

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Administrative Committee Meeting
August 22, 2002

TRUSTEES PRESENT

Ms. Kathryn S. Matayoshi, Chairperson Mr. Gerald Machida
Ms. Audrey Hidano Mr. James Williams

ATTORNEY: Mr. Brian Aburano, Deputy Attorney General

HEUHBTF STAFF

Mr. Mark Fukuhara, Administrator Mr. John Garner, Consultant
Mr. Tracy Ban Ms. Gerti Reagan, Consultant
Ms. Lynette Fukunaga Mr. Gary Sanehira
Ms. Shirley Kawamoto

OTHERS PRESENT

Mr. George Butterfield, HSTA-Retired Mr. Gordon Murakami, Royal State
Mr. Norbert Mendes, HDS Ms. Kären Muronaka, HSTA-Retired

I. CALL TO ORDER

The meeting of the Administrative Committee was called to order at 9:05 a.m. by Chairperson Kathryn Matayoshi in the Executive Office on Aging Conference Room 410, No. 1 Capitol District Building, 250 South Hotel Street, Honolulu, Hawaii, on Thursday, August 22, 2002.

II. APPROVAL OF MINUTES

The minutes of July 17, 2002 and August 8, 2002 were not ready for review.

III. REPORTS

A. Administrator

Mr. Fukuhara reported filling two of the five positions under recruitment. Ms. Maria Quartero has been selected to fill the secretary's position. She is currently the secretary to the Director of Finance and will be starting on September 3, 2002. Ms. Donna Tonaki, currently with Magoon Estate and formerly with HSTA, will start as Financial Management Officer effective September 16, 2002.

Regarding the Trust Fund's office space, Mr. Fukuhara reported that he is working with DAGS' Leasing to secure temporary office space in the City Financial Tower, 18th Floor. There is a common meeting room on the 19th Floor that can be used for Board and Committee meetings. He will follow-up on the trustees' question about parking.

B. Attorney General: Nothing to report.

IV. UNFINISHED BUSINESS

A. TPA vs. In-house Administration

1. Cost projections for in-house administration

Mr. Fukuhara went over the handout on estimated in-house operating costs.

2. TPA

Trustee Williams stated that he would like: (1) to address the Deputy Attorney General's memorandum on third party administrators; (2) to hear presentations from the vendors who responded to the RFI; and (3) the Committee to reconsider and put the RFP in motion now, rather than in December.

In exploring the legality of procuring a TPA for insured plans, the need to comply with Act 90, SLH 2001, the privatization law, was raised.

Mr. Fukuhara was tasked to formally communicate with the Department of Human Resources Development that the Board is considering entertaining proposals for TPA, and whether this action is subject to the requirements of Act 90, and to send a letter to the Office of Collective Bargaining regarding Act 90.

Regarding the presentations, Mr. Fukuhara will send thank you letters to the respondents to the RFI and invite them to make a one-hour presentation with a disclaimer that the Board is still considering the feasibility of securing a TPA and that funding for any TPA is subject to the Trust Fund getting legislative appropriations for that purpose.

B. HFIMS Evaluation – Gartner Group Recommendations

1. Scope of Work for HFIMS Reconfiguration

Mr. Fukuhara reported on the Gartner Group's short-term recommendations and the scope of work to accomplish the changes needed for HFIMS. To make the changes required, he recommended that the Health Fund extend their current contract with e-World Solutions by amending the scope of work in that contract.

MOTION was made to recommend to the Board that the Board request the Public Employees Health Fund extend their contract with e-World with the scope as indicated and that deadlines are met accordingly.

(Matayoshi/Hidano)

Discussion: None.

Vote: Unanimously passed.

RECESS: 11:20 a.m. to 11:27 a.m.

V. NEW BUSINESS

A. FB 04-05 Budget Development

Mr. Fukuhara went over a rough draft of the biennium budget with the Committee. Specific items requested by the committee for inclusion in the budget were: a budget for out-of-state travel to attend annual IFEBP conferences; sufficient resources for administering plans, such as, computer costs; and increased funding for dues and subscriptions to reflect current memberships.

RECESS: 11:56 a.m. to 1:36 p.m.

B. Administrative Cost Allocation Model

Mr. Garner reported on the administrative cost allocation model, which ties into the FY 04 budget. The model described seeks to allocate premium costs equitably between lines of coverage and between actives and retirees.

The Committee discussed the impact of allocating administrative costs on life insurance.

MOTION was made to recommend to the Board that the administrative cost for life insurance be four cents for both actives and retirees. (Matayoshi/Machida)

Discussion: None.

Vote: Unanimously passed.

C. Legislation

In light of the discussion and concerns raised, clarification by the legislature regarding Chapter 87A is planned. Specifically, whether the \$4.16 for life insurance was meant to apply strictly to premiums or includes administrative costs.

The Committee plans to propose to the Board that all trustees and committees recommend legislation by September 26, 2002 and that the Administrative Committee will coordinate the proposals.

VI. NEXT MEETING

The next meeting of the Administrative Committee is scheduled for September 13, 2002, 9 a.m., No. 1 Capitol District Building, Executive Office on Aging, Conference Room 410. Agenda items will include the Trust Fund's measures of effectiveness and recommend approval at the next Board meeting.

The meetings to hear RFI respondent presentations are scheduled for September 16-18, 2002, 8 a.m. to 1 p.m. The next regular Committee meeting to discuss legislation and other matters is October 9, 2002.

VII. ADJOURNMENT

Motion to adjourn. (Machida/Hidano)

Discussion: None.

Vote: Unanimously passed.

Meeting adjourned at 2:38 p.m.

Respectfully submitted,

Kathryn Matayoshi, Chairperson

APPROVED on October 9, 2002.

DOCUMENTS DISTRIBUTED:

1. Cost projections for in-house administration. (4 pages)
2. Gartner, Inc., Short-Term Recommendations. (4 pages)
3. PeopleSoft Integration Partner – For Computer System Configuration Changes, Scope of Work. (3pages)
4. FB 04-05 Budget. (1 page)
5. Approved Minutes for June 4, 2002. (4 pages)