

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Wednesday, March 22, 2006

TRUSTEES PRESENT

Mr. John Radcliffe, Chairperson
Ms. Katherine Thomason, Secretary-Treasurer
Mr. Nelson Befitel (arrived 9:10 am)
Ms. Elizabeth Ho
Mr. George Kahooahanohano

Ms. Marie Laderta
Mr. Mark Recktenwald
Mr. Stanley Shiraki
Mr. Guy Tajiri

TRUSTEES ABSENT

Mr. Gerald Machida, Vice-Chairperson

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

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

Mr. John Garner, Consultant
Mr. Andy Keowen, Consultant
Ms. Donna Tonaki

OTHERS PRESENT

Ms. Lynette Arakawa, HDS
Ms. Sandra Benevides, Kaiser Permanente
Ms. Brandi Ching, Kaiser Permanente
Ms. Alana Deppe-Mariota, Kaiser Permanente
Ms. Monica Engle, VSP
Mr. Kevin Fong, HDS
Ms. Elaine Fujiwara, HDS
Ms. Venus Gabuyo, MBAH
Mr. Rick Jackson, MDX Hawaii

Mr. John Jacobs, HMSA
Mr. Eleu Kane, Summerlin
Ms. Wanda Kimura, BF
Mr. Paul Matsuo, HGEA-Retiree
Mr. Maurice Morita, HSTA
Mr. Michael Moss, HMSA
Ms. Gertrude Nitta, Retiree
Ms. Sue Oguro, ORTA
Mr. Rod Tam, HMSA

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:02 a.m. by Trustee John Radcliffe, Chairperson, in Conference Room 1935, City Financial Tower, 201 Merchant Street, Honolulu, Hawaii, on Wednesday, March 22, 2006.

II. APPROVAL OF MINUTES

The Board reviewed the draft minutes for April 7, 2003 and February 22, 2006.

There being no objections by the Trustees, the minutes for April 7, 2003 and February 22, 2006 were approved as circulated.

III. COMMITTEE REPORTS: None

IV. OTHER REPORTS

A. IFEBP Trustees Institute

Trustee Tajiri reported that the Trustees Institute was an eye opener and that he now has a better understanding of his role and responsibilities as a Trustee. He recommends that all new Trustees should attend this or some similar program.

B. Administrator

1. March Update (see written report)

a. PeopleSoft Support

Ms. Shiroma reported that BST has taken the lead role in completing tasks for the PeopleSoft application's migration to ICSD's Regatta platform (hardware system). Discussion held by Trustees and staff regarding if there are additional costs and how the workload will affect the contract with BST (see Administrator's report).

b. RFP for Claims Audit

This item will be addressed in Executive Session.

c. Procurement for Insurance Broker

Overview by Ms. Tonaki regarding the Administrator's recommendation for the insurance broker procurement process (see Administrator's report).
[Trustee Befitel arrived at 9:10 a.m.]

MOTION was made for the Board to approve the insurance broker procurement process recommended by the Administrator.

(Kahooohanohano/Laderta) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

d. Implementation of HSTA VEBA

Mr. Williams reported that the implementation of the HSTA VEBA effective March 1, 2006 was carried out. The change over of enrollment went smoothly due to considerable effort by the EUTF staff (see Administrator's report).

Overview by Mr. Williams regarding the Memorandum of Understanding (MOU) between Budget & Finance (B&F) and the EUTF. A slightly revised version was distributed to the Trustees. Trustee Shiraki thanked the Administrator and EUTF staff noting that the finalization of this MOU would not have happened without their assistance in working with B&F.

MOTION was made that the Board approve the MOU between B&F and EUTF regarding VEBA administration. (Shiraki/Laderta) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

- e. EUTF Facilities – Leasing & Renovation of Additional Space
Mr. Lawrence Nishihara reported that the lease amendment for the additional space was concluded and final estimates for renovations are expected by mid-April 2006 (see Administrator’s report).
- f. Proposed Legislation – Bills Relating to EUTF and Health Benefits
Overview by Mr. Williams updating the Board on the status of proposed legislation affecting the EUTF and recommending Board positions regarding such proposed legislation (see summaries for House and Senate).
Mr. Williams stated that the Administrator supports the last version proposed by the Attorney General for SB2021. Discussion held by Trustees and staff regarding HB3089 and SB3009.

MOTION was made that the Board approve the recommendations of the Administrator regarding Board positions on proposed legislation affecting the EUTF. (Recktenwald/Kahoohanohano) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

- g. Administrative Rules – Proposed Amendments
Overview by Mr. Williams, Mr. Lawrence Nishihara, and Mr. Aburano regarding recommended changes to the proposed rule amendments (see Administrator’s report).

The Trustees had no objections to the proposed amendments to the following Rules with the revisions proposed by EUTF staff: Rules 3.01(b)(4); 4.12(c); 5.01(a), 5.01(g); 5.02(b); 5.03(a); 5.05(a); 5.05(b) last paragraph; 5.05(c); and 5.06(b).

The Trustees had no objections to the proposed amendments to the following Rules without revisions: Rules 1.02; 1.03; 3.01(a); 3.01(b) last paragraph; 4.11; 4.14(b); 5.01(d) last paragraph; and 5.03 title.

Discussion held by Trustees and Mr. Aburano regarding Rule 5.02(b) and the terms “shall” and “may”.

By consensus of the Trustees, the words “may and” shall be deleted from proposed Rule 5.02(b).

MOTION was made that the Board approve the proposed rule amendments, with revisions as recommended by the EUTF staff, and authorize transmittal of the same to the Governor. (Recktenwald/Thomason) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

B. DEPUTY ATTORNEY GENERAL: None

Recessed at 10:01 a.m. and Reconvened at 10:09 a.m.

