

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Administrative Committee Meeting
January 18, 2005

TRUSTEES PRESENT

Mr. Mark Recktenwald, Chairperson
Mr. Will Miyake

Mr. Stanley Shiraki
Ms. Kathleen Watanabe (Arrived at 2:47 pm)

TRUSTEES ABSENT

Mr. Gerald Machida
Mr. Dayton Nakanelua

GUEST TRUSTEES

Mr. Nelson Befitel (Arrived at 3:03 pm)
Mr. John Radcliffe (Arrived at 2:15 pm)
Ms. Katherine Thomason

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. Brandy Ching, Kaiser Permanente
Ms. Monica Engle, VSP
Ms. Venus Gabuyo, MBAH
Ms. June Kadomoto, ORTA
Ms. Jeri Kakuno, MDX Hawaii
Mr. Eleu Kane, Summerlin
Ms. Joelle Kane, IMX
Ms. Ruth Kim, HSTA-R

Ms. Wanda Kimura, B&F
Ms. Alice Kotake, HSTA-R
Mr. Norbert Mendes, HDS
Ms. Sarah Moriyama, ORTA
Mr. Michael Moss, HMSA
Ms. Gertrude Nitta, HGEA-R
Mr. Rod Shinno, HSTA-MBC
Mr. Joel Reed, Aetna
Mr. Rod Tam, HMSA
Mr. George Yamamoto, HGEA-Retirees

I. CALL TO ORDER

The meeting of the Administrative Committee was called to order at 1:16 p.m. by Chairperson Mark Recktenwald in Conference Room 1935, City Financial Tower, Honolulu, Hawaii, on Tuesday, January 18, 2005.

II. APPROVAL OF MINUTES

The Committee reviewed the draft minutes for the November 16, 2004 meeting.

By consensus of the Trustees, the Administrative Committee approved the minutes for the November 16, 2004 meeting as submitted.

III. REPORTS

- A. Administrator
1. 2005 Open Enrollment

Overview by Mr. Lawrence Nishihara regarding the 2005 Open Enrollment (see written report).

2. Legislative Proposal

Budget and Finance advised the Administrator that the EUTF legislative proposal (dependent-beneficiary) would not be included in the Administration's package. Discussion held by Trustees regarding how to proceed in submitting the legislative proposal to the Legislature. By consensus of the Trustees, the Administrative Committee recommends that the Administrator request that the Speaker, Senate President, and/or Committee Chairs introduce the EUTF legislative proposal.

B. Deputy Attorney General

1. Insurance Issues

The Deputy Attorney General's report on insurance issues was deferred to the Board. Discussion held by Trustees and Deputy Attorney General regarding the effect of law regarding all attached agencies being agencies of the State and participating in sovereign immunity of the State and future premiums for insurance.

C. Benefits Consultant

Mr. Garner reported:

1. Garner Consulting Accomplishments

Mr. Williams requested that Garner Consulting submit a letter regarding their accomplishments because the contract extension and evaluation will be coming up. Mr. Garner gave an overview regarding their accomplishments (see letter).

2. Status on HIPAA Privacy Gap Analysis

There are still some loose ends regarding the HIPAA Privacy Gap Analysis that was presented last year and a meeting is scheduled tomorrow with Brian Aburano and Alex Kagawa.

IV. UNFINISHED BUSINESS

A. HIPAA – Memorandum of Agreement (MOA)

A preliminary draft of an MOA between the Trust Fund and the Board was given to the Trustees to review before the next meeting. Mr. Aburano reported that the reason for an MOA is because under HIPAA's privacy rule there is a requirement that before a group health plan (the Trust Fund) discloses protected health information (PHI) to a plan sponsor (the EUTF Board) the group health plan must ensure that the plan documents (e.g., the EUTF's statutes, rules and regulations, etc.) restrict the plan sponsor's uses and disclosures of PHI. Rather than go through the process of amending the EUTF's statutes or rules and regulations, a reasonable approach is to have an MOA added as part of the plan documents. The MOA would perform the following functions: (1) establish what are the plan sponsor's

permitted and required uses of PHI; (2) certify that the plan documents have been amended and that the plan sponsor agrees to various restrictions on its uses and disclosures of PHI; and (3) provide for adequate separation between the group health plan and the plan sponsor. Discussion held by Trustees and Deputy Attorney General regarding HIPAA policies and procedures and who is the plan sponsor.

