

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Minutes of the Benefits Committee Meeting  
February 17, 2004

TRUSTEES PRESENT

Mr. John Radcliffe, Chairperson  
Mr. Harold DeCosta  
Ms. Katherine Thomason

TRUSTEE ABSENT

Mr. Bob Awana  
Ms. Joan Lewis  
Mr. Will Miyake

GUEST TRUSTEES: None

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

Mr. H. Mark Fukuhara, Administrator  
Mr. Lawrence Nishihara  
Ms. Maria Quartero

Mr. John Garner, Consultant  
Mr. Andy Keowen, Consultant

OTHERS PRESENT

Mr. Tracy Ban, B&F  
Ms. Sandra Benevides, Kaiser Permanente  
Ms. Alana Deppe-Mariota, Kaiser Permanente  
Ms. Monica Engle, VSP  
Ms. Venus Gabuyo, MBAH  
Ms. June Kadamoto, ORTA  
Ms. Ruth Kim, HSRTA  
Ms. Lilia Yu Lum

Mr. Maurice Morita, HSTA  
Mr. Michael Moss, HMSA  
Ms. Kären Muronaka, HSTA-Retired  
Ms. Gertrude Nitta, HGEA-R  
Mr. Ray Sodetani, HSTA-MBC  
Mr. George Yamamoto, HGEA Retirees  
Ms. Amy Yasuda, UH

I. CALL TO ORDER

The meeting of the Benefits Committee was called to order at 3:00 p.m. by Chairperson John Radcliffe in Conference Room 405, Leiopapa A Kamehameha Bldg., 235 S. Beretania Street, Honolulu, Hawaii, on Tuesday, February 17, 2004.

II. APPROVAL OF MINUTES: None

III. REPORTS

A. Administrator

1. Special Open Enrollment for Dual Coverage Plans

Overview by Mr. Fukuhara on special open enrollment for dual coverage plans (see handouts). No one is enrolled in the EUTF system for Royal State because we do not have the exact employer/employee contribution amounts. Royal State was provided with information on the employees and dependents that submitted open enrollment forms. Prior to this meeting, Trustee Miyake informed the Administrator that Mr. Perreira of HGEA had sent a letter to Mr. Hong of OCB. Trustee Miyake also had a discussion with both of them and an agreement should be forthcoming from

Mr. Hong. Mr. Hong will also be contacting the Administrator. Trustee Radcliffe stated that UHPA has given HGEA the right to speak on its behalf on the issue of negotiating premium for dual coverage. The Administrator stated that employees are not having their contributions deducted from payroll and that payment for February is due to the carrier on March 15. The Administrator is recommending that the Board authorize the EUTF to pay the employees' portion for the month of February to Royal State (i.e., \$14,622), and to send a letter to the affected employees explaining that their enrollments in the system are being delayed, that payroll deductions are not being made yet, but that arrangements have been made for providing information to Royal State to allow them to service and process claims. Discussion held by Trustees and staff regarding the EUTF fronting the payment for the employees' portion of the dual coverage plan premiums, the method for reimbursement of such payment, and the recommended letter to the affected employees. Mr. Fukuhara stated that the reimbursement would be collected via payroll deductions once OCB provides the contribution amounts to the EUTF.

By consensus of the Trustees, recommendation was made by the Benefits Committee for the Board to authorize the EUTF to pay the employees' portion for the month of February to Royal State in the amount of \$14,622, and to send a letter to the affected employees explaining the current situation.

2. Kaiser Cancellation of Dependent for Cause

Mr. Fukuhara reported that Kaiser submitted a letter regarding the cancellation of a dependent (see handout). Kaiser has reconsidered and has made a change for all subscribers' rights to an arbitration and internal appeal.

There being no objections by the Trustees, Chair Radcliffe will recommend for the Board to authorize the Administrator to send a letter to Kaiser thanking them for taking this action.

