

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Administrative Committee Meeting
Friday, June 15, 2018

TRUSTEES PRESENT

Ms. Audrey Hidano, Chairperson
Ms. Laurel Johnston

Ms. Celeste Nip
Mr. Clifford Uwaine

TRUSTEES ABSENT

None

ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Administrator
Ms. Donna Tonaki, Assistant Administrator
Ms. Maria Quartero
Ms. Amy Cheung
Ms. Shannon (Heather) Hall

Ms. Bonny Kahalewai
Ms. Emily Kaneakua
Ms. Jessica McDonald
Ms. Haley Morris (arrived 9:15 am)
Ms. Lara Nitta

OTHERS PRESENT

Mr. Albert Vargas

I. CALL TO ORDER

The meeting of the Administrative Committee was called to order at 8:31 a.m. by Trustee Audrey Hidano, Chairperson, in the EUTF Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Friday, June 15, 2018.

II. APPROVAL OF MINUTES – December 14, 2017

The Committee reviewed the draft minutes of December 14, 2017.

MOTION was made and seconded to approve the minutes of December 14, 2017 as circulated. (Johnston/Uwaine) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

III. NEW BUSINESS

A. Proposed EUTF Administrative Rule Changes

Ms. Donna Tonaki reviewed the significant EUTF Administrative Rules (Rules) changes with the Committee. Mr. Derek Mizuno reviewed a possible term increase from one to two-years for the officers. Trustee Uwaine recommended that the term change be excluded from any motion. The other trustees agreed that this matter should be discussed by the full Board. Trustees Uwaine and Nip recommended the new proposed section 4.03(c) that requires spouses who are both active employees or retirees be limited to a family plan be excluded from the motion.

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Trustee Uwaine left the meeting at 9:04 a.m.

Ms. Tonaki also informed the Committee that the EUTF will make changes to its internal processes to comply with the existing Rules that provide for continuation of coverage of a surviving child who is eligible as an employee-beneficiary when the surviving spouse-parent passes away or remarries. Upon death or remarriage of the surviving spouse-parent, EUTF staff were incorrectly terminating coverage of the surviving child even if they were eligible as an employee-beneficiary. It appears that there are approximately 13 surviving children who had their coverage terminated incorrectly. EUTF staff will work with these individuals or their legal guardians to enroll them (four are eligible) and/or make them whole.

MOTION was made and seconded to recommend to the Board approval of the proposed EUTF Administrative Rules changes as proposed by EUTF staff excluding the change in officer terms (1.05(c)) and the requirement for spouses who are both active employees or retirees to combine separate self and two-party plans to a family plan. (Nip/Johnston) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-1)

Trustee Uwaine returned to meeting at 9:14 a.m.

B. 2019 Legislative Proposals

Mr. Mizuno discussed the three EUTF staff proposed bills – 1) changes to comply with federal and state law, 2) definitions of dependent-beneficiary and employee-beneficiary, and 3) elimination of Medicare Part B reimbursements for spouses of new hires on or after 7/1/19. Trustees Uwaine and Nip voiced their concerns on the third proposed bill. Trustee Nip said that since spouses of retirees hired on or after 7/1/19 are required to enroll in Medicare Part B (if Medicare eligible), and the employers benefit because of the spouses Medicare Part B enrollment, it is reasonable that spouse Medicare Part B premiums are reimbursed.

Mr. Mizuno also recommended not proposing last year's bill relating to clarification of the EUTF exemptions from the mandatory provisions of HRS 432 and 432D, as both Senate and House bills were not heard by any committees.

MOTION was made and seconded to recommend to the Board approval of the 2019 legislative proposals – 1) changes to comply with federal and state law and 2) definitions of dependent-beneficiary and employee-beneficiary. (Nip/Johnston) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

C. FY20 and FY21 Budget Discussion

Ms. Tonaki discussed plans for the upcoming fiscal years 19-20 and 20-21 budget schedule and the inclusion of the results of the feasibility study of an upgrade or replacement of the EUTF's benefits administration system.

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D. Possible Uses of Unrestricted, Unreserved Net Assets Including EUTF Administrative Fee Waiver

Ms. Tonaki discussed the amount of the unrestricted, unreserved net assets at March 31, 2018; possible options for use; and the EUTF staff's recommendation.

Mr. Mizuno clarified that the EUTF staff's recommendation is to use the unrestricted, unreserved net assets for a waiver of the EUTF administrative fee for five years and costs of a software upgrade or a new benefits administration system.

MOTION was made and seconded to recommend to the Board use of the unrestricted, unreserved net assets for a waiver of the EUTF administrative fee for five years (1/1/19-12/31/23 for retirees and 7/1/19-6/30/24 for active employees) and costs of a software upgrade or a new benefits administration system. (Johnston/Uwaine) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

IV. FUTURE AGENDA ITEMS

A. September meeting – update on conversion from exempt to civil service, benefits administration system feasibility study report, and budget

B. November meeting – personnel, report to legislature on conversion from exempt to civil service, and progress on 1/1/18 – 6/30/21 strategic plan.

Mr. Mizuno recommended to the Committee a meeting in September to discuss the aforementioned items prior to the September 25, 2018 Board meeting.

V. ADJOURNMENT

MOTION was made and seconded to adjourn the meeting at 9:36 a.m. (Johnston/Uwaine) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

Respectfully submitted,

/s/

Audrey Hidano, Chairperson

APPROVED on September 24, 2018.

DOCUMENTS DISTRIBUTED:

1. Draft Administrative Committee Minutes of 12/14/17. (2 pages)
2. Memorandum to EUTF Administrative Committee from Assistant Administrator Regarding Proposed EUTF Administrative Rule Changes dated 6/8/18. (3 pages)
3. Draft Redline Version of Administrative Rules Changes dated 6/8/18. (70 pages)
4. Memorandum to EUTF Administrative Committee from Administrator Regarding 2019 Legislative Proposals dated 6/8/18. (10 pages)