

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Wednesday, March 30, 2011

TRUSTEES PRESENT

Mr. Dean Hirata, Chairperson (arrived 10:12 am)	Ms. Karolyn Mossman
Ms. Loretta Fuddy, Vice-Chairperson (left 11:13 am)	Ms. Celeste Nip
Mr. George Kahooanohano, Secretary-Treasurer	Ms. Sunshine Topping
Ms. Audrey Hidano	Mr. Clifford Uwaine

TRUSTEES ABSENT

Mr. Everett Kaneshige
Mr. Derek Mizuno

ATTORNEY

Ms. Diane Erickson, Deputy Attorney General

EUTF STAFF

Ms. Barbara Coriell, Administrator	Mr. Tom Morrison, Consultant
Ms. Sandi Yahiro, Assistant Administrator	Ms. Donna Tonaki
Ms. Maria Quartero	Ms. Nicole Wong
Ms. Kathleen Shiroma	

OTHERS PRESENT

Ms. Lynette Arakawa, HDS	Mr. Myles Kiyubu, Royal State
Ms. Nikki Bassett, informedRx	Mr. Roger Kormylo, informedRx
Ms. Sandra Benevides, Kaiser Permanente	Ms. Doreen Kuroda, DHRD
Mr. Greg Buscetto, informedRx	Mr. Blaise Liu, Royal State
Mr. Robert Cascarano, CVS	Mr. Michael Moss, Kaiser Permanente
Ms. Judy Boyle Chun, HWMG	Mr. Harris Nakamoto, HMA
Ms. Monica Engle, VSP	Ms. Lori Naylon, HMA
Mr. Christian Fern, HMSA	Mr. Larry Nishihara, ABC, LLC
Ms. Elaine Fujiwara, HDS	Ms. Kris Nishimura, HMSA
Mr. Mark Fukuhara, ABC, LLC	Ms. Keren Paris, HMAA
Ms. Susan Goya, HGEA-R	Mr. Tony Saguibo, HMSA
Ms. Wendy Hamada, HMA	Ms. Jody Serikawa, C&C
Mr. Cal Hutton, Ceridian	Mr. Jerry Shipken, informedRx
Ms. Bonny Kahalewai, Standard	Mr. Phil Takaba, HMSA
Ms. Ruth Kim, HSRTA	Mr. Vaughn Tokashiki, HSTA-R

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:12 a.m. by Trustee Loretta Fuddy, Vice-Chairperson, in EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Wednesday, March 30, 2011.

Vice-Chairperson Fuddy announced to the public that the Board will go into Executive Session and that it will take approximately 45 minutes.

II. EXECUTIVE SESSION

MOTION was made to go into Executive Session at 9:15 a.m. for the reasons stated on the agenda. (Topping/Kahoochanohano) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Executive Session adjourned at 11:17 a.m.

The Board has taken the following action in Executive Session:

1. Approved: Motion to approve the RFPs for dental, drug, life, medical, and vision plans.
2. The Board will be taking no further action in respect to the HSTA-VEBA decision and considers the matter closed.
3. Approved: Motion to Award Contract to Investment Consultant for RFP No. 10-003.
4. Denied: Appeal of request to waive requirement to enroll in Medicare Part B for employee-beneficiary enrolled for Federal retiree health coverage.

III. BOARD COMMITTEE APPOINTMENTS

Ms. Coriell reported that a number of Trustees have volunteered for the Benefits Committee and she will be contacting them. The only other Committee that the EUTF will need in the next couple of months is the Investment Committee. The other Committees will be tabled at this time because the Board will be focusing on the RFPs.

IV. REPORTS

A. Administrator

Ms. Coriell reported that Ms. Maria Quartero has been working on the request by Trustee Hidano on the status of clearances and insurance certificates for current contracts with carriers. A status report was distributed to the Trustees today. The Administrator recommends that she contact carriers directly for those that have not submitted clearances and insurance certificates. As requested by Trustee Hidano, the deadline to submit documents will be by the end of next week.

