

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Wednesday, February 23, 2005

TRUSTEES PRESENT

Ms. Katherine Thomason, Chairperson	Mr. Willard Miyake
Ms. Kathleen Watanabe, Vice-Chairperson	Mr. John Radcliffe
Mr. Nelson Befitel (Arrived at 3:11 pm)	Mr. Mark Recktenwald
Ms. Joan Lewis	Mr. Stanley Shiraki (Arrived at 2:20 pm)

TRUSTEES ABSENT

Mr. Gerald Machida, Secretary-Treasurer
Mr. Dayton Nakanelua

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

Mr. James Williams, Administrator	Mr. Zaven Kazazian, Consultant
Mr. Lawrence Nishihara	Mr. Richard Euson, Consultant
Ms. Maria Quartero	Ms. Donna Tonaki
Ms. Kathleen Shiroma	

OTHERS PRESENT

Ms. Lynette Arakawa, HDS	Mr. Rick Jackson, MDX Hawaii
Ms. Sandra Benevides, Kaiser Permanente	Mr. Eleu Kane, Summerlin
Ms. Brandy Ching, Kaiser Permanente	Ms. Doreen Kuroda, DHRD
Ms. Alana Deppe-Mariota, Kaiser Permanente	Mr. Michael Moss, HMSA
Ms. Monica Engle, VSP	Ms. Gertrude Nitta, HGEA-R
Ms. Odetta Fujimori, HSTA-R	Mr. Rod Tam, HMSA
Ms. Elaine Fujiwara, HDS	Mr. George Yamamoto, HGEA-Retirees
Ms. Venice Gabuyo, MBAH	Ms. Lilia Yu-Lum
Ms. Beverly Gotelli, HSTA	

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 2:15 p.m. by Trustee Katherine Thomason, Chairperson, in Conference Room 1935, City Financial Tower, 201 Merchant Street, Honolulu, Hawaii, on Wednesday, February 23, 2005.

Chair Thomason introduced Zaven Kazazian and Richard Euson from Garner Consulting.

II. APPROVAL OF MINUTES

The Board reviewed the draft minutes for January 19, 2005.

MOTION was made to approve the draft minutes for January 19, 2005 as submitted. (Recktenwald/Watanabe) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

III. COMMITTEES

A. Administrative Committee

Chair Recktenwald reported:

1. HIPAA Security Policies and Procedures
The Administrative Committee was briefed by Richard Euson regarding HIPAA Security Policies and Procedures and the electronic procedures that are being developed. The HIPAA compliance deadline for security is April 21, 2005. Confidential draft policy and procedures were circulated to Budget and Finance and ICSD. Staff is working on outstanding issues to be resolved and a final draft of the HIPAA Security Policies and Procedures will be presented at the March 2005 Board meeting.
2. PeopleSoft RFP
The PeopleSoft RFP was sent out on February 1, 2005. Six vendors attended the Pre-proposal conference and 17 vendors registered expressing interest in the RFP.
3. Open Enrollment 2005
Training sessions for DPOs will be held in late March 2005 and early April 2005. Fifty-four informational sessions will be held for employees and retirees. A session will also be held on Molokai. The bid for printing the reference guides and other open enrollment materials came in at \$142,427.40 which is slightly higher than expected. Funds are available to cover the increase of \$4,527.40.
4. PEHF Refund Project
75,000 refund checks were mailed to former PEHF members ranging from \$.02 – approximately \$250.00. All checks have been mailed except for 900 checks for beneficiaries that have passed away. A separate letter will be sent to the next of kin explaining the procedure for claiming the refund. It is estimated that as many as 6,000-8,000 may be returned as undeliverable and the temporary clerks will be assisting in locating current addresses so that these checks may be delivered.
5. Direct Deposit of Medicare Part B Premium Refunds
Mr. Aburano briefed the Administrative Committee on the legal issues involved in the EUTF utilizing information from the ERS in order to deposit Medicare Part B refunds directly into retiree accounts. The only thing that Mr. Aburano was waiting for to complete his review was any comments from the deputy attorney general who advises the DCCA's financial institutions division. Staff is ready to proceed pending those comments, if any. The goal is to implement the direct deposit project by the 3rd quarter and to put a notice in the June 30th refund letter.
6. Carriers Performance Standards
There was one carrier that failed to meet a standard and that standard does not have a penalty. It is not considered a significant problem.

7. Benefits Consultant RFP

The Administrative Committee recommends that the Board adopt the staff's draft of the Benefits Consultant RFP. Discussion will be held in Executive Session.

Trustee Shiraki arrived at 2:20 p.m.

8. Proposed Legislation Affecting EUTF

An overview was given by Chair Rectkenwald regarding bills affecting the EUTF and the Administrative Committee's recommendations (see handouts).

Mr. Williams presented methods for estimating the costs that could result from passage of SB1052. Discussion held by Trustees regarding SB1052, concerns about submitting the estimated costs to the legislature, the assumptions involved in the cost estimations, and having other State agencies participate in providing information.

