

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the ~~[Board of Trustees]~~
Administrative Committee Meeting
April 18, 2002

TRUSTEES PRESENT: Ms. Kathryn Matayoshi, Chairperson (Left 9:50 a.m.; returned 11:20 a.m.)
Ms. Audrey Hidano
Mr. James Williams
Mr. James Yasuda (Left 12:25 p.m.)

ATTORNEY: Mr. Brian Aburano, Deputy Attorney General

HEUHBTF STAFF: Mr. Tracy Ban
Ms. Lynette Fukunaga
Ms. Shirley Kawamoto
Ms. Wanda Kimura
Mr. Gary Sanehira
Ms. Karen Tom

OTHERS PRESENT: Mr. George Butterfield – HSTA-Retired
Ms. Becky Dixon Bates – HDS
Mr. Charles Khim
Mr. Michael Moss – HMSA
Mr. Gordon Murakami – Royal State

I. CALL TO ORDER

The meeting of the Administrative Committee was called to order at 9 a.m. by Chairperson Kathryn Matayoshi in Conference Room 303, No. 1 Capitol District Building, 250 South Hotel Street, Honolulu, Hawaii, on Thursday, April 18, 2002.

II. APPROVAL OF MINUTES

The minutes for April 11, 2002 were not ready for review.

III. UNFINISHED BUSINESS

A. Hiring of Administrator/Executive Director

1. Staff reported that 36 applications have been received; over one-half were from applicants within the state; the remaining were via the internet and from the International Foundation of Employee Benefit Plans. April 30, 2002 is the target date for screening the applications.
2. Executive Search Firm Procurement
Staff reported that the Office of Hawaiian Affairs and Hawaii Tourism Authority have used executive search firms to handle the entire process; i.e., recruitment, preliminary screening, interview questions, rating schedule, and presenting the final candidates to the board for final interviews. Their staff was not involved in the process.

Motion was made to approve the Executive Search Firm, Scope of Work, as discussed. (Hidano/Yasuda)

Discussion: The committee discussed executive search firms, the scope of the work, and what would be required of such a firm. Staff was asked to find out the cost of two or three firms. The small purchase process can be utilized in view of projected costs.

The scope of work was amended as follows:

- a. Change all references to Chapter 87A to Act 88, SLH 2001.
- b. Item I, Introduction
 - 1) Move the last paragraph on page 1 to the first paragraph to keep all information relating to the beneficiaries together.
 - 2) Insert a position summary (purpose statement from the position description) after the third paragraph.
 - 3) Delete the two paragraphs on the role of the Health Benefits Trust Fund Administrator position on page 2.
 - 4) The fourth paragraph becomes the first paragraph on page 2 and the third paragraph becomes the second paragraph.
- c. Item II, Scope of Services to be Provided
 - 1) Item Nos. 2 and 4 were deferred to the executive session.
 - 2) Item No. 5 was amended to read: "A presentation to the Trustees on the screening process used in determining the candidates referred ~~and the proposed Board interview process. Training of the Trustees on the interview process to be used.~~" The Department of Budget and Finance's Departmental Personnel Officer was recommended to give a briefing on the interview logistics or staff could obtain information and present to Trustees.
 - 3) The number of applications and packets in Item No. 7 was increased from 10 to 15 to include copies for trustees, staff, and file.
- d. Items III and IV were combined and re-titled as Content of Proposals. Subtopics under the new Item III are: 1) Cost, 2) Ability to Meet Time Requirements, 3) Scope of Services to be Offered, 4) Terms and Conditions of Services, 5) General Experience as an Executive Search Firm, 6) Experience in Filling Similar Positions, 7) Extent of Resources and Contacts Available to do Proposed Search, 8) Plan of Action for Proposed Search, if any, and 9) References.

Further discussion included the listing of potential bidders through a search in the phone book for search firms. Staff was asked to prepare letters for the Chair's signature. Executive session will be placed on the April 30, 2002 board meeting to discuss the list of applicants and interview questions.

Vote: Unanimously passed.

Chair Matayoshi left for a meeting and asked that Mr. Williams serve as Chair pro tem.

