

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Benefits Committee Meeting
July 31, 2002

TRUSTEES PRESENT

Ms. Joan Lewis, Chairperson
Ms. Audrey Hidano, Vice-Chairperson
Mr. Neal Miyahira
Mr. Willard Miyake

GUEST TRUSTEES

Mr. Sam Callejo (Left 10:35 a.m.)

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

HEUHBTF STAFF

Mr. H. Mark Fukuhara, Administrator
Ms. Wanda Kimura (Left 10:35 a.m.)
Ms. Lynette Fukunaga
Ms. Shirley Kawamoto

Mr. John Garner, Consultant
Ms. Gerti Reagan, Consultant

OTHERS PRESENT

Ms. Jean Aoki, HSTRA
Ms. Lynette Arakawa, HDS
Mr. Gary Asato, Kaiser
Mr. George Butterfield, HSTA-Retired
Ms. Nani Crowell, HSTA MBC
Ms. Alana Deppe-Mariota, Kaiser
Ms. Monica Engle, VSP
Ms. Elaine Fujiwara, HDS
Grace Ing, HSTA-Retired
Mr. Charles Khim
Ms. Ruth Kim, Retiree

Ms. Doreen Kuroda, SOH/DHRD
Mr. Norbert Mendes, HDS
Mr. Maurice Morita, HSTA
Mr. Michael Moss, HMSA
Mr. Gordon Murakami, Royal State
Ms. Kären Muronaka, HSTA-Retired
Ms. Celeste Nip, HFFA
Ms. Karen Sam, HMSA
Mr. Rod Tam, HMSA
Ms. Amy Yasuda, UOH

I. CALL TO ORDER

The meeting of the Benefits Committee was called to order at 9:17 a.m. by Chairperson Joan Lewis in Conference Room 405, Leiopapa a Kamehameha, 235 South Beretania Street, Honolulu, Hawaii, on Wednesday, July 31, 2002.

II. APPROVAL OF MINUTES

The minutes for July 17, 2002 and July 23-24, 2002 meetings were not ready for review.

III. UNFINISHED BUSINESS:

A. Medical Plan Details - Recommended Coverages

MOTION was made to recommend to the full Board the recommended coverages/benefits as listed. (Miyake/Miyahira)

Discussion: There was public comment and discussion on including chiropractic care.

MOTION was amended to request a separate costing for chiropractic care, with limitations. The amended motion was further amended to include a cost for a stand-alone rider as well as inclusion in the basic plan.

Discussion: None.

Vote: Unanimously passed as amended.

Vote: The main motion as amended was unanimously passed.

RECESS: 10:35 a.m. to 10:50 a.m.

B. Structural Plan Decisions - Effects of Multi-Tier Structure

MOTION was made to recommend to the full Board a two-tier structure for actives. (Miyahira/Miyake)

Discussion: Of all the options presented, a two-tier structure was determined to negatively impact the least number of employees.

Vote: Unanimously passed.

There being no objections, agenda item III.C., Request for Proposal, was moved to the end of the agenda.

IV. NEW BUSINESS

A. Pharmacy Benefits

1. Prescription Drug Benefits

a. Retail (30-Day Supply)

MOTION was made to recommend to the full Board Retail Prescription Drug Benefit (30-Day Supply), the following alternatives: current HMSA, current Kaiser, and Alternative 2 and Alternative 4 PPO options with HMOs to offer their own options. (Miyahira/Hidano)

Discussion: Based on public comment, an additional alternative was discussed. Alternative 7 would provide Generic drug benefits at \$5, Preferred Brand drug benefits at \$15, and Other Brand drug benefits at \$15.

MOTION was amended to add an Alternative 7 to the list of options to be considered by the Board. (Miyake/Miyahira)

Discussion: A total of five options (current HMSA, current Kaiser Alternatives 2, 4 and 7), will be considered by the Board.

Vote: Unanimously passed as amended.

Vote: The main motion as amended was unanimously passed.

b. Mail Order (90-Day Supply)

MOTION was made to recommend to the full Board Mail Order Prescription Drug Benefit (90-Day Supply) consisting of current HMSA, current Kaiser, Alternative 2, Alternative 4, and an Alternative 7: (Miyahira/Miyake)

Discussion: The addition of an Alternative 7 similar to Retail (Generic \$10, Preferred Brand \$30, and Other Brand \$30) was recommended.

MOTION was amended to change the co-payments for Preferred Brand and Other Brand co-payments to \$20 for each for Alternative 7.

Discussion: The recommendation for lower co-payments for Preferred and Other Brands from \$30 to \$20 was discussed. It was argued that the ratio between Generic and Preferred and Other Brands should be maintained as an incentive for users to choose Generic Brands as a lower cost option.

