

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, May 14, 2002

TRUSTEES PRESENT: Ms. Audrey Hidano, Vice-Chairperson
Mr. James Williams, Secretary-Treasurer
Ms. Joan Lewis
Mr. Gerald Machida
Ms. Kathryn Matayoshi
Mr. Davis Yogi

TRUSTEES ABSENT: Mr. Sam Callejo, Chairperson
Mr. Neal Miyahira
Mr. Willard Miyake
Mr. Clifford T. Uwaine

ATTORNEY: Mr. John Deller, 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. Jean Aoki, HSRTA
Ms. Lynette Arakawa, HDS
Mr. George Butterfield, HSTA-Retired
Ms. Nani Crowell, HSTA
Ms. Alana Deppe-Mariota, Kaiser Permanente
Ms. Florence Hayslip, Retiree
Ms. Grace Ing, HSTA-Retired
Ms. Bettie Kahn, ORTA
Ms. Gertrude Kamikawa, Retiree
Mr. Charles Khim
Ms. Ruth P. Kim, HSTA-Retired
Ms. Diane Kishimoto, Deputy Attorney General
Mr. Miles Kubo, HDS
Mr. Melvin Kutara, C&C, Dept. of Human Resources
Mr. Michael Moss, HMSA
Mr. Gordon Murakami, Royal State
Ms. Karen Muronaka, ORTA/HSTA-Retired
Mr. Rod Tam, HMSA
Ms. Doris Uchida, HSTA-Retired/ORTA
Mr. Justin Wong, HSTA-Retired
Mr. George Yamamoto, HGEA-Retirees

Ms. Mary Zarbaugh, HSTA-Retired

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order when a quorum was present at 9:10 a.m. by Trustee Audrey Hidano, Chairperson, in Conference Room 303/304, No. 1 Capitol District Building, 250 South Hotel Street, Honolulu, Hawaii, on Tuesday, May 14, 2002.

ANNOUNCEMENTS

The Chair announced that Trustees Callejo, Miyahira, Miyake, and Uwaine were unable to attend the meeting. Chair Hidano introduced Trustee Gerald Machida who is replacing Trustee Yasuda and representing retired Employee-Beneficiaries.

Ruth Kim, retiree, requested that the retirees present be able to make comment at this time. Karen Muronaka praised the board on its openness at its meetings and offered the assistance of the retirees in supporting the Board.

Jean Aoki, League of Women Voters, commented that the League supports the State and counties as employers who provide the generous health benefits to retirees and employees. She stated that the League is cognizant that benefits offered must be fair and administered efficiently to be viable in the long-term.

PRESENTATIONS

There being no objection, Agenda Item VI.C., BRIEFING ON THE PEHF AND THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA) and Item VI.D., HIPAA READINESS COLLABORATIVE – OFFICE OF INFORMATION PRACTICES, were taken out of order.

Ms. Diane Kishimoto, Deputy Attorney General advising the Health Fund (PEHF), gave a short presentation on the status of the PEHF's HIPAA compliance. The PEHF is in the process of stripping its files of all extraneous information in order to comply with HIPAA privacy regulations and to facilitate the transition of information to the Health Benefits Trust Fund. The HIPAA regulations provide that a fully insured group health plan that receives and creates limited protected health information is not subject to the full scope of the privacy requirements. The PEHF is pursuing clarification of this from the Office of Civil Rights as it applies to the PEHF since the information the PEHF receives and maintains is limited to identifying participants, plan enrollment, premiums paid and whether on Medicare. The only health information (medical condition) that is collected deals with the determination of eligibility of disabled adult children.

In waiting for a response to its April 2002 request to the Office of Civil Rights, the PEHF is proceeding to be compliant by the April 13, 2002 deadline. The Segal Company, PEHF's consultant, will assist with compliance.

