

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Monday, April 7, 2003

TRUSTEES PRESENT

Ms. Audrey Hidano, Vice-Chairperson
Ms. Joan Lewis, Secretary-Treasurer
Mr. Bob Awana (arrive 11:50 am)
Mr. Gerald Machida

Ms. Kathryn Matayoshi (left 12:45 pm)
Mr. Neal Miyahira
Mr. Dayton Nakanelua
Mr. John Radcliffe

TRUSTEES ABSENT

Mr. Willard Miyake
Mr. Davis Yogi

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

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

Ms. Gerti Reagan, Consultant
Ms. Kathleen Shiroma
Ms. Donna Tonaki

OTHERS PRESENT

Ms. Lynette Arakawa, HDS
Mr. John Cole, Governor's
Ms. Nani Crowell, HSTA MBC
Ms. Alana Deppe-Mariota, Kaiser Permanente
Ms. Monica Engle, VSP
Ms Elaine Fujiwara, HDS
Mr. Paul Fung, Rep. Oshiro's Office
Mr. Melvin Higa, MBAH
Ms. Donna Higashi, HSTA-R
Mr. Rick Jackson, MDX Hawaii
Mr. Charles Khim, Public
Ms. Doreen Kuroda, DHRD
Mr. Tracy Matsumoto, ChiroPlan Hawaii

Mr. Norbert Mendez, HDS
Mr. Maurice Morita, HSTA
Ms. Sarah Moriyama, ORTA
Mr. Michael Moss, HMSA
Ms. Karen Muronaka, HSRTA
Ms. Janna Nakagawa, Rep. Oshiro's Office
M. Nakashima, HSTA
Ms. Celeste Nip, HFFA
Mr. Ray Sodetani, HSTA
Ms. Lori Taniguchi, Royal Insurance
Mr. Geroge Yamamoto, HGEA-R
Ms. Lilia Yu-Lum

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 10:04 a.m. by Trustee Audrey Hidano, Vice-Chairperson, in Conference Room 405, Leiopapa A Kamehameha Building, 235 South Beretania Street, Honolulu, Hawaii, on Monday, April 7, 2003.

II. APPROVAL OF MINUTES: None

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

Mr. Aburano stated that a memorandum was circulated to the Trustees which discussed the various requests for changes or objections to the rules that had been made last year. If the Trustees look through the various requests for changes or objections, the three things that were accommodated were, the Trustees: (1) passed rule-making procedures prior to enacting the rules; (2) added domestic partner coverage; and (3) changed the definition of part-time, temporary, seasonal or casual employees to conform with the statute. In addition, various grammatical changes that had been requested were made. The other requests for changes were not made and the EUTF staff does not recommend that these changes be made. It was suggested that letters be sent to Mr. Higa and others who had requested changes indicating what has been done and notifying them that they wish to pursue the other changes they can. Vice-Chairperson Hidano stated due to Trustee Yogi's absence, this item will be postponed.

C. BENEFITS COMMITTEE: None

Mr. Fukuhara stated that the EUTF is at the point of executing contracts with the carriers within the next few days. Copies of an updated draft letter to Mr. Higa were distributed to the Trustees. Mr. Fukuhara recommends that the Board approve the updated draft letter to Mr. Higa in regards to his concerns regarding RFP No. 03-001. Discussion held by Trustees and staff regarding Mr. Higa's letters.

MOTION was made for the Board to approve the draft a letter to Melvin Higa. (Matayoshi/Radcliffe)

Further discussion held by Trustees and public regarding Mr. Higa's letters. Mr. Higa commented it was not appropriate for his letters to be brought before the Board as this issue is moot. He consented to removing this item from the agenda.

Trustee Matayoshi withdrew the motion and Radcliffe withdrew his second to the motion. There being no objections by the Trustees, the motion is withdrawn.

Discussion held by Trustees and public regarding concerns that letters, on the agenda, from Mr. Higa and Mr. Khim have not been addressed due to the absence of a trustee.

MOTION was made for the Board to authorize the Administrator to draft response letters to Mr. Higa and Mr. Khim. (Nakanelua/Miyahira) The motion failed.

