

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Administrative Committee Meeting
August 22, 2014

TRUSTEES PRESENT

Ms. Audrey Hidano, Chairperson
Mr. Dean Hirata

Ms. Karolyn Mossman
Mr. Clifford Uwaine

TRUSTEES ABSENT: None

ATTORNEY:

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

Ms. Sandra Yahiro, Administrator
Mr. Derek Mizuno, Assistant Administrator
Ms. Maria Quartero
Mr. Adam Dreher
Ms. Lauren Endo

Mr. Tom Morrison, Benefits Consultant (via conf. call)
Mr. Raymond Kan
Ms. Donna Tonaki
Ms. Nicole Wong

OTHERS PRESENT

Ms. Cheryl Archer, Royal State
Ms. Irene Bayudan, VSP

Ms. Sandra Benevides, CVS Caremark
Mr. Troy Tomita, Kaiser

I. CALL TO ORDER

The meeting of the Administrative Committee was called to order at 3:00 p.m. by Trustee Audrey Hidano, Chairperson, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Friday, August 22, 2014.

II. APPROVAL OF MINUTES

A. January 10, 2014

The Administrative Committee reviewed the draft minutes of January 10, 2014. The minutes will be amended as follows: (1) page 2, line 4, delete "2014" and add "2013".

MOTION was made to approve the minutes of January 10, 2014 as amended. (Hirata/Uwaine) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

B. February 19, 2014

The Administrative Committee reviewed the draft minutes of February 19, 2014.

MOTION was made to approve the minutes of February 19, 2014 as circulated. (Mossman/Hirata) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

III. EXECUTIVE SESSION

MOTION was made to move into Executive Session at 3:03 p.m. (Hirata/Uwaine) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

Executive Session adjourned at 3:51 p.m.

IV. OLD BUSINESS

A. Internal Controls

1. Accounts Receivable Cycle – Monitoring and Control Activities

Mr. Derek Mizuno summarized the proposed EUTF collection procedures.

Discussion held by Trustees and staff regarding the EUTF collection procedures.

MOTION was made that the Administrative Committee recommend to the Board to approve the EUTF collection procedures as presented. (Uwaine/Hirata) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

V. NEW BUSINESS

A. Calendar of Important Events

Ms. Sandra Yahiro summarized the Calendar of Important Events that covers the period July 1, 2014 to December 31, 2015. The Calendar will be amended as new important projects arise. The EUTF staff will add borders and lines on the report.

B. Options for Use of Unrestricted Assets

Mr. Derek Mizuno summarized the options for use of EUTF Unrestricted net assets. The Assistant Administrator recommends that the restricted and unreserved net assets be held for later use and in the interim be invested in the EUTF Reserve Pool (Vanguard Short Term Corporate Bond Fund). Discussion held by Trustees and staff regarding the options for use of unrestricted assets. The EUTF staff will remove the section "Potential Use for Funds" from the report.

MOTION was made that the Administrative Committee recommend to the Board to approve that the restricted and unreserved net assets be held for later use and in the interim be invested in the EUTF Reserve Pool (Vanguard Short Term Corporate Bond Fund). (Hirata/Mossman) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

C. EUTF Office Space

Ms. Yahiro summarized the additional EUTF office space. The Administrator recommends approving spending approximately \$51,744 to lease the additional office space on the 16th floor for the period December 2014 to June 2015 and approximately \$60,000 for modular furniture for 12 cubicles. Discussion held by Trustees and staff regarding the 15th floor office lease. Trustees expressed concerns that if the 15th floor

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Administrative Committee Meeting

August 22, 2014 Minutes

Page 3

lease is up in October 2014 and has not been finalized, there might be a problem if the 16th floor is leased prior to the 15th floor lease being finalized. The EUTF staff will correct the memorandum regarding office space: (1) in 3rd sentence, change "\$99,744" to "\$111,744; and (2) in 2nd box, change "\$48,000" to "\$60,000".

MOTION was made that the Administrative Committee recommend to the Board to approve spending approximately \$51,744 to lease the additional office space on the 16th floor for the period December 2014 to June 2015 and approximately \$60,000 for modular furniture for 12 cubicles. (Hirata/Mossman) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

D. 2015 Proposed Legislation

Ms. Yahiro presented three potential statutory changes for the 2015 Legislature:

- (1) Amending Chapter 87A to allow investments into classes that mirror those of the ERS;
- (2) Amending Chapter 87A to cap the Medicare Part B premium reimbursement at the standard reimbursement rate;
- (3) Amending Chapter 87A to create a new tier or class of retirees.

MOTION was made that the Administrative Committee recommend to the Board to approve the draft legislative proposal to the 2015 Legislature to amend Chapter 87A to allow investments into classes that mirror those of the ERS as presented to the Committee. (Hirata/Mossman) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

No action was taken on the following items: (2) Amending Chapter 87A to cap the Medicare Part B premium reimbursement at the standard reimbursement rate; and (3) Amending Chapter 87A to create a new tier or class of retirees.

VI. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

The EUTF staff will poll the Committee for available dates before September 23, 2014. Agenda items for next Committee meeting: (1) Legislation; (2) Administrator's yearly review to discuss in Executive Session.

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Administrative Committee Meeting

August 22, 2014 Minutes

Page 4

VII. ADJOURNMENT

MOTION was made to adjourn the meeting at 4:35 p.m. (Uwaine/Mossman)

The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

Respectfully submitted,

/s/

Audrey Hidano, Chairperson

APPROVED on September 17, 2014.

DOCUMENTS DISTRIBUTED:

1. Draft Administrative Committee Minutes of 1/10/14. (3 pages)
2. Draft Administrative Committee Minutes of 2/19/14. (2 pages)
3. Memorandum to Administrative Committee Regarding Collection Procedures dated 8/1/14. (3 pages)
4. Draft Calendar of Important Events dated 7/31/14. (2 pages)
5. Memorandum to Administrative Committee Regarding EUTF Unrestricted Net Assets dated 8/1/14. (3 pages)
6. Memorandum to Administrative Committee Regarding Additional Office Space dated 7/31/14. (1 page)
7. Memorandum to Administrative Committee Regarding 2015 Proposed Legislation dated 7/31/14. (10 pages)
8. Medicare Part B Reimbursements (as of July 2014) dated 7/31/14. (1 page)
9. Social Security, Medicare Premiums: Rules for Higher-Income Beneficiaries 2014. (12 pages)
10. Some Things for EUTF to Consider to Maintain or Reduce Costs for Active Plans. (1 page)