

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, April 9, 2002

TRUSTEES PRESENT: Mr. Sam Callejo, Chairperson
Ms. Audrey Hidano, Vice-Chairperson
Mr. James Williams, Secretary-Treasurer
Ms. Joan Lewis
Ms. Kathryn Matayoshi
Mr. Neal Miyahira (Arrived at 10:07 a.m.)
Mr. Clifford T. Uwaine (Arrived at 9:24 a.m.)
Mr. Davis Yogi

TRUSTEES ABSENT: Mr. Willard Miyake
Mr. James Yasuda

ATTORNEY: Mr. Brian Aburano, Deputy Attorney General

HEUHBTF STAFF: Mr. Tracy Ban
Ms. Lynette Fukunaga
Ms. Shirley Kawamoto
Ms. Wanda Kimura
Mr. Gary Sanehira
Ms. Karen Tom

OTHERS PRESENT: Ms. Lynette Arakawa, HDS
Mr. George Butterfield, HSTA-Retired
Ms. Nani Crowell, HSTA MBC
Mr. Charles Khim
Ms. Ruth Kim, HSTA-Retired
Mr. Miles Kubo, HDS
Mr. Melvin Kutara, C&C, Dept. of Human Resources
Mr. Tom Morrison, The Segal Company
Mr. Michael Moss, HMSA
Mr. Gordon Murakami, Royal State
Ms. Karen Muronaka, HSTA-Retired
Mr. Rod Tam, HMSA
Ms. Stephanie Tsubata, Marsh
Mr. Mason Williams, Marsh

A. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order when a quorum was present at 9:25 a.m. by Mr. Sam Callejo, Chairperson, in Conference Room 303/304, No. 1 Capitol District Building, 250 South Hotel Street, Honolulu, Hawaii, on Tuesday, April 9, 2002.

The Chair stated that Mr. Yasuda had called to advise that he would be unable to attend the meeting and that Mr. Miyahira would be arriving late.

B. APPROVAL OF MINUTES

MOTION to approve the minutes for March 12, 2002 as submitted was made by Mr. Williams and seconded by Mr. Yogi. The motion was passed unanimously. (Employer trustees 4/ Employee-Beneficiary trustees 3)

C. PROCUREMENT OF FIDUCIARY LIABILITY AND ERRORS & OMISSIONS INSURANCE AND FIDELITY BOND (Agenda Item IV.A.)

Being no objections, Agenda Item IV.A. was taken out order for action.

Mr. Aburano reviewed his memorandum to the Board of Trustees (dated April 9, 2002) which summarized the issues discussed in a meeting on March 22, 2002 between Ms. Stephanie Tsubata and Mr. Michael Grossi of Marsh, Inc. and Messrs. Uwayne, Ban, and Aburano. Mr. Aburano commented that the Trustees needed to make decisions: confirming the retention of Marsh to provide brokerage services; determining the limits of liability, deductibles and dates of coverage of the policies and fidelity bond; authorizing issuance of letters to insurers for back-dated coverage, if desired; and determining if the Board wishes to enter into an agreement of engagement with Marsh. Mr. Aburano summarized Marsh's proposed liability amounts: 1) public officials liability insurance with a \$2 million limit and \$10,000 - \$25,000 deductible per claim; 2) fiduciary liability insurance with a \$5 million limit and \$35,000 deductible per claim; and 3) fidelity bond with \$1 million limit and no deductible per claim.

Ms. Tsubata commented that the policies could be back-dated to January 1, 2002. Only a new signature on the application, which includes warranties that there is no known occurrences that would give rise to a claim, is necessary. The Trustees coverages are based upon the date claims are made and that it would not matter that the insurance coverages were backdated. Mr. Uwayne commented that the Board needed to determine an expiration date for the policies. The State's policies are for a calendar year and expire on December 1. Mr. Uwayne thought that the Board needed to consider whether the Board's insurance should expire on December 1, to coincide with State's coverages. Mr. Uwayne commented that the Board must take action on the amounts of coverage, dates of coverage (begin and expire), and whether the Board would provide Marsh with a three-year retention agreement.