Overview by Mr. Williams regarding the draft fact sheet that he had prepared relating to the VEBA bills. Further discussion held by the Trustees, staff, and public regarding the VEBA bills (HB0122, HB1608, SB0579), the draft fact sheet, and SHOPO bills (HB1545, SB1566).

Trustee Befitel arrives at 3:11 p.m.

Discussion held by Trustees and staff regarding the Trustees concerns about the consultant's special report for 2003 and 2004.

Trustee Recktenwald said that the recommendation of the Administrative Committee was for the Board to adopt the Committee's recommendations regarding the bills affecting the EUTF excluding SB1052, SHOPO bills (HB 1545, SB1566), and the VEBA bills (HB0122, HB1608, SB0579). The excluded bills would require further discussion by the Board.

MOTION was made to accept the draft fact sheet relating to the VEBA bills that the Administrator presented with an amendment to delete two paragraphs under data and that there be a statement as to the bottom line figure on the fiscal impact of HSTA pulling out. (Watanabe/Shiraki) After discussion by Trustees, the motion failed. (Employer Trustees-5, Yes-Befitel, Recktenwald, Thomason, Shiraki, Watanabe /Employee-Beneficiary Trustees-3, No-Lewis, Miyake, Radcliffe)

Further discussion held by Trustees regarding submitting the draft fact sheet to the legislature.

MOTION was made to authorize the Administrator to provide testimony which neither supports nor opposes the VEBA bills but provides information. (Recktenwald/Watanabe) After discussion by Trustees, the motion failed. (Employer Trustees-5, Yes-Befitel,

Recktenwald, Thomason, Shiraki, Watanabe /Employee-Beneficiary Trustees-3, No-Lewis, Miyake, Radcliffe)

MOTION was made to approve the recommendation of the Administrative Committee on legislation (see handouts) excluding the VEBA bills (HB0122, HB1608, SB0579) and the SHOPO bills (HB1545, SB 1566. (Recktenwald/Befitel) The motion passed. (Employer Trustees-4 Yes-Befitel, Recktenwald, Thomason, Watanabe, 1 No-Shiraki/Employee-Beneficiary Trustees-3 Yes-Lewis, Miyake, Radcliffe)

B. Benefits Committee

No Benefits Committee meeting was held.

1. Quarterly Financial Report of the Carriers

Mr. Kazazian reported that Aetna, HMSA, VSP, and Royal State have surpluses. HDS has a slight deficit. Royal State had a surplus for \$53,512.00 and a check was received for \$45,862.00. The difference of \$7,650.00 is for interest claimed by Royal State. Garner Consulting, Mr. Aburano, and the EUTF staff are reviewing Royal State's deduction for interest. Discussion on this will be held in Executive Session.

IV. OTHER REPORTS

A. Administrator

Mr. Williams reported:

1. February Update (see written report)

a. 2005 Open Enrollment Update

Discussed under the Administrative Committee report.

b. PeopleSoft RFP Update

Discussed under the Administrative Committee report.

c. PEHF Refund Project

Discussed under the Administrative Committee report.

d. Direct Deposit of Medicare Part B Premium Refunds in Cooperation with ERS

Discussed under the Administrative Committee report.

e. Update on Impact of Budget Adjustments

Mr. Lawrence Nishihara reported that DHRD Safety Branch inspected the EUTF and did not find any OSHA violations. The DHRD Safety Branch stated that it was not a big issue at this time because there is no official (filed) complaint. Recommendation was made by the DHRD Safety Branch to look into extending desk space for the two computer monitors. DHRD Safety Branch will be submitting a formal report.

f. Proposed Legislation Affecting EUTF

Discussed under the Administrative Committee report.

g. CHAT (Choosing Health Plans All Together)

An overview was given by Mr. Williams regarding CHAT (see summary).

Mr. Williams recommended that the Board authorize the Administrator to schedule a CHAT session in the summer for the EUTF Trustees and management staff to

participate. There being no objections by the Trustees, the Administrator is authorized to schedule CHAT sessions in the summer.

B. DEPUTY ATTORNEY GENERAL: None

C. BENEFITS CONSULTANT

Mr. Kazazian reported:

1. Annual Report and Special Report

The Annual Report was given to the Trustees and public (see handout). Additional information requested from the carriers will be provided as soon as possible.

2. Aetna Life Insurance Surplus

Aetna has a surplus of \$852,778 and the terms of Aetna's proposal call for Aetna to hold any surplus in a reserve account. The Benefits Consultant believes that Aetna may be willing to return the surplus early if the Board requests it. Recommendation by the Benefits Consultant for the Board to request that Aetna return the surplus to the EUTF

MOTION was made for the Board to request that Aetna return the surplus to the EUTF. (Radcliffe/Watanabe) The motion passed unanimously. (Employer Trustees-5 /Employee-Beneficiary Trustees-3)

3. Aetna Life Insurance Claim Audit

A report was provided to the Trustees. There was an overpayment error but Aetna has identified it and is in the process of recouping. According to the consultant, Aetna is doing a fine job.