Ms. Moya Gray, Executive Director of Office of Information Practices, discussed that full compliance will be costly. Ms. Gray provided information on the HIPAA Readiness Collaborative (HRC) which can reduce the cost of compliance. HRC is a project run by the Hawaii Health Information Corp. The HRC is a collaborative effort to develop policies for HIPAA compliance. The dues are \$3,000 per state agency or \$ 2,000 if ten state agencies become members. In response to Trustee Yogi's question as to the extent of the HEUHBTF's requirements for compliance at this point, Ms. Gray commented that it is necessary for the Board to know what liability the Board will assume when inheriting PEHF.

PUBLIC COMMENT

C. Khim asked if OIP is responsible for the State's HIPAA compliance and if the OIP reported in its status report that the PEHF had not met HIPAA compliance benchmarks.

Ms. Gray commented that her office is lead in coordinating the State's HIPAA compliance and the benchmarks have nothing to do with compliance but rather are used to move the agencies along in their compliance.

II. APPROVAL OF MINUTES

MOTION to approve the April 16, 2002 minutes as submitted was made by Trustee Yogi and seconded by Trustee Matayoshi. The motion was passed unanimously. (Employer trustees 3/ Employee-Beneficiary trustees 3)

MOTION to approve the April 30, 2002 minutes as submitted was made by Trustee Matayoshi and seconded by Trustee Williams. The motion was passed unanimously. (Employer trustees 3/ Employee-Beneficiary trustees 3)

III. COMMITTEE REPORTS

A. ADMINISTRATIVE COMMITTEE

1. BENEFITS CONSULTANT

Trustee Matayoshi reported that there were one or two inquiries by consultants after the deadline for potential proposers to submit letters of interest. The AG has recommended that the deadline for the letters of interest be deleted from the RFP.

MOTION that the deadline to submit a letter of interest on page 4, VIII, of the RFP be deleted as drafted was made by Trustee Williams and seconded by Trustee Matayoshi.

PUBLIC COMMENT

C. Khim commented that it was a good idea.

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

MOTION to authorize the Administrative Committee to respond to written questions submitted by proposers was made by Trustee Matayoshi and seconded by Trustee Williams. The motion was passed unanimously. (Employer trustees 3/ Employee-Beneficiary trustees 3)

2. HIRING OF AN ADMINISTRATOR
EXECUTIVE SESSION

Report on this item will given during an Executive Session. Having no objections, this item will follow Agenda Item VIII.

Due to the numerous applications received, the Administrative Committee deferred the last recruitment ad to save money.

Trustee Williams was selected as Chair for the Selection Committee and will report on the hiring of the administrator at future meetings.

3. THIRD PARTY ADMINISTRATOR
No report.

4. CONSULTANT SERVICES TO EVALUATE THE HEALTH FUND
INFORMATION MANAGEMENT SYSTEM (HFIMS)

The Gartner Group will submit its work proposal tomorrow, May 15. The Benefits Committee will be kept informed.

B. RULES COMMITTEE

Meetings have been postponed due to illness of Trustee Miyake. The next meeting is Tuesday, May 23, 2002, at Conference Room 303/304, No. 1 Capitol District Building.

C. BENEFITS COMMITTEE

At its next meeting at 1:30 p.m., private sector organizations (Hawaiian Electric Industries, First Hawaiian Bank, Kamehameha Schools, Outrigger Hotels and Resorts, and United Public Workers) will give presentations about their current employee benefit plans and will provide information on the basis for the programs offered. All trustees are welcomed to attend.

Trustee Yogi asked if the Committee could proceed with exploring retiree benefits since the cost for contributions for retirees is known. Trustee Lewis responded that the committee has limited expertise and was advised to wait until the benefits plan consultant is hired before proceeding further in plan design.

IV. OTHER REPORTS

A. DEPUTY ATTORNEY GENERAL

The Chair announced that Mr. Aburano asked that the trustees review the attorney-client privilege communication on the issues of the Erie County case and, upon his return, the item will be placed on the agenda for discussion.

B. STAFF

Staff reviewed an expenditure report as of April 30, 2002. Schedule A included the year-to-date expenditures and Schedule B the estimated future expenditures which includes travel for Trustee Machida.