Mr. Uwayne commented that Marsh's recommended insurance amounts are initially sufficient and the Trustees would be able to adjust the coverages as appropriate at renewal. The Insurance Investigative Committee recommended that the Board approve the amounts of coverage as proposed by Marsh. The premiums for the coverages are: 1) Public official liability -- \$15,000; 2) Fiduciary liability -- \$43,000; 3) Fidelity bond -- \$1,020, for a total of \$59,020 (annual premium). The pro-rated premium amount from January 1 - December 1 would be \$54,003 per Ms. Tsubata.

DISCUSSION

The Trustees discussed Marsh's request for a three-year retention agreement. Marsh's request was based upon the amount of work Marsh had provided so far, to provide continuity of insurance coverage, and to develop a long-term relationship or partnership with its client. Ms. Tsubata indicated that the State is in its third year of its contract with Marsh and has an optional two-year extension; the State's contract will end in January 2003. Mr. Williams suggested that the Board pursue a one-year agreement with Marsh with an option for a two-year extension to coordinate with the State's contract. Mr. Williams commented that normally one would review the form of a proposed agreement before taking action on it. The trustees discussed that action should be taken on the first two issues and delay action on the retention agreement until the Board reviewed the agreement.

PUBLIC COMMENT

G. Murakami commented that since the Board's insurance is coordinated with the State policies, the Board should consider a contingency proviso in its contract to cover the situation where the State does not extend its contract with Marsh.

C. Khim commented that the Board should not enter into a retention agreement with Marsh so the Board would have the ability to review and seek a new bid on insurance annually. It was also noted that the Board's original decision was to purchase insurance coverages that did not coordinate with the State's policies. It was suggested that the Board purchase fiduciary liability with more than a \$2 million liability limit so that the Board would not have to rely on the State's excess liability coverage.

MOTION to adopt Marsh's proposed insurance coverage amounts with the recommended insurers was made by Mr. Uwaine and seconded by Ms. Matayoshi.

DISCUSSION

The Trustees discussed the reasons for Marsh's inability to respond in writing concerning specific items of coverage. Ms. Tsubata indicated that the broker can only cite what is in the policy; she could confirm that there is no fiduciary liability exclusion. The broker is unable to provide a blanket statement because the insurer determines whether a claim is covered based upon review of the specific facts and circumstances of the claim. The Trustees discussed that the insurer makes the determination as to whether a claim would be covered and it would be beyond a broker's ability to provide assurance that a claim would be covered. Ms. Tsubata will provide a copy of the e-mail she received from the insurer on the fiduciary liability issue to the Trustees.

PUBLIC COMMENT

There was public comment that Marsh should be able to respond to the question on fiduciary liability. The \$5 million limit per claim for fiduciary liability includes the cost of representation, and it was suggested that the Board should consider that legal fees could use up a lot of that limit.

The motion on the insurance coverage amounts was passed unanimously. (Employer trustees 5/
Employee-Beneficiary trustees 3)

MOTION that the period of insurance coverage be April 1, 2002 to December 1, 2002 and the
annual premium rate be pro-rated for that period was made by Mr. Uwaine and seconded by
Ms. Matayoshi. The motion was passed unanimously.
(Employer trustees 5/Employee-Beneficiary trustees 3)

Ms. Tsubata will provide Marsh's plan services agreement and the pro-rated premiums for the
Board's insurance coverages at the Board's next meeting.

- D. MOTION to amend the agenda to add item V.C. on the Trust Fund's budget proposal was
made by Mr. Williams and seconded by Ms. Lewis.

PUBLIC COMMENT

Mr. Khim requested that the public be provided with the budget information so that the public
may make comment on the addition of the item to the agenda. He indicated that the Board may
not add an item to the agenda if it is substantive.

RECESS at 10:15 a.m.; reconvened at 10:30 a.m.

PUBLIC COMMENT

Mr. Khim commented that he had no objections to the amendment of the agenda.