B. EUTF Managers' March Operational Reports

1. Accounting

Overview by Ms. Tonaki regarding the Accounting Operations report (see Accounting Operations Report-March 2011). Discussion held by Trustees and staff regarding the percentage that was already paid to Aon regarding the GASB contract. Ms. Tonaki stated she does not have the amount at this time and will e-mail the information to the Trustees. Ms. Tonaki informed the Board that she, the Administrator, and Auditors met yesterday to discuss issues regarding the audit. Ms. Coriell reported that there is a delay from our new Auditors due to the old Auditors. The previous Auditor was Grant Thornton who closed their office in Hawaii. The new Auditor has been unable to establish contact with the previous Auditor to ask questions pertinent to the financial audit. When asked if they could complete the audit report without the information from Grant Thornton, the new

Auditor said they probably could but it would be helpful if they spoke to Grant Thornton. The Administrator would like to send a letter to the CEO of Grant Thornton to ask why they could not cooperate. Discussion held by Trustees and staff regarding the new Auditors contacting the previous Auditor and if the new Auditor was paid for this contract. Ms. Coriell stated that the new Auditor is trying their best. The EUTF does not know if the new Auditor has gotten paid because the contract is with the Legislative Auditor's office. Discussion held by Trustees and staff regarding an issue that Grant Thornton has in regards to the EUTF audit. Ms. Yahiro stated that Grant Thornton had done additional work and requested to be reimbursed by the EUTF. The previous EUTF Board, at more than one meeting, decided not to reimburse Grant Thornton because the additional cost was not pre-approved or brought to the Board's attention. This issue was referred to the Office of the Auditor because they executed the contract with Grant Thornton. As of this date, it is unknown if payment was made and that may be the reason Grant Thornton is not cooperative. Discussion held by Trustees and staff regarding if the EUTF should also call Grant Thornton. Ms. Coriell stated yes, she would be able to call Grant Thornton.

MOTION was made by the Board to approve that the Administrator prepare and send a letter to the CEO of Grant Thornton to inquire why they are not cooperating. (Hidano/Topping) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Overview by Ms. Tonaki regarding the EUTF Administrative Fees. Discussion held by Trustees, staff, and benefits consultant regarding concerns expressed by Trustees that the EUTF has been operating at a loss, no one reviewed, no action was taken, and how the EUTF can get paid. Ms. Coriell stated that the trend is unaudited and she will review with Ms. Tonaki. Chair Hirata requested that an annual review be done every year even if the administrative fees are not changed. Chair Hirata stated, based on the results, the administrative fees need to be adjusted for FY2010. Chair Hirata stated that it appears when it showed a loss, the fees were looked at; as a result the fees were increased. This would be the year to take action. Discussion held by Trustees and staff regarding concerns that the fees and operating expenses look lopsided. Ms. Tonaki stated that parts of the operating increases are due to the new Health Benefits Administrative computer system. The Board did approve to use reserves to pay part for the new system and will need to review the minutes when it actually occurred. Discussion held by Trustees and staff regarding the reducing of fees for the new system in the future. Ms. Tonaki will provide a recommendation/report to the Board regarding Administrative fees changes for FY 2011. Trustee Hidano requested that whenever the EUTF staff submit responses to Trustees questions, it should be e-mailed to the Trustees before, not wait until, the next monthly Board meeting because it is often forgotten. Trustee Mossman requested information regarding the purchasing of the new system. Discussion held by Trustees and staff regarding

when the Board should review and approve administrative fees. Ms. Tonaki stated she was recommending changing the administrative fees in January 2012. Chair Hirata stated that at this point, the Board needs to know if the EUTF is running a loss or not. If you adjust for the new system, are the current fees sufficient to cover the expenses. Chair Hirata requested for an analysis and to report back to the Board. Discussion held by Trustees, staff, and benefits consultant regarding that the EUTF files on a Fiscal year basis, administrative fees are charged to employers only and not built into the rates, and to recommend administrative fees changes on the EUTF fiscal year. Chair Hirata stated that effective July 1, 2011, the Board would approve a rate, whether it is the same rate or higher or lower.