(Employer Trustees-1 No-Hidano, 2 Yes-Matayoshi, Miyahira/Employee-Beneficiary Trustees-1 No-Lewis, 3 Yes-Machida, Nakanelua, Radcliffe)

IV. OTHER REPORTS

A. ADMINISTRATOR

1. EUTF/PEHF Transition

a. Timetable – Organizational Structure

Mr. Fukuhara reported that he and Brian Aburano attended a meeting last week regarding the transition of staff. It is now interpreted by Budget and Finance (B&F) that the transition is a reorganization that needs to have a consultation with the unions first regarding changes of positions. Due to time constraints, action on the reorganization and the consultation will be done in the summer. Overview by Mr. Fukuhara regarding the proposed timetable for PEHF staff to transition to the EUTF. Discussion held by Trustees and staff regarding why B&F's interpretation has changed for the staff transition and the EUTF's status as an attached agency to B&F. Mr. Aburano clarified that B&F tried to inform, through Mr. Lawrence Nishihara, what were the Administrative Directives that applied to a new entity in setting up organizational charts and changing job descriptions and what prompted last week's meeting was a concern from a PEHF employee. Mr. Aburano stated that the Administrative Directives are hard for anybody to know about because it is not published in any one place but there is one directive that has to do with setting up or reorganizing a division or department of the government and what lies behind it is a necessity for consulting with the applicable union organizations. Discussion held by Trustees and staff regarding the timing of the transition. Vice-Chairperson Hidano stated that her concern from the beginning is that the EUTF not be the same as the old PEHF and it is not acceptable for the organizational structure that the Board approved not to be used. Trustee Lewis agrees and is concerned that these issues are coming up because the EUTF is being forced to meet the July 1, 2003 implementation date. Discussion held by Trustees and staff regarding the concerns of the transition of PEHF staff and the consultation process with the unions.

b. Lease Agreement

Mr. Fukuhara reported that he spoke to DAGS and requested that they speak to the realtor in providing parking spaces for \$60.00 in the City Financial Tower. DAGS said that they are unable to make that proposal and the EUTF should work directly with the ERS.

2. Time-Off

Governor Lingle approved the time-off for State employees to attend the open enrollments sessions. So far, only Maui County has approved time-off for county employees to attend the open enrollment sessions.

3. Letter to Governor Lingle

Mr. Fukuhara stated that a letter was sent to Governor Lingle asking her opinion on whether the EUTF's administrative costs should/will be paid by employers, employees or both and the EUTF has not received a reply.

4. Letter to Employee Organizations

Mr. Fukuhara stated that a letter was sent to the employee organizations asking for their assistance in providing certain membership information to the EUTF. HFFA, SHOPO, and UPW provided the information.

2. Open Enrollment Update

a. Printing

The printing and delivery timetable was distributed to the Trustees.

Mr. Fukuhara stated that the EUTF received two bids and chose Pioneer Ventures, Inc., which had the lowest bid of \$128,704.00. Information will be distributed to retirees and active employees during the last week of April.

b. Open Enrollment Schedules

Mr. Fukuhara stated that the open enrollment schedules for active employees, retirees, and DPO training were in the Trustees packet. The schedules also will be posted on the website today. Discussion held by Trustees and staff regarding the timeline for open enrollment and a possible extension.

Mr. Yamamoto inquired about the long-term care plan. Mr. Fukuhara stated that the long-term care plan is listed in the booklet as information only.

c. Letter from PEHF Chairperson

For the Trustees information, a copy of a letter from the PEHF Chairperson was distributed.

B. DEPUTY ATTORNEY GENERAL

Yamamoto vs. Miyahira Lawsuit

Mr. Aburano reported that an Answer has been filed in the lawsuit. The AIG insurance group has retained Lisa Ginoza from the McCorrison law firm to defend Trustee Miyahira.

Recessed at 11:18 a.m. and Reconvened at 11:28 a.m.

C. BENEFITS CONSULTANT

1. Approved Benefit Plans

Ms. Reagan stated that subsequent to the last Board meeting, on the benefit grids, they separated the management packet for actives and retirees so it is clear where there are differences between actives and retirees and is not a change.