The motion was passed unanimously. (Employer trustees 5/Employee-Beneficiary trustees 3)

E. ADMINISTRATIVE COMMITTEE REPORT

1. Administrator Recruitment

Ms. Matayoshi provided a recruitment schedule for the CEO position and reported that
ads were published on Sunday, April 7, 2002, in the Honolulu Advertiser and Honolulu
Star-Bulletin; the internet job listings would be posted by the end of the week.

2. Consultant Request for Proposal

The Administrative Committee anticipates presenting the Consultant RFP to the Board
for approval and issuance at the April 16, 2002 Board meeting.

3. Third-Party Administrator Request for Proposal

The Committee has not yet begun work on the specifications.

4. Trust Fund Website

Mr. Ban demonstrated the Administrative Committee's recommendation for the Trust
Fund's website for approval by the Board. Trustees suggested that the names of the

Committee Chairs and members be listed, a Discussion Board could be added in the future, and addition of an updated date on the site to alert users to the currency of the site.

The Trustees discussed the cost and the amount of staff time that needed to maintain this website. To help with maintenance of the web, each of the staff will help format documents for the web. The Trustees discussed the positive aspects of having documents on the web.

MOTION to adopt the Administrative Committee's recommendation for the Trust Fund's web site was made by Ms. Matayoshi on behalf of the Administrative Committee.

PUBLIC COMMENTS

R. Kim expressed concern of the cost of maintaining the website since administrative costs will be funded by the Trust Fund.

G. Butterfield commented that the website would be a good way to provide information to individuals who could not attend meetings.

C. Khim commented that the website would be a good way for active employees to review information and provide comments.

The Trustees commented that the web could be used in the future for enrollment. The Chair asked that staff maintain a record of the hours spent maintaining the website to establish a cost and that the staff keep track of the number of referrals made to the website.

The motion was passed unanimously. (Employer trustees 5/Employee-Beneficiary trustees 3)

F. RULES COMMITTEE REPORT

Mr. Yogi reported that Committee has met twice. Sections 1 – 3 of the project team's concept rules have been reviewed with public comment on each rule. The Committee is now reviewing sections 4 – 6. Review of Section 4 has been completed and will continue from Section 5. Some of the issues that have arisen during discussions were: the two definitions of "child" which includes a child up to age 25 if a full-time student and age 19 in certain situations; inclusion of a "hanai" child; whether enrollment dates are negotiable because that date is the effective date of contributions; and the impact of coverages due to payroll schedules.

The next Committee is scheduled for a whole day on April 23, 2002. The Committee will complete the review of the concept rules then do necessary re-writes. Any outstanding issues will be brought to Board for discussion and direction.

G. BENEFITS COMMITTEE REPORT

1. Review of Benefit Consultant Request for Proposal

The Benefits Committee had discussions with the Administrative Committee on the RFP for the Benefit Consultant.

2. HFIMS Capability To Support Benefit Design Alternatives

Mr. Sanehira's presentation on the HFIMS was postponed to the Committee's next meeting due to lack of time.

3. Benefit Design Plan

The Benefits Committee will be able to provide the Board with a plan of action after the discussion of Agenda Item V.B.

The next Benefits Committee meeting is scheduled for April 16, 2002, 1:30 p.m.

Ms. Matayoshi commented that the Administrative Committee is to prepare an RFP for a consultant to review the HFIMS and that should dovetail with the Benefits Committee consideration of the HFIMS. Mr. Yogi commented that the Benefits Committee might consider bifurcating the retiree issues to a subcommittee and that the Board should be aware of age discrimination rulings relating to benefit plans. Mr. Aburano will review the issue and his report will be placed on the Agenda.

PUBLIC COMMENTS

G. Butterfield commented that the Trustees discussion emphasized the value of having a consultant who would be aware of the issues discussed and advise the Board appropriately.

H. DESIGNATION OF INDIVIDUALS AUTHORIZED TO SIGN VOUCHERS (Agenda Item V.A.)

The Trustees discussed the designation of the Trustees to be authorized to sign vouchers under Chapter 87A, HRS, which provides that the Chairperson and another person sign vouchers for payment. The proposed designated Trustees are: the Chairperson and Secretary-Treasurer with the Vice-Chair to sign for the Chairperson or Secretary-Treasurer in absence of either officer and another Employee-Beneficiary Trustee to sign for the Vice-Chair or Secretary-Treasurer in the absence of either person.

