

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Thursday, March 18, 2010

TRUSTEES PRESENT

Mr. George Kahooanohano, Chairperson	Mr. Darwin Ching
Mr. Bobby Lee, Vice Chairperson	Ms. Marie Laderta
Mr. Stanley Shiraki, Secretary-Treasurer	Dr. J.N. Musto
Ms. Barbara Annis	Mr. Randy Perreira
Mr. Ron Boyer	

TRUSTEES ABSENT: None

ATTORNEY

Mr. Russell Suzuki, Deputy Attorney General

EUTF STAFF

Ms. Sandi Yahiro, Acting Assistant Administrator	Ms. Joni Tamayo-Wilson, Consultant
Ms. Maria Quartero	Mr. Rod Tam, Consultant
Ms. Kathleen Shiroma	
Ms. Donna Tonaki	
Ms. Nicole Wong	

OTHERS PRESENT

Ms. Lynette Arakawa, HDS	Ms. Bonny Kahalewai, Standard Insurance
Mr. Tracy Ban, B&F	Mr. Jack Katahira, HGEA-R
Ms. Nikki Bassett, informedRx	Ms. Doreen Kuroda, DHRD
Ms. Sandra Benevides, Kaiser Permanente	Ms. Alice Kotake, HSTA-R
Mr. Lawrence Chen, Grant Thornton	Mr. Blaise Liu, Royal State
Ms. Monica Engle, VSP	Mr. Derek Mizuno, HGEA
Ms. Elaine Fujiwara, HDS	Mr. Michael Moss, Kaiser Permanente
Mr. Cory F., CVS	Mr. Tony Saguibo, HMSA
Mr. Mark Fukuhara, ABC LLC	Ms. Kimberly Svetin, Molokai Drugs
Ms. Wendy Hamada, HMA	Mr. Phil Takaba, HMSA
Ms. Donna Higashi, HSTA-Retired	Ms. Jennifer Tobin, C&C/DHR
Ms. Florence Imai, HGEA, Retired	Ms. Valerie Trechter, Kaiser Permanente

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:00 a.m. by Trustee George Kahooanohano, Chairperson, in EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Thursday, March 18, 2010.

MOTION was made for the Board to approve to amend the agenda to add Election of Vice-chairperson under 1st of Order of Business and V. New Business, item I. (Shiraki/Laderta) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Trustee Bobby Lee was nominated for vice-chairperson. (Shiraki)

MOTION was made to close nomination. (Shiraki/Laderta). The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Trustee Bobby Lee was elected vice-chairperson by virtue of being the only trustee nominated for that position.

Ms. Georgina Kawamura, director of the Department of Budget & Finance (B&F) stated that as an attached agency, B&F has been assisting the EUTF but a leader needs to present in the office. Ms. Kawamura introduced Sandi Yahiro, deputy at DAGS and stated that she will be on temporary assignment to the EUTF as the Acting Assistant Administrator. She asked that the Board appoint an Administrator quickly.

II. APPROVAL OF MINUTES

The Board reviewed the draft minutes for November 23, 2009.

The minutes for the meeting of November 23, 2009 is amended as follows: line 3, delete "2009" and add "2010".

There being no objections by the Trustees, the minutes for November 23, 2009 were approved as amended.

III. REPORTS

A. EUTF Staff Reports

1. December Update

a. PeopleSoft Support

Overview by Ms. Shiroma regarding PeopleSoft Support (see IT's Operation report).

b. Vitech Systems Group, Inc. – V3 Benefits Administration System Implementation

Overview by Ms. Shiroma regarding V3 Benefits System implementation (see IT's Operations report).

c. IT Support by Gartner, Inc. – SPO Approved Vendor

Overview by Ms. Shiroma regarding IT support by Gartner, Inc. (see IT's Operations report).

d. Update on Request to Amend Vitech Contract

Overview by Ms. Shiroma regarding update on Request to Amend Vitech contract. (see IT's Operations report).