C. BENEFITS CONSULTANT

March Report

1. EUTF Plan Design

This item will be discussed last under New Business and in Executive Session.

2. HSTA VEBA Plan Design

Overview by Mr. Garner regarding the benefits offered by HSTA compared to those offered by the EUTF (see comparison).

3. Garner Consulting Bulletin – February 2006

Overview by Mr. Garner regarding Garner Consulting's bulletin for February 2006 (see Consultant's report and bulletin).

D. Financial Report as of January 31, 2006

Overview by Ms. Tonaki regarding the financial report as of January 31, 2006 (see written reports). Ms. Tonaki reported that there were no changes for net assets. Large items coming up for expenditures are the PeopleSoft maintenance for approximately \$363,000 and BST contract for \$300,000.

E. Carrier's Reports

1. VSP

Written report submitted.

2. Royal State Insurance

No written report submitted.

3. MBAH

Written report distributed at meeting.

4. Kaiser Permanente

Written report submitted. Ms. Benevides reported that an additional letter was distributed to keep the Trustees informed of various correspondences to retirees.

5. HMSA

Written report submitted. Mr. Tam requested for HMSA to do a presentation on the Disease Management program. There being no objections by the Trustees, the EUTF staff will work with HMSA.

6. HDS

Written report submitted. Ms. Arakawa reported that Norbert Mendes has retired and introduced Kevin Fong.

V. UNFINISHED BUSINESS

A. RFP for Claims Audit

This item will be addressed in Executive Session.

B. Memorandum of Understanding, EUTF & Budget and Finance

This item was acted upon under the Administrator's report.

VI. NEW BUSINESS

A. Procurement of Insurance Broker

This item was acted upon under the Administrator's report.

B. EUTF Plan Design

Presentation by Mr. Garner regarding the EUTF Plan Design (see outline). This item will be discussed in Executive Session.

C. Administrative Rules

This item was acted upon under the Administrator's report.

D. Proposed Legislation

This item was acted upon under the Administrator's report.

VII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES:

None

VIII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

Board meeting is scheduled for Wednesday, May 10, 2006, 9:00 a.m., CFT-room 1935.

Board meeting scheduled for June 28, 2006 has been changed to Thursday, June 15, 2006, 9:00 a.m., CFT-room 1935.

IX. EXECUTIVE SESSION

MOTION was made to go into Executive Session at 10:53 a.m. for the reasons stated on the agenda. (Thomason/Befitel) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Recessed at 10:53 a.m. and Reconvened at 10:55 a.m.

MOTION was made to move out of Executive Session at 11:46 a.m. (Recktenwald/Tajiri) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

- The chair reported that the Board has taken the following actions in Executive Session:
1. Approval of February 22, 2006 Executive Session minutes as circulated.
 2. Approval of Administrator and Consultant to work on options for EUTF plan designs to be presented at the next Board meeting.
 3. Approval of RFP for Claims Audit.

X. ADJOURNMENT

There being no objections by the Trustees, the meeting adjourned at 11:50 a.m.

Respectfully submitted,

/s/

Katherine Thomason, Secretary-Treasurer

APPROVED on May 10, 2006 as amended.

Documents Distributed:

1. Draft Minutes for April 7, 2003. (7 pages)
2. Draft Minutes for February 22, 2006. (8 pages)
3. Memorandum to BOT from Administrator regarding March Administrator Report dated 3/14/06. (3 pages)
4. Memorandum to BOT from Administrator regarding Insurance Broker Procurement dated 3/15/06. (1 page)
5. Proposed Legislation Affecting EUTF, Update on House Bills – 2006. (2 pages)
6. Proposed Legislation Affecting EUTF, Update on House Bills – 2006. (2 pages)
7. Memorandum to BOT from Administrator regarding Review of Responses to Proposed Administrative Rules Amendments dated 3/15/06. (2 pages)
8. Letter from HGEA regarding Proposed Rule Changes dated 3/3/06. (4 pages)
9. Letter from OHA regarding Proposed Rule Changes dated 2/22/06. (2 pages)
10. Letter from UH regarding Proposed Rule Changes dated 3/3/06. (2 pages)
11. Letter from JUD regarding Proposed Rule Changes dated 3/1/06. (2 pages)
12. Letter from C&C regarding Proposed Rule Changes dated 3/7/06. (1 page)
13. Letter from Maui County regarding Proposed Rule Changes dated 2/17/06. (1 page)
14. Letter from DOE regarding Proposed Rule Changes dated 2/27/06. (1 page)
15. Replacement Page for Rule Change for 5.01 dated 3/20/06. (1 page)
16. Revised Rule Change for 5.02 dated 3/22/06. (1 page)
17. Draft Ramseyer EUTF Administrative Rules dated 3/15/06. (44 pages)
18. Letter to BOT from Garner Consulting regarding March Benefit Consultant Report dated 3/15/06. (1 pages)

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19. EUTF Plan Design Discussion dated 3/13/06. (3 pages)
20. HSTA VEBT Primary Medical Plans Benefits Effective through 6/30/06. (2 pages)
21. Garner Bulletin for February 2006. (2 pages)
22. EUTF Statement of Net Assets (Unaudited) dated 3/7/06. (1 page)
23. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 7 Months Ended 1/31/06 (Unaudited) dated 3/7/06. (1 page)
24. EUTF Statement of Cash Flows 7 Months Ended 1/31/06 (Unaudited) dated 3/6/06. (1 page)
25. Approved Minutes for April 22, 2003. (10 pages)
26. Approved Minutes for January 25, 2006. (9 pages)