B. Scope of Service for Consultant services to evaluate the Health Fund Information and Management System (HFIMS)

The Committee discussed the scope of services and that they are not looking at a one to two-year consultant study; rather, a one to two-month study is required to determine where the backlog is. Procurement for the professional services would fall under Chapter 87A and be exempt from Chapter 103D.

The Scope of Work for an HFIMS consultant was reviewed:

1. Item II, Specifications
 - a. Assess HFIMS Current Capabilities, was deleted.
 - b. Assess Ability of HFIMS to Comply with Regulatory and Legal Requirements
 - 1) Delete Item A.
 - 2) Renumber Item B. as A. to read "Provide [~~detailed~~] technical assessment(s) on the current capabilities of HFIMS in terms of meeting [~~the above~~] HIPAA regulatory and legal compliance requirements and deadlines."
 - 3) Renumber Item D. as B. and replace PEHF with the Trust Fund's involvement.
 - c. Revise third requirement to read: "Assess [~~Flexibility~~] Capability of HFIMS to Support [~~Future~~] Requirements of the Trust Fund:"
 - d. Add a Paragraph B. High-level assessment of the status of operations of the Health Fund related to backlogs. (This would include looking at any studies done.)

Staff will amend the scope of work for review at the next meeting. The Committee will also be taking another look at the timeline.

RECESS: 10:53 a.m.; reconvened 11:08 a.m.

C. Retention of advisors (benefit consultants, investment firms/managers, etc.)

Motion to recommend the Special Conditions as revised to the full Board.

(Hidano/Yasuda)

Discussion: Amendments to the Special Conditions were:

1. Item No. 3, Scope of Work; Additional Work
Item B. "If the Board authorizes the CONTRACTOR to provide work or services that are outside the scope of work specified in Section 2 (Scope of Work) of the Request for Proposals, such additional work or services shall be provided for a fee to be mutually agreed upon in advance between the CONTRACTOR and the Board."
2. The second Item No. 3, Compensation and Payment Schedule, was renumbered as 4, all succeeding Items were renumbered; i.e., Item No. 4 was renumbered as 5, Item No. 5 as 6, and all references to the Items were also adjusted accordingly.

Chair Matayoshi returned to the meeting and had Mr. Williams conclude the discussion on the Special Conditions.

3. Item No. 9, Liquidated Damages, was as amended to read "Liquidated damages shall be assessed in the amount of ONE THOUSAND AND NO/100 DOLLARS (\$1,000) per calendar day, in accordance with the terms of the General Conditions."
4. Item No. 10, Insurance. Staff was requested to check what is common as far as the aggregate amount of insurance and what it should be, if not \$5 million.
 - a. Mr. Aburano was asked to recommend language regarding the insurance qualification in Item No. C – given that some potential consultants may use surplus line carriers not authorized or licensed to do business in Hawaii.

If adopted by the Board at the April 30 meeting, the Committee requested that the Special Conditions be sent out immediately to the listed benefit consultants.

Vote: Unanimously passed.

IV. NEW BUSINESS

Motion to move into executive session. (Williams/Hidano)

The Committee went into Executive Session to discuss Agenda Item IV.A.2: 11:40 a.m. to 12:50 p.m.

V. NEXT MEETING

Thursday, April 25, 2002, 2 p.m. The agenda will include: 1) request for proposals and scope of services for: a) third-party administrator and b) consultant to review and evaluate the HFIMS; and 2) executive session to finalize the scoring/criteria sheet and interview questions for the Administrator position.

VI. ADJOURNMENT

Motion to adjourn. (Hidano/Williams)

Discussion: None.

Vote: Unanimously passed.

Meeting adjourned at 12:50 p.m.

Respectfully submitted,

/s/

Kathryn Matayoshi, Chairperson

APPROVED as corrected
on May 17, 2002.

DOCUMENTS DISTRIBUTED:

1. Special Conditions. (6 pages)
2. Draft Scope of Work for RFP regarding HFIMS. (2 pages)
3. Draft Timeline for Consultant to Evaluate and Assess HFIMS. (1 page)