

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, March 18, 2003

TRUSTEES PRESENT

Ms. Audrey Hidano, Vice-Chairperson
Ms. Joan Lewis, Secretary-Treasurer
Mr. Bob Awana
Mr. Gerald Machida

Mr. Neal Miyahira
Mr. Will Miyake (Left-10:10 am)
Mr. Dayton Nakanelua
Mr. John Radcliffe

TRUSTEES ABSENT

Ms. Kathryn Matayoshi
Mr. Davis Yogi

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

Mr. H. Mark Fukuhara, Administrator
Ms. Maria Quartero
Mr. Gary Sanehira
Ms. Kathleen Shiroma

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

OTHERS PRESENT

Ms. Lynette Arakawa, HDS
Ms. Nani Crowell, HSTA MBC
Ms. Alana Deppe-Mariota, Kaiser Permanente
Ms. Doreen Kuroda, DHRD
Mr. Tracy Matsumoto, ChiroPlan
Ms. Sarah Moriyama, ORTA

Mr. Michael Moss, HMSA
Ms. Karen Muronaka, HSRTA
Mr. Rod Tam, HMSA
Ms. Lori Taniguchi, Royal Insurance
Ms. Lilia Yu-Lum, RSN
Mr. George Yamamoto, HGEA-Retirees

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:07 a.m. by Trustee Audrey Hidano, Vice-Chairperson, in Conference Room 405, Leiopapa A Kamehameha Building, 235 South Beretania Street, Honolulu, Hawaii, on Tuesday, March 18, 2003.

II. APPROVAL OF MINUTES

The Trustees reviewed the minutes for September 5, 2002 and September 10, 2002.

MOTION was made that the Board approve the minutes for September 5, 2002 and September 10, 2002 as circulated. (Miyahira/Radcliffe) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

There being no objections by the Trustees, agenda item V.A. is taken out of order.

V.A. Final terms and conditions of health benefits plans and group life insurance plans and awards of contracts, to be effective July 1, 2003, under RFP 03-001 is taken out of order.

Health Benefits Plans

Ms. Reagan stated that they went back to the carriers to have the premiums come in at or very close to 60% of HMSA's premiums. She reported the following: (1) Royal State - is lowering the deductible to \$2,000 per person and the family maximum to \$6,000 for the dual coverage medical plan; (2) Dental - is raising the maximum benefit premium to \$800; (3) Vision - went to a plan where once a year a person can have up to \$75.00 for materials without any limitation on whether it is for frames or lenses. There is a \$10 co-payment for office visit. These changes are reflected in the revised plan recommendations (see handout).

Rates for Actives/Retirees

Ms. Reagan reported that the active rates distributed to the Trustees reflect the updates requested by the Trustees. There were no changes to the retiree rates but an updated chart was distributed to the Trustees that added a column for life insurance (so the total column reflects everything) and a column for percentage increases. For the active rates, the main changes made from last week are to the Royal State, dental, and vision premiums for the dual coverage plans. A line was inserted to show how much the carriers increased their rates from year one to year two.

Ms. Reagan stated that for the most part, these increases are good or in line with what is going on nationally. The Board needs to remember that the HMSA and Kaiser rates are not-to-exceed rates. A copy of the updated rates will be e-mailed to the Trustees today. Discussion held by Trustees, deputy attorney general, and consultant regarding lowering the level of benefits in the second year. Further discussion by the Trustees and consultant regarding negotiations for second year benefits/premiums.

MOTION was made that the Board approve the final rates for the actives' and retirees' health plans. (Miyahira/Radcliffe) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

Mr. Garner stated that they are still in the process of negotiating the terms and conditions of the contracts and will finalize those terms and conditions based on the authority that the Board has previously given to the Administrator to sign contracts.

III. COMMITTEE REPORTS

A. ADMINISTRATIVE COMMITTEE: None

B. RULES COMMITTEE

1. Regarding final draft of Administrative Rules (10/03/02)

a. Memos from Mel Higa (10/15/02, 10/18/02, 10/23/02, 10/23/02, 10/25/02)

Mr. Higa stated that his letters were submitted to the Contracts Officer under the provisions of the RFP and should have been addressed and amended by the Contracts Officer and not the Board. He summarized the letters that he submitted regarding the RFP and rules changes. Vice-Chair Hidano stated that the Rules Committee is specifically discussing Mr. Higa's letters related to the rules.

Overview by Mr. Aburano addressing some of Mr. Higa's comments in his letters. Discussion held by Trustees whether the Board should defer Mr. Higa's letters to the Rules Committee. Mr. Aburano stated that he prepared a memorandum for the Board to review. He does not think that any rule that Mr. Higa is commenting on needs to be changed now. There are some items that the Board or Rules Committee could review in the future. The Trustees will review Mr. Aburano's memorandum and this item will remain on the agenda to defer to the Rules Committee. Mr. Higa requested a copy of Mr. Aburano's memorandum.

b. Letters from Charles Khim 10/25/02, 2/4/03, 2/10/03)

Vice-Chair Hidano noted that Mr. Khim is not in attendance to address his letters.