- e. IT Support by Gartner, Inc. – SPO Approved Vendor
Ms. Shiroma reported that Gartner will present their eighth project oversight and risk assessment report later on the agenda. (see IT's Operations report).

Update on Recruitment for IT Vacant Position

Overview by Ms. Shiroma regarding update on recruitment for IT vacant position (see IT's Operations report).

- f. Member Services Branch Operations Update
Written report submitted (see MSB's Operations report).

Chair Kahooohanohano announced that Ms. Nicole Wong is on vacation. If Trustees have any questions regarding items g.-h, they may contact Ms. Nicole Wong.

- g. 2010 Open Enrollment Summary
Written report submitted (see MSB's Operations report).

- h. Update on Implementation of Dependent Eligibility Audit
Overview by Chair Kahooohanohano regarding the update on implementation of dependent eligibility audit (see MSB's Operations report). Discussion held by Trustees and staff regarding identifying by departments to be given to appropriate DPOs. Ms. Shiroma stated the EUTF will check if Segal provided that information to the EUTF.

- i. Update on Implementation of Prescription Drugs Claim Audit
Overview by Ms. Tonaki regarding update on implementation of prescription drugs claim audit (see Accounting's Operations report).

- j. Update on Contract for Custodian Services
Overview by Ms. Tonaki regarding update on contract for custodian services (see Accounting's Operations report).

- k. Update on GASB Actuarial Valuation Contract Extension
Overview by Ms. Donna Tonaki regarding update on GASB Actuarial Valuation contract extension (see Accounting's Operations report).

- l. FY09 Financial Audit
Overview by Ms. Tonaki regarding the status of the FY09 Financial Audit (see Accounting's Operations report). Further discussion will be held in Executive Session.

- m. Accounting Issues
Overview by Ms. Tonaki regarding the accounting issues (see Accounting's Operations report).
 - n. Recruitment for Vacant Positions
This item was addressed during managers' reports.
- B. Project Oversight and Risk Management Assessment – Gartner, Inc.
Ms. Rosy Spraker presented the Project Oversight and Risk Management Assessment report (see report).
- C. Deputy Attorney General
- 1. Update on Everson Case
Mr. Russell Suzuki reported that the Supreme Court has rendered no decision.
 - 2. Other
Mr. Suzuki stated there is nothing else to report.
- D. Benefits Consultant
- 1. February Report
 - a. Updated Timeline
Overview by Ms. Joni Tamayo-Wilson regarding the updated timeline (see Consultant's report).
 - b. Active and Retiree Newsletter Drafts
Overview by Ms. Joni Tamayo-Wilson regarding the Active and Retiree newsletters (see Benefits Consultant report).
 - c. informedRx Implementation Contract Credit
This item will be addressed in Executive Session.
 - d. RSN-Supplemental Surplus for FY08
Overview by Ms. Tamayo-Wilson regarding Royal State's supplemental surplus for FY08 (see Benefits Consultant report).
 - e. Update on Fully-Insured Benefit Design Options for Active Plan Benefits and Rates Effective 7/1/2010 through 6/30/2011
This item will be addressed in Executive Session.
 - f. Update on Self-Funded Benefit Design Options for Active Plan Benefits and Rates Effective 7/1/2010 through 6/30/2011
Overview by Ms. Tamayo-Wilson regarding the self-funded benefit design options for active plan benefits and rates effective 7/1/2010 through 6/30/2011

(see Benefits Consultant report). Ms. Tamayo-Wilson stated that Aon's recommends that the Board approve the 26.2% active rate increase. Discussion held by Trustees and benefits consultant regarding concerns about what Aon's recommendation is based on, how Aon can make a recommendation if additional documents are needed, and providing information/documents to the Board prior to meetings not on the day of Board meetings. Trustee Annis expressed her concern that a dedicated meeting should be held when reviewing and discussing rates and benefits. There being no objects by the Trustees, Aon will review others options and provide additional documents at the next Board meeting. Ms. Tamayo-Wilson stated in reviewing most recent claims, she sees inconsistencies and will get information from Tim Nimmer and Justin Kindy.