The Trustees discussed changes to the draft letters notifying the Comptroller of the authorized trustees by adding a sentence clarifying that "any of the two following trustees are authorized to sign vouchers."

MOTION to authorize Mr. Miyake to sign vouchers as the backup to the Secretary-Treasurer was made by Mr. Yogi and seconded by Ms. Matayoshi.

PUBLIC COMMENTS

C. Khim commented that only two persons can sign and there may not be additional designees per Act 88.

Mr. Aburano commented that the Board may designate more than one person to countersign vouchers with the chairperson. The Trustees discussed that the vice-chairperson, under Roberts Rules, performs the duties of the chairperson in his/her absence and whether that would permit the Vice-Chair to sign for the Chair in his absence.

PUBLIC COMMENTS

C. Khim commented that Roberts Rules would be superceded by federal or state laws.

The motion to authorize Mr. Miyake as the fourth designee was passed unanimously. (Employer trustees 5/Employee-Beneficiary trustees 3).

MOTION to amend the draft authorization letters to reflect that the vice-chair would sign for the Secretary-Treasurer in his/her absence and add Mr. Miyake as the fourth designee and the second letter amended to reflect that the amendment, "the chairperson and one of the following," was made by Ms. Matayoshi and seconded by Mr. Williams. The motion was passed unanimously. (Employer trustees 5/Employee-Beneficiary trustees 3).

I. INTERIM BUDGET

Ms. Kimura reviewed the document distributed to Trustees on the Senate draft of the Trust Fund's budget. The Trustees discussed that when the Trust Fund's proposed budget was submitted the House had already acted upon a budget and the Senate was the only place where action could be taken. The Trustees discussed the need to communicate with both Houses about the Trust Fund's request in three possible areas: 1) funding needed for compliance with the new HIPAA privacy regulations should the PEHF fail to be compliant before its demise; 2) a proviso on the transfer of funds from the PEHF; and 3) the Trust Fund's request for the FY 2002. The FY 2002 budget request can be adjusted since the budgeted insurance amount can be reduced, i.e., insurance premiums are estimated to be \$50,000 less than budgeted, however, additional funding is needed to cover costs for a benefits consultant and administrator which are anticipated to be hired by the end of FY 2002. The authorized \$300,000 for FY 2002 will be inadequate to cover these expenses and the reimbursement of salaries for the personnel currently detailed to the Trust Fund. It is estimated that the Trust Fund will be short \$250,000 for FY 2002.

Trustees requested an accounting of the expenses to date that are covered by existing budget of \$300,000. The Trustees discussed the reimbursement of its current staff and the reimbursement of their salaries to the staff's assigned departments. The Trustees discussed that the staff salaries are already being paid by their assigned departments. There was discussion that the Budget Act takes care of transferring funds. There is a proviso that \$750,000 will be transferred from the PEHF to the Trust Fund. There was discussion that the amount, however,

should be \$1.7 million. Senate draft is transferring monies from the PEHF to provide for the Trust Fund's proposed budget. The Trustees discussed that the Trustees had agreed that the Trust Fund would pay its own expenses including reimbursement of staff salaries. The Trustees discussed that it is important that the Legislature know that the appropriated \$300,000 is insufficient to cover the start-up for the Trust Fund. The Trustees also discussed that this Senate draft is not the final budget. The Trust Fund's budget is a realistic estimated budget and the Legislature should be so advised. When the final budget is approved, the Trustees would need to discuss how to operate with the funding appropriated. The Trustees discussed the importance of expressing their position with the Legislature. The Trustees discussed alternatives in staffing the Trust Fund, i.e., the trustee organizations would provide their own staff.

PUBLIC COMMENTS

C. Khim commented that the Trust Fund should hold their position on its budget and that the statutes indicates that staff may only be paid for the work they do for their own agencies work.