2. IT

Overview by Ms. Kathleen Shiroma regarding the IT Operations report (see March IT Operations Report). Discussion held by Trustees and staff regarding Trustees concerns that ICSD has never invoiced the EUTF for services and EUTF may receive a high bill at once, and encumbering funds to pay by a certain timeframe. Chair Hirata requested that the Administrator write a letter to the Comptroller. Trustee Mossman requested that the EUTF make various recommendations and that this item be addressed at the next Board meeting.

3. Member Services

Overview by Ms. Nicole Wong regarding the Member Services Branch (MSB) report that is being distributed to the Board at the meeting (see MSB Operations Report).

B. Financial Reports as of January 31, 2011

Overview by Ms. Tonaki regarding the financial reports as of January 31, 2011 (see reports). Discussion held by Trustees, staff, and benefits consultant regarding if there is a budget for self-funded plans so the Board can compare what has been projected and at a previous meeting the EUTF was to follow-up on the negative amount for office space and why the amount is higher than the budget. Mr. Morrison stated that he has a report that is being reconciled with Ms. Tonaki now. After the Administrator approves, it will be distributed to the Board. Ms. Tonaki will submit a status report on the office space.

D. Segal Report

Mr. Morrison reported that he has nothing additional to report.

V. UPDATE ON LEGISLATION FOR CURRENT SESSION PERTAINING TO THE EUTF

This item is deferred.

VI. PROPOSED BOARD MEETING CALENDAR – JULY 2011-JUNE 2012

This item is deferred.

VII. OLD BUSINESS

A. Early Retiree Reinsurance Program Status Update

Ms. Yahiro reported that the expected reimbursement is for \$4,682,000 and was filed on March 18, 2011. It would take approximately ten business days after filed, so the EUTF should receive the reimbursement any time now. Ms. Yahiro will follow up on the status of the reimbursement. When deposited, it will go directly into the EUTF account. Discussion held by Trustees and staff regarding how the monies will be spent, when another claim will be submitted and a timeline/deadline/target dates. Ms. Yahiro stated that the Board will need to decide how the monies should be spent. Aon is in the process of getting claims information for the next submission. Mr. Morrison stated that the timeline is such that it can be filed any time as long as there is still money left. \$2 billion of the \$5 billion appropriated by the federal budget has been spent. At the rate that it is being spent, it may last only to the end of this calendar year. Ms. Yahiro stated that the EUTF is waiting for one vendor's Business Associate Agreement. Chair Hirata requested that the EUTF set up a target date when everything needs to be done and report back to the Board.

VIII. CARRIER REPORTS

1. HDS
Written report submitted.
2. HMSA
Written report submitted.
3. HMA
Written report submitted.
4. informedRx (NMHC)
Written report submitted.
5. Kaiser
Written report submitted.
6. Royal State Insurance
Written report submitted.
7. Standard Insurance
Written report submitted.
8. VSP
Written report submitted.

IX. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES:

Mr. Vaughn Tokashiki, member of the public, expressed his concern regarding Executive Session held at the beginning of the agenda and for almost an hour and that the Board consider the public and carriers time in the future.

X. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

A. May 18, 2011 – Regular Board Meeting.

Trustee Mossman stated that minutes have not been submitted for approval and inquired when it would. Ms. Coriell stated that the Board has been having consecutive Board meetings and the secretary has not had time to do them. The Minutes for January 26, 2011 and February 23, 2011 were approved by the Board.

XI. ADJOURNMENT

Due to lack of quorum, the meeting adjourned at 12:05 p.m.

Respectfully submitted,

/s/

George Kahoochanohano, Secretary-Treasurer

APPROVED on May 18, 2011.

Documents Distributed:

1. Memorandum to BOT from Financial Management Officer Regarding Accounting Operations Report dated 3/24/11. (3 pages)
2. Memorandum to BOT from Information Systems Analyst Regarding March IT Operations Report dated 3/24/11. (2 pages)
3. Memorandum to BOT from Member Services Branch Manager Regarding MSB Operations Report dated 3/29/11. (2 pages)
4. EUTF Statement of Net Assets (Unaudited) dated 3/24/11. (1 page)
5. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 7 Months Ended 1/31/11 (Unaudited) dated 3/23/11. (1 page)
6. EUTF Statement of Cash Flows 7 Months Ended 1/31/11 (Unaudited) dated 3/21/11. (1 page)