- g. 2010 EUTF Administrative Fees
Overview by Ms. Tamayo-Wilson regarding 2010 EUTF administrative fees (see Benefits Consultant report).
- h. Base Monthly Contributions (BMC)
Overview by Ms. Tamayo-Wilson regarding BMC on two levels (see Benefits Consultant report). Ms. Tamayo-Wilson stated the Board may want to consider reviewing BMC with the two levels.
- i. 2010 Open Enrollment Support/Aon Optional Services
Overview by Ms. Tamayo-Wilson regarding Aon's support for the EUTF open enrollment and that further discussion will be held in Executive Session (see Benefits Consultant report). Trustee Perreira stated since Aon has put forth rates they apparently do not feel proprietary concerns and does not see why additional services Aon is going to propose should not be discussed in open meeting. Mr. Tamayo-Wilson continued her overview regarding Aon's support to the EUTF for open enrollment guides.
- j. HSTA Integration for July 2010
Overview by Ms. Tamayo-Wilson regarding HSTA integration for July 2010 (see Benefits Consultant report). Aon recommends requesting HSTA claims and eligibility data be submitted to the EUTF within the next month for an analysis. Chair Kahooohanohano stated the EUTF does not know what is happening at the Legislature but the EUTF should be preparing if HSTA is returning to the EUTF. Trustee Shiraki asked if he could make a motion to amend the agenda to add HSTA-Request for Information. Chair Kahooohanohano asked the deputy attorney general if this item can be added now or should have been done in the beginning of the meeting. Mr. Russell Suzuki stated that it is okay to amend to add items to the agenda as long as it does not impact the public significantly.

MOTION was made for the Board to approve to amend the agenda to add HSTA-Request to submit claims and eligibility data to the EUTF - Approval under item D. Benefits Consultant Report, item 1.j. and V. New Business, item J. (Shiraki/Annis) The motion passed. (Employer Trustees-5 YES-Annis, Boyer, Ching, Laderta, Shiraki/Employee-Beneficiary Trustees-3 YES-Kahooahanohano, Lee, Perreira; NO-Musto)

- k. Contract Extension
This item will be addressed in Executive Session.

- l. Update on Staff
Overview by Ms. Tamayo-Wilson regarding staffing (see Benefits Consultant report).

- m. Self Funded Plans IBNR and Utilization Reports
Ms. Tamayo-Wilson stated that the reports will available at the next Board meeting. There being no objections by the Trustees, this item is deferred until the next Board meeting.

- n. Performance Guarantees – 4th Qtr 2009
Overview by Ms. Tamayo-Wilson regarding the performance guarantees (see Benefits Consultant report and Performance Summary Report. Discussion held by Trustees and benefits consultant regarding carriers who did not meet performance guarantees for financial accuracy. Mr. Rod Tam stated annual measure will be reviewed for fiscal year.

- o. Draft Annual Report for Fiscal Year 2009
Ms. Tamayo-Wilson reported that the Final Annual Report for fiscal year 2009 will be provided at the next Board meeting.

- p. COBRA Premium Subsidy Extension
Overview by Ms. Tamayo-Wilson regarding the COBRA premium subsidy extension (see Benefits Consultant report). Dr. Musto asked if the EUTF have been compliant within the law in sending COBRA notices and if there are any complaints in regards to not receiving COBRA notices. Ms. Shiroma stated none to her knowledge. The EUTF staff will follow-up and provide that information at the next Board meeting.

- q. Aon Consulting's Health Care Trends Survey Report
Overview by Ms. Tamayo-Wilson regarding Aon Consulting's Health Care Trends Survey Report (see report).