The Chair asked staff to provide an accounting of the Trust Fund expenses so far. The Chair also asked that staff draft a letter from the Chair to the Senate President , House Speaker, Ways and Means Chair, and Finance Chair asking to reinstate the full amount less \$50,000 (staff to confirm the amount based upon the actual pro-rated insurance premium). The Chair and Secretary-Treasurer will subsequently meet with the Legislature. The Chair indicated that he had already spoken with the Senate President, the Speaker of the House, and Senator Hanabusa, who was the proponent of Act 88.

Mr. Miyahira left the meeting at 11:55 a.m.

J. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES (Agenda Item VI)

The Chair announced that the PEHF has appointed a Transition Subcommittee composed of Messrs. Fuke, Hu, Miyahira, and Ms. Price with their first meeting scheduled for April 17, 2002. The Chair asked the Administrative Committee to meet with the Transition Subcommittee. The Chair will call the PEHF Transition Subcommittee after April 17th to check when they will be ready to meet with the Administrative Committee.

Marsh provided the Chair with a copy of Mercer/Foster Higgins National Survey of Employer-Sponsored Health Plans 2001. Copies will be provided to the Trustees.

The Trustees discussed that Mr. Miyahira's representation of the PEHF on its Transition Subcommittee may complicate matters. The Trustees discussed that initially, to discuss transition issues, Mr. Miyahira's participation may be helpful in discussing transition issues because he is familiar with both trusts, however, his participation in subsequent meetings when discussions encompass resources and assignments may not be appropriate. The Trustees agreed to permit the Administrative Committee to move forward with the PEHF Transition

Subcommittee and that if there is a concern with Mr. Miyahira's participation, the Administrative Committee will report to the Chair who will speak with the PEHF about the situation.

K. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

The next Board Meeting is scheduled for April 16, 2002. Agenda items are due to staff by Noon, April 17, 2002.

The Trustees discussed future Board meeting schedule, whether the Board will meet every other week so that committees could meet in the off weeks. A Board meeting was scheduled for April 16 to handle action items. There will be a Board meeting on April 30, May 14 and May 28. The Chair will communicate with the Committee Chairs to check if there are action items that may require a Board Meeting to be called.

RECESS at 12:10 p.m.; reconvened at 1:35 p.m.

L. DISCUSSION REGARDING COLLECTIVE BARGAINING (Agenda Item V.B.)

Trustees Present: Mr. Callejo, Ms. Hidano, Mr. Williams, Ms. Lewis, Mr. Miyahira, Mr. Uwaine, and Mr. Yogi

Trustees Absent: Ms. Matayoshi, Mr. Miyake, and Mr. Yasuda

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| Invited Guests: | HFFA: Ms. Celeste Nip | Mr. Guy Tajiri |
| | HGEA: Mr. Sanford Chun | Ms. Lei Desha |
| | Mr. Larry Ishimi | Ms. Nora Nomura |
| | Mr. Randy Perriera | |
| | HHSC: Mr. Henry Kanda | Mr. Allan Tanigawa |
| | UHPA: Mr. James Kardesh | |
| | UPW: Mr. Gary Rodrigues | Mr. Dwight Takeno |
| Hawaii County: | Mr. Michael Ben | |
| Kauai County: | Mr. Malcolm Fernandez | Mr. Tom Takatsuki |
| Maui County: | Mr. Ken Taira | |
| C&C Honolulu | Ms. Cynthia Bond | Ms. Robin Chun-Carmichael |
| | Ms. Cheryl Okuma-Sepe | Ms. Jenny Tobin |
| Judiciary | Mr. Ken Nakamatsu | |
| UH | Ms. Amy Yasuda | |
| DOE | Ms. Claudia Chun | |
| OCB | Mr. Al Lardizabal | Mr. Keith Odachi |

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| Others Present | Ms. Jean Aoki, HSRTA | Mr. George Butterfield, HSTA-R |
| | Mr. Melvin Higa, MBAH | Mr. Charles Khim |
| | Ms. Ruth Kim, HSTA-R | Ms. Julie Lee, HDS |
| | Mr. Gordon Murakami, Royal State | Mr. Tom Morrison, Segal Co. |