Vote: Yes, Trustees Lewis and Miyake; No, Trustees Hidano and Miyahira. Motion to amend failed.

Vote: Main motion was unanimously passed.

c. Prescription Drug Exclusions

MOTION was made to recommend to the full Board Prescription Drugs Exclusions as written. (Miyahira/Miyake)

Discussion: None.

Vote: Unanimously passed.

RECESS: 12:08 p.m. to 1:28 p.m.

B. Request for Proposal

The Deputy Attorney General expressed a concern that local carriers who may bid on the RFP are attending Committee meetings at which the content of the RFP is being discussed. While many parts of the RFP are fairly standard, allowing the local carriers to hear and engage in discussions on the content of the RFP may result in their having an unfair advantage over carriers who aren't present. Since the Committee hearings were public and open to all, the Committee agreed to continue to allow the local carriers to attend meetings at which the content of the RFP is discussed. In connection with this, it was noted that the evaluation of all proposals received in response to the RFP will be done in Executive Sessions.

1. MOTION was made to formally recommend to the Board the addition of Medicare HMOs (e.g., 65C+), for retirees. (Miyake/Miyahira)
Discussion: None.
Vote: Unanimously passed.

2. Minimum Requirements

MOTION was made to have the following be minimum requirements for proposals responding to the RFP: a Honolulu Office and HMOs must be NCQA accredited. All other potential requirements such as exclusions, group

experience, financial status, and local presence in the islands will be dealt with in other parts of the RFP. (Miyahira/Hidano)

Discussion: There was public comment and discussion that local presence in Honolulu be specified with customer service to avoid time zone differences and long distance phone calls.

MOTION amended to specify a Honolulu Office, including for life insurance.

The motion was further revised to specify City and County of Honolulu and to also include customer service. (Miyake/Lewis)

Discussion: None.

Vote: Unanimously passed.

Vote: Main motion as revised was unanimously passed.

3. Mr. Fukuhara provided the following schedule for the review of the RFP:

- On July 31, review Sections 1, 2, 4, and 5.
- On August 6, review of Performance Standards; Dental/Vision/Life Insurance; and Section 3, Minimum Qualifications.
- August 12, review Performance Standards; Performance Guarantees; and Section 6, Evaluation Process.
- August 20 – Review entire RFP.
- Executive Sessions would be required on October 17 and 24 for Garner to provide their recommendations on the finalists and plan designs; and on October 25, 28, and 29 and November 6 and 7 for Applicant presentations.

a. MOTION was made to adopt the timeline with insertion of Board meeting dates on the days Garner will make their finalist recommendations, and take out “Deadline for Best and Final Offers.” (There should be Board meetings in the afternoon with an invitation to all trustees to attend the morning Benefits Committee meetings.) (Miyahira/Hidano)

Discussion: There were public comments and discussion on revising the timeline to allow more time for review of the RFP.

Motion was made to amend the proposal deadline to October 1.

(Miyahira/Miyake)

Discussion: A change in the proposal deadline would require changes in other deadlines as follows: 1) Garner Recommendations to Committee, a) Vision, Dental, and Life Insurance to October 17, 2002, b) Medical and Prescription Drug to October 24, 2002; 2) Notice to Priority Listed Applicants to Present Plans, a) Vision, Dental, and Life Insurance to October 18, 2002, b) Medical and Prescription Drug to October 25, 2002; and 3) Applicant Presentations, a) Vision, Dental, and Life Insurance to October 25, 28, 29, 2002, b) Medical and Prescription Drug to November 6-7, 2002.

Vote: The motion passed – Yes, Trustees Lewis and Miyahira; Yes (with concerns), Trustees Hidano and Miyake.

Vote: The main motion as amended was unanimously passed.

V. FUTURE AGENDA ITEMS AND NEXT MEETING

The next meeting is scheduled for August 6, 2002, 1:30 p.m. following the Board meeting in State Office Tower, Conference Room 405.

VI. ADJOURNMENT

MOTION to adjourn. (Miyake/Hidano)

Discussion: None.

Vote: Unanimously passed.

Meeting adjourned at 4:18 p.m.

Respectfully submitted,

/s/

John Radcliffe, Chairperson

APPROVED on July 17, 2003.

DOCUMENTS DISTRIBUTED:

1. Recommended Coverages. (4 pages)
2. Prescription Drug Benefits. (3 pages)
3. Minimum Requirements. (2 pages)
4. Request for Proposal. (46 pages)
5. Approved Minutes, Benefits Committee, May 14, 2002. (3 pages)
6. Approved Minutes, Benefits Committee, July 9, 2002. (3 pages)