E. Financial Report as of October 31, 2009 and November 30, 2009

Ms. Donna Tonaki stated that the October 31, 2009 and November 30, 2009 financial reports were in the Trustee packets. Overview by Ms. Tonaki regarding the financial report as of November 30, 2009. Discussion held by Trustees and Ms. Tonaki regarding Royal State's reimbursement. Ms. Tonaki stated that Royal State's reimbursement was received after November 2009 and will be reported as cash and a receivable and already included in the reserves. Ms. Tonaki summarized experience accounting of self-funded plan summary of first 7 months of FYE 6/30/2010 that was distributed to Trustees. Aon to research why there is a large gain for HMSA.

F. Carriers

1. HDS

Written reports submitted.

2. HMSA

No written report submitted. Mr. Saguibo reported that Mr. Rod Tam is no longer with HMSA and HMSA is in the process of recruiting someone for that position. At this time, Mr. Phil Takaba and himself will be the EUTF representatives. Effective July 1, 2010, HMSA is deleting "Report to Member" but member may request a paper copy.

3. HMA

Written reports submitted.

4. informedRx (NMHC)

Written reports submitted.

5. Kaiser

Written reports submitted.

6. Royal State Insurance

Written reports submitted.

7. Standard Insurance

Written reports submitted.

8. VSP

Written report submitted.

IV. UNFINISHED BUSINESS

A. Administrator Recruitment Activities

This item will be addressed in Executive Session.

B. Benefit Plan Administrators Performance and Contract Issues Resolution

This item will be addressed in Executive Session.

C. informedRX Implementation Contract Credit

This item will be addressed in Executive Session.

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- D. Fully-Insured Benefit Design Options for Active Plan Benefits and Rates Effective 7/1/2010 through 6/30/2011
This item will be addressed in Executive Session.
 - E. Self-Funded Benefit Design Options for Active Plan Benefits and Rates Effective 7/1/2010 through 6/30/2011
This item was addressed during the Consultant's report.
 - F. Collection of Social Security Numbers for Dependents of Active Employees – Optional
Chair Kahooohanohano stated that he has questions why social security numbers are required and will need to wait until Ms. Nicole Wong returns to the office.
Trustee Perreira stated that there is strong opposition to this requirement. There being no objections by the Trustees, this item is deferred until the next Board meeting.
 - G. Assignment of Rate Tier for Determination of Base Monthly Contribution
Ms. Donna Tonaki summarized what was presented at the December Board meeting regarding the assignment of rate tier for determination of the base monthly contribution.
- V. NEW BUSINESS
- A. Dependent Eligibility Audit – Appeals Process
This item will be addressed in Executive Session.
 - B. Dependent Eligibility Verification - On-going
There being no objections by the Trustees, this item is deferred until the next Board meeting.
 - C. 2010 Open Enrollment Support/Aon Optional Services
This item will be addressed in Executive Session.
 - D. Contract Extension - Standard Life Insurance
This item will be addressed in Executive Session.
 - E. Self-Funded Plans IBNR and Utilization Reports
This item was addressed during the Consultant's report and is deferred until the next Board meeting.
 - F. Positions on Legislative Issues
Overview by Trustee Annis regarding concerns on HB2641 – mail order prescription drugs. Trustee Annis stated that there are several bills changing the make-up of the Board. Discussion held by Trustees regarding the concerns on HB2641. The EUTF staff will provide an updated list of current bills affecting the EUTF.