B. Consultant's Special Report Evaluating the Implementation, Administration & Financial Impact of Benefit Plans (referred by Board on 11/17/04)

Due to concerns by the Board regarding what was submitted in the report, the Administrative Committee and staff discussed procedures for submitting reports to the Board. By consensus of the Trustees, the Administrative Committee recommends that the Board approve these procedures for reports from the Benefits Consultant to the EUTF Board: (1) Consultant will prepare draft report and distribute to the Trustees for comment; (2) based on comments, the Consultant will revise the draft and make any changes that the Consultant deems appropriate; (3) the revised draft will be provided to the Board; (4) Board members may provide written comments to the Consultant to be attached to the report either in original or in summary form with any attachments that the authors feel appropriate to have reflected in the report along with the Consultant's response to the comments; and (5) the final report will be from Consultant to the Board with various views that might differ from the report as attachment(s). Discussion held by Trustees and Deputy Attorney General regarding if the report is from the Board or from Garner Consulting; if the Board needs to approve a report; pre-deliberative documents; and the reasons for having the two reports required by the Benefits Consultant.

Mr. Garner stated that if the report is on his letterhead as required in the contract, he would like ultimate control over the editorial content but is comfortable in reporting on substantive changes that were suggested and the reasons for not accepting them.

Further discussion by the Trustees and staff regarding the title of the special report and making it clear that the report is from Garner. By consensus of the Trustees, the Administrative Committee recommends that the Trustees provide comments to Garner at the Board meeting or in writing and Garner Consulting will submit a redraft to the Board for comments.

Trustee Radcliffe arrives at 2:15 p.m.

V. NEW BUSINESS

A. Evaluation Criteria of Benefits Consultant

Mr. Williams gave an overview regarding the evaluation criteria for a Benefits Consultant.

B. Extension of Benefits Consultant Contract

Overview by Mr. Williams regarding Garner Consulting's contract and the provision for an extension until June 27, 2007. There is no requirement that the Board evaluate the consultant. Mr. Williams explained the three options: (1)

evaluate and based on the evaluation decide whether to go forward with an extension; (2) without an evaluation decide to extend contract; and (3) without an evaluation to not exercise the extension and immediately direct the EUTF staff to develop an RFP for a new Benefits Consultant contract. Discussion to be held in Executive Session.

- C. EUTF Annual Report for 2004 – Ratify
Overview by Mr. Williams regarding the EUTF Annual Report for 2004 (see handout). Report was sent to the Board for review and comments were received. Minor changes were made and the report was submitted to the Governor and Legislature. Discussion held by Trustees and staff regarding the minor changes. The Administrator recommends that the Board ratify the EUTF Annual Report for 2004. By consensus of the Trustees, the Administrative Committee recommends that the Board ratify the EUTF Annual Report for 2004.

VI. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

There was no communication from the public.

VII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

The next regular Committee meeting will be scheduled at the Board meeting.

Agenda items to be added: (1) HIPAA Memorandum of Agreement; and (2) HIPAA Security.

VIII. EXECUTIVE SESSION

Motion was made to go into Executive Session at 2:29 p.m. (Shiraki/Miyake) The motion passed unanimously. Employer Trustees-2/Employee-Beneficiary Trustees-1)

Trustee Watanabe arrived at 2:47 p.m.

Motion was made to move out of Executive Session. (Shiraki/Miyake) The motion passed unanimously. Employer Trustees-4/Employee-Beneficiary Trustees-3)

Executive Session adjourned at 3:13 p.m.

Executive Session Report:

- 1) The Administrative Committee recommends that the Board approve to proceed with an RFP for PeopleSoft.
- 2) The Administrative Committee recommends that the Board approve to authorize the Administrator to go ahead with preparing an RFP for a benefits consultant and not to conduct a formal evaluation

IX. ADJOURNMENT

By consensus of the Trustees, the Administrative Committee adjourned.

Meeting adjourned at 3:15 p.m.

Respectfully submitted,

/s/

Mark Recktenwald, Chairperson

APPROVED on February 22, 2005.

DOCUMENTS DISTRIBUTED:

1. Draft Minutes for 11/16/04. (5 pages)
2. Memorandum to Board Regarding 2005 Open Enrollment dated 1/10/05. (5 pages)
3. Memorandum from Director of Finance Regarding BUF-23(05) dated 1/7/05. (1 page)
4. Insurance Issues 2005 dated 1/11/05. (4 pages)
5. Letter from Garner Consulting Regarding Garner Consulting Accomplishments dated 1/11/05. (5 pages)
6. EUTF Annual Report Fiscal Year 2003-04. (8 pages)