Ms. Sarah Moriyama, ORTA
Mr. Rod Tam, HMSA

Mr. Michael Moss, HMSA
Ms. Karen Muronaka, HSTA-R

Mr. Yogi, Chair of the Rules Committee, led the discussion with the employee organizations (unions) and representatives of the public employers on the topics of how to proceed with collective bargaining, the status of the Trust Fund in the design of benefit programs, and how to proceed in terms of collective bargaining. To initiate the discussions, Mr. Yogi gave a brief presentation on the key dates and issues that affect the Trust Fund and Collective Bargaining.

Mr. Gary Rodrigues, UPW, commented that UPW would ask the Trust Fund for specific costs including administrative costs, costs of the plans, and other related benefit costs, as information necessary for negotiating cost items under Chapter 89, HRS. The UPW has submitted bargaining proposals indicating that UPW no longer wishes to negotiate employer contributions for health benefits but will negotiate additional wages based upon the cost of health benefits. The Landrum-Griffin Act does not allow UPW to use its dues to provide services for any benefit plan such as assisting with the Trust Fund's open enrollment but should charge administrative fees for the service. Thus, the Trust Fund would have to handle all enrollments without UPW's assistance.

Mr. Callejo commented that the Trust Fund Committees are working in various areas of the Trust Fund. The Trust Fund is not at the point where it could provide the Unions with a cost for benefit plans or administrative costs. The Trust Fund is also working on transition issues with the Public Employees Health Fund (PEHF).

Ms. Lewis, Chair of the Benefits Committee, asked for clarification on the Union's comment about wanting cost information and whether that meant the Trust Fund would design the benefit plans, determine administrative costs, benefit costs, and enrollments costs.

Mr. Rodrigues commented that the UPW has actively pursued mutual consent under Section 1.05 of the UPW collective bargaining agreement, and has pursued the same issue concerning Act 100 with the other Unions in court. The Supreme Court decision, to be issued shortly, will have a bearing on what the UPW will do relative to Act 88 and what is considered negotiable. If UPW believes that some action taken by the Trust Fund is negotiable, the UPW will not accept the action as a mandate without mutual consent, and take further action.

Mr. Randy Perreira, HGEA, commented that there cannot be meaningful negotiations without the cost parameters that the Trustees will establish.

Ms. Lewis asked if the Union would give input on the benefits to be offered. Mr. Perreira responded that HGEA prefers the Trustees establish plans that are in line with what is presently offered to employees and wanted to know what the intent of the Trustees were in the provision of plans beginning next year. Mr. Guy Tajiri, HFFA, commented that the starting point for the current negotiations for the 2003 collective bargaining agreements would be the cost based upon the current benefit offerings. Mr. Rodrigues commented that a plan reducing current

benefits would not be acceptable. There was discussion that the Board would need to have costs of the current level of benefits. In designing benefit plans, the Board should be aware of current trends and how designs affect costs; plans should be designed for usage by its participants.

Mr. Williams commented that the Board's Administrative Committee is in the process of completing a request for proposal for a benefit plans consultant. The consultant is necessary in helping the Board design plans to be offered. Based on the timeline for hiring a consultant, it is estimated that the Board would be able to have benefit proposals from insurance carriers in November 2002 and it may be the end of the year before there would be concrete cost information.

Mr. Williams asked about how the Unions and Employers expect to negotiate contributions. Mr. Rodrigues commented that the Trust Fund designs the benefit plans, provide the cost information, and the Unions will negotiate the contributions.

Mr. Michael Ben, Personnel Director, Hawaii County, commented that the negotiating parties must have some idea of cost to have a point from which to begin negotiations. Mr. Yogi commented that the Trust Fund is obligated to have benefits affordable to both public employers and employees. He brought up the issue of affordability for each individual public employer. Mr. Ben commented that the Trust need not worry about the affordability for each county. Mr. Yogi commented that the contribution per public employer could be different for the same plans.

Mr. Rodrigues commented that his Union must have the final plans so that he can go to his membership to discuss negotiation decisions.