4. Garner Consulting Bulletin – January 2005

Mr. Euson gave an overview regarding the Garner Consulting Bulletin (see bulletin) on the HIPAA portability regulations. He reported that the regulations take effect on plan years beginning July 1, 2005. He stated that the EUTF is compliant with the portability regulations and that Garner is working with the EUTF staff and carriers to make sure that the certificates creditable coverage reflects the new requirements.

Mr. Kazazian reported on Health Savings Accounts (HSA). The Department of Labor has made modifications to the rules of HSAs. He recommends that an educational session on HSAs be scheduled in the future.

D. Financial Report as of December 31, 2004

Overview by Ms. Tonaki regarding the financial report (see handouts). No significant changes have been made. On the statement of cash flows, the quarterly Medicare part B reimbursements of \$6.6 million were sent out in December.

E. Carrier's Reports

1. Aetna
Written report submitted.
2. HDS
Written report submitted. Ms. Fujiwara reported that HDS will be sponsoring a Tooth Fairy Fun Day this Sunday.
3. HMSA
Written report submitted. Mr. Tam gave updates to HMSA's report: 1) Data by bargaining units will be provided by Friday, February 25, 2005 to Garner Consulting; 2) HPD, Leahi Hospital, and Maluhia Hospital have taken advantage of bringing Health Pass to the worksite. It is encouraged that other employers participate.
4. Kaiser Permanente
Written report submitted.
5. MBAH
Written report submitted.
6. Royal State Insurance
Written report submitted.
7. VSP
Written report submitted.

V. UNFINISHED BUSINESS: None

VI. NEW BUSINESS

A. HIPAA-Memorandum of Agreement (MOA)

Overview by Mr. Aburano regarding revisions made to the HIPAA-MOA after receipt of comments by Garner Consulting.

MOTION was made to approve the HIPAA-MOA with the revisions and to authorize the Chair to sign the HIPAA MOA on behalf of the Board. (Miyake/Radcliffe) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

B. Positions on Proposed Legislation Affecting EUTF

Discussed and acted on under the Administrative Committee report.

C. Request Return of Aetna Life Insurance Surplus

Discussed and approved under Benefits Consultant report.

VII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES: None

VIII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

Administrative Committee meeting scheduled for Tuesday, March 22, 2005, 8:30 a.m., CFT-room 1935.

Benefits Committee scheduled for Tuesday, March 22, 2005, 10:30 a.m., CFT-room 1935.

Regular Board meeting scheduled for Tuesday, March 22, 2005, 1:00 p.m., CFT-room 1935.

IX. EXECUTIVE SESSION

Motion was made to go into Executive Session to consult with the Board's attorney regarding (1) O'Gorek and Awakuni lawsuits; (2) Benefits Consultant RFP; (3) Direct Deposit of Medicare Part B; and (4) Royal State Insurance Interest Charge at 3:56 p.m. (Radcliffe/Watanabe) The motion passed unanimously. Employer Trustees-5/Employee-Beneficiary Trustees-3)

Recess at 3:56 p.m. and Reconvened at 4:00 p.m.

Motion was made to move out of Executive Session. (Watanabe/Lewis) The motion passed unanimously. Employer Trustees-5/Employee-Beneficiary Trustees-3)

Executive Session adjourned at 4:26 p.m.

Executive Session Report:

1. Benefits Consultant RFP

The Board approved the staff's draft Benefits Consultant RFP, authorized issuance of the RFP on March 1, 2005, and authorized the Administrator to make non-substantive editorial changes to the RFP.

X. ADJOURNMENT

MOTION was made to adjourn the regular meeting. (Radcliffe/Recktenwald) The motion passed unanimously. (Employer trustees-5/Employee-Beneficiary trustees-3)

The meeting was adjourned at 4:27 p.m.

Respectfully submitted,

/s/

Gerald Machida, Secretary-Treasurer

APPROVED on March 22, 2005.

Documents Distributed:

1. Draft Minutes for January 19, 2005.

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2. Memorandum to BOT from Administrator regarding February Administrator Report dated 2/15/05. (7 pages)
3. Letter to BOT from Garner Consulting regarding February Benefit Consultant Report dated 2/9/05. (2 pages)
4. Garner Consulting Bulletin for January 2005. (2 pages)
5. EUTF Statement of Net Assets (Unaudited) dated 2/16/05. (1 page)
6. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 6 Months Ended 12/31/04 (Unaudited) dated 2/16/05. (1 page)
7. EUTF Statement of Cash Flows 6 Months ended 12/31/04 dated 2/16/05. (1 page)
8. Proposed Legislation Affecting EUTF-House Bills dated 2/15/05. (12 pages)
9. Proposed Legislation Affecting EUTF-Senate Bills dated 2/15/05. (11 pages)
10. Approved Minutes for 11/17/04. (8 pages)
11. Approved Minutes for 12/15/04. (9 pages)