C. BENEFITS COMMITTEE

Mr. Fukuhara stated that the items under the Benefits Committee are moot and it is the Board's decision whether to discuss these items. Trustee Miyake stated that his concerns related to the RFP can be handled in a better fashion next time. Discussion held by the Trustees and staff regarding the handling of the RFP. Mr. Higa stated that his letters regarding the RFP should have been addressed by the RFP deadline dates. Mr. Aburano stated that at the time Mr. Higa's letters came in, they appeared to be comments from Mr. Higa as a member of the general public rather than a potential offeror's questions regarding the RFP or requests for changes to the RFP. Mr. Garner stated that to the extent that Mr. Higa's letters requested changes to the RFP there was nothing to obligate the Board to change the RFP. Requests may come in and be considered and these letters were distributed at Board meetings. He does not think there was any violation of any rule. Mr. Higa stated that his letters should have been considered pursuant to the RFP and if changes are made it should be part of the RFP but the point is that the Board did not answer his letters.

1. Trustees' review of questions and answers to RFP No. 03-001 [No action taken]
2. List of requests for changes to RFP (10/17/02) [No action taken]
3. Letter from Trustee Will Miyake (11/20/02) [No action taken]
4. Draft letter to Mel Higa [No action taken]

IV. OTHER REPORTS

A. ADMINISTRATOR

1. EUTF/PEHF Transition: None

2. Open Enrollment Update

Overview by Mr. Fukuhara regarding the open enrollment sessions (see schedules). Discussion held by Trustees and staff regarding administrative leave (time-off) for teachers and others to attend open enrollment sessions.

Mr. Fukuhara reported that the IFB for printing was issued. The bidders must meet certain requirements and if they do, the bidder with the lowest bid is awarded the

contract. Mr. Fukuhara is recommending that the Board authorize the EUTF staff to choose a vendor for printing after the bidding process is done.

MOTION was made that the Board authorize the EUTF staff to choose a vendor for printing after the bidding process is done. (Miyahira/Radcliffe) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5) [Trustee Miyake left at 10:10 a.m.]

Overview by Mr. Fukuhara regarding information for actives. Mr. Fukuhara is recommending that the Board authorize the EUTF staff to print current plan information on the enrollment forms for actives.

MOTION was made that the Board authorize the EUTF staff to print current plan information on the enrollment forms for actives. (Miyahira/Radcliffe) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Mr. Fukuhara recommends that the Board authorize the Administrator to go to the unions directly and ask if they are willing to share information on their health plans for their members with the EUTF.

MOTION was made that the Board authorize the Administrator to go to the Unions directly and ask if they are willing to share information on their health plans for their members with the EUTF. (Miyahira/Radcliffe) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

3. Segal's 2nd Quarter Report for Health Fund
Mr. Fukuhara stated that a copy of Segal's 2nd Quarter Report for Health Fund was in the Trustees packet for their information. Discussion held by the Trustees and staff regarding the assets of the PEHF.
4. Letter to the Governor
Overview by Mr. Fukuhara regarding the draft letter to Governor Lingle that was in the Trustees packet asking for her opinion on whether premiums should/will be paid by employers, employees or both. Discussion held by Trustees and staff regarding the draft letter. The Trustees decided that the draft letter should be revised to make it more general. There being no objections by the Trustees, the Administrator will so revise the letter and finalize it.
5. Printing of Active/Retiree Booklets
Mr. Fukuhara recommends that the Board authorize the EUTF staff and consultant to finalize the active/retiree booklets and prepare for printing.

MOTION was made that the Board authorize the EUTF staff and consultant to finalize the active/retiree booklets and prepare for printing. (Nakanelua/Radcliffe) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

- B. DEPUTY ATTORNEY GENERAL: None
- C. BENEFITS CONSULTANT
Mr. Garner introduced Joel Reed from Aetna Insurance. He will be working with the EUTF.
- V. UNFINISHED BUSINESS
A. Final terms and conditions of health benefits plans and group life insurance plans and awards of contracts, to be effective July 1, 2003, under RFP 03-001
This item was taken out order and action taken earlier on agenda.
- VI. NEW BUSINESS
A. Election of New Chair or Interim Chair
Deferred to next Board meeting.
- VII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES: None
- VIII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE
Board meetings are scheduled for April 7, 2003, 10 a.m. and April 22, 2003, 9:00 a.m.
- IX. EXECUTIVE SESSION: None
- X. ADJOURNMENT
MOTION was made to adjourn the regular meeting. (Lewis/Radcliffe) The motion was passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)
- The meeting was adjourned at 10:26 a.m.

Respectfully submitted,

/s/

Katherine Thomason, Secretary-Treasurer

APPROVED on June 15, 2006.

Documents Distributed:

1. Draft Board Minutes for 9/5/02. (11 pages)
2. Draft Board Minutes for 9/10/02. (4 pages)
3. Projected DPO/SASA Open Enrollment Training dated 3/18/03. (2 pages)
4. Segal's 2nd Quarter Report for Health Fund dated 2/28/03. (16 pages)
5. Testimony by Administrator regarding SB789 for 3/14/03 Hearing. (2 pages)

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

March 18, 2003 Minutes

PAGE 6

6. Star Bulletin Article on “Health Benefits Sweetened with No Cost to Retirees dated 3/14/03.
(1 page)
7. Star Bulletin Article on “Health Plan Cost May Rise by as Much as 54 Percent” dated 3/18/03.
(1 page)
8. Active Rates dated 3/18/03 and Corrected on 3/19/03. (2 pages)
9. Retiree Rates dated 3/18/03 and Corrected on 3/19/03. (2 pages)
10. EUTF Plan Recommendations dated 3/13/03 and 3/18/03. (7 pages)