2. Garner Bulletin for March 2003

Ms. Reagan stated that for the first time in several years, the life expectancy of Medicare has been shortened. Some concerns may be looming in the future. There has been an approval in the House of Representative for a bill that limits jury awards on non-economic damages on malpractice lawsuits that creates some interesting situations. On flexible spending plans, there is a bill in Congress that allows some portion to be rolled over.

V. UNFINISHED BUSINESS: None

VI. NEW BUSINESS

A. Election of New Chair or Interim Chair
Deferred to the next Board meeting.

B. Impact of Exemption from EUTF for VEBA Trusts

Trustee Lewis stated that she asked for this item to be on the agenda. There is a bill moving in the legislature related to VEBA trusts and the only entity that has a VEBA trust is HSTA. Part of the dialogue and discussion related to that bill has now included the EUTF and information that is coming from the EUTF. It appears that the contention is if the HSTA pulls out from the EUTF, the rates for the EUTF will increase for everyone else by 3.5%. Trustee Lewis asked how that number was arrived at, what was the population used to arrive at those rates, and what factors were included in determining those rates. As background, Mr. Fukuhara explained that Representative Takamine had heard that the EUTF's rates would go up if HSTA withdrew from the EUTF and requested an estimate of how EUTF rates would be impacted. Mr. Fukuhara asked Garner Consulting to assist and the carriers had been notified earlier to be ready, on short notice, to provide any revised rates should the VEBA trust bill pass. Working from information from the carriers, Garner Consulting provided the estimate of a 3.5% impact. Ms. Reagan gave an extended explanation as to how the estimate was arrived at, what populations were used, and what factors were used. Ms. Reagan said that while the EUTF did not have complete experience information on the non-PEHF populations, the carriers had such information, and the PEHF had some demographic information. Discussion held by Trustees and consultant regarding the rates and what was a significant population change relative to the RFP. Ms. Reagan stated that under industry practice, a change of 5-10% in enrollment is significant or material. Ms. Reagan noted that when the EUTF asked the carriers to extend their rate quotations, some of the carriers' responding letters had a proviso reserving their right to change their quotes based on such a change. Ms. Reagan read the e-mail from John Garner to the Administrator regarding the estimated increase of rates if HSTA withdrew. [Trustee Awana arrived at 11:50 a.m.] There was further discussion by the Trustees, consultant, and deputy attorney general on the rates, the proviso regarding possible change of rates in some of the carriers' letters, and why other carriers did not include such a proviso in their letters.

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

VIII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE
Board meeting is scheduled for Tuesday, April 22, 2003, 9:00 a.m., SOT room 405.

IX. EXECUTIVE SESSION

MOTION was made to go into Executive Session at 12:10 p.m. for the reasons stated on the agenda. (Matayoshi.Miyahira) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

MOTION was made to move out of Executive Session at 1:05 p.m. (Miyahira/Machida) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

X. ADJOURNMENT

MOTION was made to adjourn the regular meeting. (Miyahira/Machida) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

The meeting was adjourned at 1:05 p.m.

Respectfully submitted,

/s/

Katherine Thomason, Secretary-Treasurer

APPROVED on March 22, 2006.

Documents Distributed:

1. EUTF Administrative Rules Filed 3/12/03. (40 pages)
2. Request for Approval to Permit State Employees to Attend 2003 Open Enrollment Sessions dated 3/17/03. (1 page)
3. Letter to DOE Regarding: Open Enrollment dated 3/20/03. (1 page)
4. 2003 Open Enrollment Printing & Delivery Timetable dated 4/7/03. (1 page)
5. EUTF Open Enrollment Schedule for Actives dated 4/5/03. (2 pages)
6. EUTF Open Enrollment Schedule for Retirees dated 4/5/03. (1 page)
7. EUTF DPO Training Schedule. (1 page)
8. Letter from PEHF Regarding: Porting of Funds dated 3/31/03. (4 pages)
9. DOE SASA Orientation Training/Open Enrollment Schedule dated 4/5/03. (1 page)
10. Approved Benefit Plans for Active Employees. (7 pages)
11. Approved Benefit Plans for Retirees. (6 pages)

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

April 7, 2003 Minutes

PAGE 7

12. Garner Bulletin for March 2003. (2 pages)
13. Approved Minutes for 9/05/03. (12 pages)
14. Approved Minutes for 9/05/03. (4 pages)