PUBLIC COMMENT

C. Khim asked that the unbudgeted expenditure of \$450 under subscription dues be identified. Staff responded that it was for the IFEBP membership.

V. UNFINISHED BUSINESS: None.

VI. NEW BUSINESS

A. APPOINTMENT OF NEW EMPLOYEE-BENEFICIARY TRUSTEE REPRESENTING RETIREES AND COMMITTEE ASSIGNMENTS.

MOTION to appoint Trustee Machida to the Administrative Committee was made by Trustee Williams and seconded by Trustee Matayoshi. The motion was unanimously passed. (Employer trustees 3/Employee-Beneficiary trustees 3)

B. ALTERNATE MINUTES FORMAT.

Trustee Williams stated that he is working with staff on a sample draft for a briefer format as the minutes are getting close to verbatim. The approved minutes of March 12th is being used as the sample and will be brought before the board for discussion and approval.

VII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

The Chair reviewed handouts in the Trustees' packets:

- Gifts Disclosure Statement from the State Ethics Commission which is due July 1, 2002
- House Concurrent Resolution No. 139, House Draft 1, for trustees review
- Memorandum from Mr. Melvin Higa, Mutual Benefit Association of Hawaii, dated April 30, 2002, regarding Comments and Suggestions on HIPAA Compliance.

Staff was informally contacted by Ms. Normita Aguilar of Care Entree, an organization that offers health care discounts and services. This item was referred to the Benefits Committee for consideration. There were no objections.

VIII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

A. NEXT MEETING DATES

- The next Board meeting is scheduled for Tuesday, May 28, 2002, 9 a.m., Conference Room 303/304. This will be the last meeting held in this conference room.
- June Board meetings:
 - June 11, 2002 is a holiday and there will be no meeting.
 - June 14, 2002, Friday, is tentatively scheduled should there be any action that must be considered by the Board.
 - June 25, 2002, is scheduled for action on the Benefits Consultant RFP and will be held in the Executive Office on Aging Conference Room, 4th Floor, No. 1 Capitol District Building.
- The Benefits Committee will meet at 1:30 p.m. today, Conference Room 303/304.
- The Rules Committee meeting is scheduled for Thursday, May 23, 2002, 9 a.m., Conference Room 303/304.

B. FUTURE AGENDA ITEM

Trustee Williams requested that membership in the HIPAA Readiness Collaborative be added to the next Board meeting agenda and the item referred to the Administrative Committee for consideration and recommendation.

Chair Hidano asked that staff contact Trustee Uwayne to determine what his June schedule will be.

RECESS: 10:10 a.m. to 10:18 a.m.

III.A.2. HIRING OF THE ADMINISTRATOR

MOTION to enter into Executive Session was made by Trustee Matayoshi and seconded by Trustee Yogi. There was no discussion. The vote unanimously passed. (Employer trustees 3/ Employee-Beneficiary trustees 3)

The Board's Executive Session was held from 10:18 a.m. to 10:55 a.m. to discuss the interview process and questions for the hiring of the Trust Fund's Administrator.

IX. ADJOURNMENT

MOTION to adjourn the meeting was made by Trustee Matayoshi and seconded by Trustee Williams. There were no objections; the motion was unanimously passed (Employer trustees 3/Employee-Beneficiary trustees 3).

The meeting was adjourned at 10:55 a.m.

Respectfully submitted,

James Williams, Secretary-Treasurer

APPROVED on June 14, 2002.

Documents Distributed:

1. Minutes of April 16, 2002. (9 pages)
2. Minutes of April 30, 2002. (9 pages)
3. HIPAA Readiness Collaborative. (9 pages)
4. Expenditure Report. (4 pages)
5. Memorandum from Mr. Melvin Higa, Mutual Benefit Association of Hawaii, dated April 30, 2002, regarding Comments and Suggestion on HIPAA Compliance. (2 pages)
6. Approved minutes of April 9, 2002. (13 pages)