Mr. Williams asked how the Unions would negotiate the structure of contributions. Mr. Rodrigues commented that the Trust Fund should not have a structured plan but allow for options unlike the current Health Fund and Act 88 allows the Trust Fund flexibility in design. He suggested that the Board consider the participant demographics and design benefits accordingly so plans are designed for benefits that are wanted. Mr. Rodrigues commented that the Unions could negotiate contributions in different ways where a single employee could have a contribution that covers 100% of the premium and an employee with family would have a contribution that covered 50% of the premium for comparable value. The structure and amount of contributions are negotiable. The Trust Fund determines the benefit plans to be offered and the structure of contributions is between the bargaining parties. The Employer decides how much it can afford for benefits and negotiates from that point.

Mr. Ben commented that the Employers need an idea of what the Trust Fund is considering in benefit plans. The number of participants in a plan is determined by what is negotiated. Mr. Rodrigues commented that the Employer knows the base cost of benefits now. Mr. Ben suggested that the Trust Fund obtain a 2003 cost for the current plans.

Mr. Rodrigues commented that the Trust Fund needs to determine the affordable cost for benefit plans and design the benefit plans accordingly. Ms. Lewis asked for clarity on what to consider as the base cost because she was unsure if there will be same mix of participants come July 1, 2003. Mr. Perriera commented that the structure of the contribution is up to the negotiating parties. Mr. Yogi commented that in this new situation, all parties should be cautious of going into an area where there can be indirect negotiations of benefits.

PUBLIC COMMENT

The public commented on whether the Trust Fund would be able to offer a list of benefits to be selected by the participants and that negotiations should proceed as Mr. Rodrigues discussed.

Chair commented that the Board needs to look at options and variable plans. The Benefits Committee meetings are open to the public and interested persons are encouraged to attend. The Board understands that the goal is to minimize or cap benefit costs. The Chair announced the Trust Fund's website includes a schedule of meetings and the Board can be contacted through an e-mail link.

Ms. Lewis asked the Unions if it was possible to get information on medical benefits and what each Union's members need. Mr. Rodrigues commented that the Health Fund has that information and could provide it to the Board.

PUBLIC COMMENT

Public comment agreed with the Unions' comments on how to proceed in negotiations. There was comment that the legislature passed Act 88 because of the issue of adverse selection and the increase in costs and now the Trust Fund is also speaking of multiple plans.

Mr. Yogi commented that the retiree benefit issues should be addressed separately because of the issues on negotiations.

There was public comment asking what alternate plans the Board have should nothing come to fruition. The Chair commented that the Board is aware that the employees must have a Health plan on July 1, 2003 and the Board is working towards that goal with benchmarks to accomplish that goal.

Mr. Uwayne commented that rules are being established on eligibility, enrollment, and effective dates. He encouraged that persons ask for copies of the "proposed" rules and attend the Rules Committee meeting for input before a first draft is finalized. Mr. Yogi commented that representatives from employee organizations and employers were invited to attend and copies of the rules were available. The next Rules Committee is scheduled for April 23, 2002, all day, at No. 1 Capitol District Building, Conference Room 303/304.

M. ADJOURNMENT

A motion to adjourn the meeting was made by Mr. Williams and seconded by Mr. Yogi. There were no objections; the motion was unanimously passed.

The meeting was adjourned at 2:50 p.m.

Respectfully submitted,

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James Williams, Secretary-Treasurer

APPROVED on April 30, 2002.

Documents Distributed:

1. Minutes of March 12, 2002. (19 pages)
2. Administrator Recruitment Schedule. (1 page)
3. Insurance Premium Scenarios (Marsh, April 1, 2002). (2 pages)
4. Senate Draft of Budget. (2 pages)
5. Draft Designation of Individuals Authorized to Sign Vouchers on Behalf of the HEUHBTF, Section 87A-25(1), HRS. (2 pages)
6. Letter from Bert Nishihara, Administrator, Public Employees Health Fund. (1 page)
7. Approved Minutes of February 19, 2002. (10 pages)