came into the plan, and the subsidy reimbursement of the Medicare Part D revenue. If you add those two numbers, the grand total for total cost includes claims plus fixed costs. The overall loss ratio is how you

understand how much money you are paying out versus how much you are collecting. The good news with all of these reports and discussions up until this point is that the plan experience has been stable. Discussion held by Trustees, staff and benefits consultant that the total on medical ASO fees on page 11 is not listed due to the column not being wide enough. Mr. Nimmer stated it would be corrected on the next report. Discussion held by Trustees and benefits consultant regarding the totals on page 1 of the report. Mr. Nimmer explained the totals on page 1. The difference is \$17 million, about \$3 million a month. From the EUTF financial report today, it has been consistent at about \$3.5 million per month. Mr. Williams stated the current number he and Ms. Tonaki have been using is \$3.7 million a month loss.

F. Financial Report as of January 31, 2009

Overview by Ms. Tonaki regarding the financial report as of January 31, 2009 (see revised financial reports). Ms. Tonaki pointed out that the unrestricted net assets are down to \$47,182,774. There was a decrease last month of approximately \$12 million due to the self-funded plans. Based on the last IBNR report, currently the EUTF has \$35 million that will be increased by \$4 million on the next report, up to the \$39 million that the Board approved today. On the statement of net assets, that will also affect that line item and the unrestricted assets. Discussion held by Trustees and staff regarding Medicare Part B reimbursements. Ms. Tonaki stated the reimbursement of Medicare Part B premiums is not reflected on this statement which was paid yesterday (end of month).

G. Carrier's Reports

1. HDS  
Written report submitted.
2. HMSA  
Written report submitted. Mr. Tam reported that HMSA added graphs on utilization for on-line care.
3. HMA  
Written report submitted.
4. Kaiser  
Written report submitted.
5. NMHC (informedRX)  
Written report submitted.
6. Royal State Insurance  
No written report submitted.
7. Standard Insurance  
Written report submitted.
8. VSP  
No written report submitted.

IV. UNFINISHED BUSINESS

- A. Self-Funded Plans Rates and Benefits Effective 7/1/09  
No action taken.
- B. Fully-Insured Plan Rates (Kaiser, Royal State, ChiroPlan, HDS, VSP, Standard)  
Effective 7/1/09  
This item will be addressed in Executive Session.
- C. Change Board Meeting Date for June 2009

MOTION was made for the Board to approve to change the June meeting June 24, 2009 to June 17, 2009. (Kahooahanohano/Ho) The motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-5)

- D. Request for Proposal – Eligibility Audit  
This item will be addressed in Executive Session.

V. NEW BUSINESS

- A. Hoana Lifebed Extension  
This item was addressed during the Consultant's report.
- B. Procurement of Pharmacy Benefit Manager  
There being no objections by the Trustees, this item is deferred until after the Board makes a decision on the Consultant's recommendation regarding a prescription drug claims audit.
- C. NMHC Clinical Recommendation  
This item was addressed during the Consultant's report.
- D. IBNR Evaluation  
This item was addressed during the Consultant's report.

VI. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES  
Overview by Ms. Cora Tellez from Sterling HSA regarding health savings accounts.

Ms. Eloise Tungpalan, retiree, expressed her concerns that it is difficult to survive today because retiree funds are limited. Retirees worked for lower pay because they felt they would have the benefits (medical care) when they retired. Given the situation of how to balance the budget today, she is asking the Board not to put it on the backs of the retirees. Ms. Tungpalan stated that the retirees are thankful, that so far, the Board's consideration is not having the retirees pay more. When the Board considers some of the plans they have heard today, a lot of the Board's decisions will impact retirees. She also expressed that single, two-party and family plans do make a difference in cost.

VII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

A. May 20, 2009 – Regular Board meeting at 9:00 a.m.

VIII. EXECUTIVE SESSION

MOTION was made to go into Executive Session at 11:36 a.m. for the reasons stated on the agenda. (Annis/Ho) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

The Executive Session recessed at 11:54 a.m.

The Chair reported that the Board has taken no action in Executive Session.

IX. SPECIAL ORDER OF BUSINESS: DISPUTE RESOLUTION – MEDIATION  
CONDUCTED BY FEDERAL MEDIATOR REGARDING ALL AGENDA ITEMS

None

X. ADJOURNMENT

There being no objections by the Trustees, the meeting recessed.

Respectfully submitted,

/s/

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Elizabeth Ho, Secretary-Treasurer

APPROVED on June 17, 2009.

Documents Distributed:

1. Memorandum to BOT from Administrator regarding March Administrator Report dated 2/18/09. (4 pages)
2. Proposed Legislation Affecting EUTF, House Bills Introduced in 2009 Session dated 3/24/09. (5 pages)
3. Proposed Legislation Affecting EUTF, Senate Bills Introduced in 2009 Session dated 3/24/09. (3 pages)
4. EUTF Benefits Administration System Project Assessment Report 4, Summary Presentation for the Period: 12/1/08-2/28/09 submitted 3/16/09 by Gartner, Inc. (12 pages)
5. Letter to BOT from Aon Consulting regarding March 2009 Benefit Consultant Report dated 3/24/09. (2 pages)
6. Specialty Savings Analysis for EUTF dated 4/1/09. (4 pages)
7. informedRx 2009 Clinical Recommendations, 3/9/09, Non-Medicare Participants. (22 pages)

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

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8. Letter to Administrator from Aon Consulting regarding State of Hawaii – 12/31/08 Reserve Estimates dated 3/24/09. (3 pages).
9. EUTF Utilization Report 7/1/08-12/31/08 dated 4/1/09. (32 pages)
10. EUTF Statement of Net Assets (Unaudited) dated 3/9/09. (1 page)
11. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 7 Months Ended 1/31/09 (Unaudited) dated 3/9/09. (1 page)
12. EUTF Statement of Cash Flows 7 Months Ended 1/31/09 (Unaudited) dated 3/6/09. (1 page)
13. Star Bulletin Article “Payment stalemate leaves medical benefits in lurch” dated 3/19/09. (2 pages)
14. Governor Lingle’s Presentation to Senate Committee on Ways and Means, 3/31/09 regarding budget. (3 pages)
15. The High Road, Hawaii State Ethics Commission, March 2009 issue. (2 pages)