B. Deputy Attorney General: [Deferred to Board]

C. Benefits Consultant

1. Impact on Rates if HSTA is Exempt from EUTF (see handout) [Deferred to Board]

IV. UNFINISHED BUSINESS: None

V. NEW BUSINESS

A. PEHF Report on FY2003 [Deferred]

B. Quarterly Financial Experience (see handout) [Deferred]

C. Long-Term Care

Overview by Mr. Keowen regarding the existing long-term care plan. He stated that normally payment in a group long-term care arrangement is made by payroll deduction, however, the current carrier bills each individual. This has created a lot of additional expenses in the administration of that plan because of a lack of ability to payroll deduct the premiums. Mr. Keowen stated that with the local representative based on a commission, he did all the employees meetings (approximately 225) at the outset of this plan and continues to solicit that business. He stated that there are two matters for discussion for the Trustees: (1) are we willing to do payroll deductions; and (2) should we depend on a carrier more than an agent or a locally based organization. He explained another issue regarding the in-force block of enrollees. People enrolled in the plan have rates based on their entry age (e.g. if you signed up for long-term care 4 years and you were 35 years old,, your premium is based on that age). Mr. Keowen stated that the ability to move these people into a new plan is impractical for two reasons: (1) the rates would be higher; and (2) their health conditions may have deteriorated to a point they are no longer eligible for coverage. Mr. Keowan said that the Trustees should consider releasing an RFP for prospective new enrollees only. With respect to the group that is covered by the current plan, he recommends that this block of business be left intact. Recommendation by Mr. Keowen to do payroll deduction and to keep the in-force block of people. Discussion held by Trustees, consultant, and public regarding enrollment for employees, spouses, and relatives, and premium rates and coverage. Mr. Rodrigues from Hartford explained that in the existing group plans even if they were to do payroll deduction it would not affect the rates because it was designed with the anticipation of payroll deduction. He stated that after the plan was accepted, they were told they could not have payroll deduction. Mr. Keowen stated that other bidders might look at that differently, and the EUTF should make sure that these carriers evaluate the cost of direct billing when they offer proposals.

D. Voluntary Products

Overview by Mr. Keowen on voluntary products (see handout). He stated that voluntary products create more flexibility for employees and more satisfaction with plans. Discussion held by Trustees and consultant regarding voluntary products that are already being offered by most unions. Chair Radcliffe's position is that the unions ought not to be in competition with the EUTF on voluntary plans/programs and the EUTF should not offer such plans, which are and ought to remain more within the purview of the unions. Mr. Garner stated in addition to looking at payroll deductions, the Trustees would need to decide whether to offer products in competition with the unions.

VI. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

Mr. Morita requested a copy of the worksheet for the rates from the carriers. Mr. Garner stated that he does not have that information: rates that were given previously are what the rates would be if HSTA was no longer part of the EUTF and were calculated based on 12 months of claims. The claim experience goes back prior to the EUTF and HMSA did not share that information, but they have shared experience since July 1<sup>st</sup> and it shows numbers that are similar to what they quoted. It tends to lend credence to what they gave but does not give the exact documentation to support the numbers they gave previously. He has reason to believe that the numbers given are accurate based on what they gave for July 1 forward.

VII. FUTURE AGENDA ITEMS AND NEXT MEETING

To be scheduled at a later date.

VIII. ADJOURNMENT

MOTION to adjourn. (DeCosta/Thomason)

Discussion: None.

Vote: Unanimously passed.

Meeting adjourned at 3:38 p.m.

Respectfully submitted,

/s/

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John Radcliffe, Chairperson

APPROVED on July 20, 2004.

DOCUMENTS DISTRIBUTED:

1. Dual Medical by Plan dated 2/11/04. (1 page)
2. Dual Medical by BU dated 2/11/04. (2 pages)
3. Letter from Kaiser Re: Kaiser Appeal & Arbitration Process dated 2/10/04. (1 page)
4. HSTA Withdrawal Analysis by Garner Consulting dated 2/13/04. (3 pages)
5. Kaiser Rates without HSTA dated 2/13/04. (10 pages)
6. Kaiser Rate Adjustment Factor dated 2/13/04. (4 pages)
7. EUTF Claims Experience Summary for 6 Months Ended 12/31/03-Estimated dated 2/17/04. (1 page)
8. Voluntary Benefits dated 2/17/04. (5 pages)