- G. Procurement to Engage the Services of a Contractor to Assist the EUTF in Planning and Coordinating the Return of VEBA Beneficiaries
This item will be addressed in Executive Session.
- H. To Consider Hiring and Appointment of Administrator
This item will be addressed in Executive Session.
- I. Election of Vice-chairperson
This item was addressed during 1st Order of Business.
- J. HSTA – Request to Submit Claims and Eligibility Data to the EUTF
Trustee Shiraki stated he realizes that some Trustees may not agree that VEBA should return but that the Board needs to prepare for their return. Discussion held by Trustees and Aon regarding VEBA impacting the premiums/rates. Ms. Tamayo-Wilson stated that Aon believes that there may be an impact on the rates but is not prepared until Aon can review the information. Dr. Musto asked the deputy attorney general if there is anything by law that gives the Board the authority or would require the HSTA to provide the information. Mr. Russell Suzuki stated that he thinks the Board would need the information in order to prepare the plans. Trustee Perreira and Dr. Musto stated that was not the question. Mr. Suzuki stated yes, the Board has the right to get the information. Trustee Perreira stated you have the right to request but are you compelled by law to provide it. Mr. Suzuki stated that would have to be litigated if they do not provide the information but does not see how the Board can develop a plan without the information. Dr. Musto stated that is not his question. Mr. Suzuki stated that is his response and if the Board wants a legal response he would need to take it back and research the issue. His present response is how do you develop a plan if you do not have that information available. It is the Board's responsibility. Mr. Suzuki stated that the question would be to Aon if they would need the information from HSTA to provide a recommendation to the Board and asked if Aon had any information. Ms. Tamayo-Wilson stated that Aon does not have any information for HSTA-VEBA and will need that information to make a recommendation if VEBA is coming back. Mr. Suzuki stated that what the Board needs to do for Aon to fulfill their contractual responsibility to the EUTF is to request that HSTA provide the information and if they do not provide the information then the EUTF will have to deal with it at that time. Dr. Musto stated that he will support the motion only if it read that the EUTF Board request that the HSTA voluntarily provide information necessary for determination of the rates should members of the HSTA by some act of the Legislature be brought back into this coverage. Trustee Shiraki stated when the law first passed to allow VEBA, the EUTF and administration bent over backwards to provide the information. He assumes that if the law brings them back they would do the same for the EUTF. Mr. Suzuki stated it would be to the benefit of their members that are in the VEBA right now. Dr. Musto stated he does not want to make an amended motion but if the amended motion reads voluntarily he will vote for it. Trustee Laderta stated she wants to clarify that the

motion is a request for HSTA to voluntarily submit information. Trustee Shiraki stated yes that is the motion.

MOTION was made for the Board to approve to request that HSTA submit claims and eligibility data to the EUTF as recommended by the benefits consultant. (Shiraki/Annis)

MOTION TO AMEND was made for the Board to approve to include voluntarily should members of HSTA be brought back into this coverage. (Shiraki/Boyer) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

MAIN MOTION AS AMENDED was made for the Board to approve to request that HSTA voluntarily submit claims and eligibility data to the EUTF should members of HSTA be brought back into this coverage as recommended by the benefits consultant. The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

VI. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

Ms. Kimberly Svetin from Molokai Drugs expressed concerns regarding Medicare documents not being processed on a timely basis and members being unable to contact the EUTF. She asked if there is someone she can directly contact at the EUTF. Chair Kahooanohano stated he realizes the concerns but this matter should be handled by the EUTF staff and not the Board. Trustee Perreira stated that if necessary, Ms. Svetin may get the direct number from him after the meeting. Trustee Laderta stated that Ms. Svetin should contact Ms. Sandi Yahiro, Acting Assistant Administrator for the EUTF.

VII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

A. March 31, 2010 – Regular Board meeting
Discussion held by Trustees regarding the date of the next Board meeting. Trustee Laderta stated she will be unable to attend the meeting on March 31, 2010 and asked if other dates can be polled. If other dates are not available, the meeting will be held on March 31, 2010 if there is a quorum. Ms. Maria Quartero will poll Trustees on their availability.

VIII. EXECUTIVE SESSION

MOTION was made to go into Executive Session at 10:55 a.m. for the reasons stated on the agenda. (Ching/Laderta) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Executive Session adjourned at 12:22 p.m.

The Chair reported that the Board has taken the following action in Executive Session.

1. Motion to approve the extension of the contract for Standard Life Insurance failed.

IX. ADJOURNMENT

There being no objections by the Trustees, the meeting adjourned at 12:22 p.m.

Respectfully submitted,

/s/

Stanley Shiraki, Secretary-Treasurer

APPROVED on June 16, 2010.

Documents Distributed:

1. Draft Board Minutes for 11/23/09. (10 pages)
2. EUTF Benefits Administration System Project Assessment Report 8, Summary Presentation for the Period: 9/1/09-11/30/09 Submitted by Gartner 1/19/10. (15 pages)
3. Memorandum to BOT from Kathleen Shiroma Regarding February IT Operations Report dated 2/18/10. (2 pages)
4. Memorandum to BOT from Nicole Wong Regarding Member Services Branch Operations Report dated 3/2/10. (3 pages)
5. Open Enrollment 2009 Summary Report Submitted by Grace Moore Received 12/10/09. (4 pages)
6. Memorandum to Jim Williams from Grace Moore Regarding Open Enrollment Incidences Received 12/14/09. (2 pages)
7. Memorandum to BOT from Donna Tonaki Regarding February Accounting Operations Report dated 2/18/10. (2 pages)
8. Memorandum to BOT from Aon Regarding March 2010 Benefit Consultant Report dated 2/24/10. (3 pages)
9. EUTF Timelines (1/2010-6/2010) & (7/2009-12/2009) dated 2/24/10 by Aon. (2 pages)
10. Resume of Rodney K.S. Tam. (1 page)
11. EUTF Self Funded Plans and Rates, Actives 7/1/2010-6/30/2011, Supplemental Information dated 3/2/10 by Aon. (11 pages)
12. Alert by Aon Regarding COBRA Premium Subsidy is Extended dated 12/23/09. (2 pages)
13. Article on "Administration Proposes Further Extending COBRA Subsidy" by Stephen Miller dated 2/23/10. (2 pages)
14. Aon Consulting's Health Care Trends Survey Report, Fall 2009. (8 pages)
15. EUTF Performance Summary Reports for 10/2009-12/2009 dated 3/1/10. (3 pages)
16. EUTF Utilization Report 7/1/09-12/31/09 submitted 3/3/10 by Aon. (37 pages)

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17. EUTF Statement of Net Assets (Unaudited) dated 2/1/10. (1 page)
18. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 4 Months Ended 10/31/09 (Unaudited) dated 2/1/10. (1 page)
19. EUTF Statement of Cash Flows 4 Months Ended 10/31/09 (Unaudited) dated 2/1/10. (1 page)
20. EUTF Statement of Net Assets (Unaudited) dated 2/17/10. (1 page)
21. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 5 Months Ended 11/30/09 (Unaudited) dated 2/17/10. (1 page)
22. EUTF Statement of Cash Flows 5 Months Ended 11/30/09 (Unaudited) dated 2/17/10. (1 page)
23. Letters from Governor Appointing 5 Employer Trustees dated 11/20/09. (5 pages)
24. Letter from Governor Appointing Robert Lee as EUTF Trustee dated 2/24/10. (1 page)
25. Letters from Governor Appointing J.N. Musto and Randy Perreira as EUTF Trustees dated 3/1/10. (2 pages)
26. Letter from C&C of Honolulu Regarding Appointment of Noel Ono as Director of the Dept. of Human Resources dated 2/25/10. (1 page)
27. Honolulu Advertiser Article "HMAA to acquire health insurer Summerlin's Hawaii business" dated 2/12/10. (3 pages)
28. Star Bulletin Article "HMAA to acquire health insurer Summerlin's Hawaii business" dated 2/11/10. (1 page)
29. Honolulu Advertiser Article "State's health trust muffs retiree plans" dated 2/18/10. (3 pages)