

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, May 28, 2002

TRUSTEES PRESENT

Mr. Sam Callejo, Chairperson	Mr. Neal Miyahira
Ms. Audrey Hidano, Vice-Chairperson	Mr. Willard Miyake
Mr. James Williams, Secretary-Treasurer (Arrived 9:06 a.m.)	Ms. Kathryn Matayoshi
Ms. Joan Lewis	Mr. Davis Yogi
Mr. Gerald Machida	

TRUSTEE ABSENT: Mr. Clifford T. Uwaine

ATTORNEY: Mr. Brian Aburano, Deputy Attorney General

HEUHBTF STAFF

Mr. Tracy Ban	Ms. Wanda Kimura
Ms. Lynette Fukunaga	Ms. Karen Tom
Ms. Shirley Kawamoto	

OTHERS PRESENT

Ms. Jean Aoki, HSRTA	Mr. Maurice Morita, HSTA
Mr. George Butterfield, HSTA-Retired	Ms. Sarah Moriyama, ORTA
Ms. Nani Crowell, HSTA	Mr. Tom Morrison, The Segal Company
Ms. Monica Engle, VSP	Mr. Michael Moss, HMSA
Mr. Charles Khim	Ms. Karen Muronaka, ORTA/HSTA-Retired
Mr. Melvin Kutara, C&C, Dept. of Human Resources	Mr. Rod Tam, HMSA

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order when a quorum was present at 9:05 a.m. by Trustee Sam Callejo, Chairperson, in Conference Room 303/304, No. 1 Capitol District Building, 250 South Hotel Street, Honolulu, Hawaii, on Tuesday, May 28, 2002.

ANNOUNCEMENTS

The Chair announced that Trustee Uwaine was unable to attend the meeting.

II. APPROVAL OF MINUTES

The minutes of May 14, 2002 were not ready for review.

III. COMMITTEE REPORTS

A. ADMINISTRATIVE COMMITTEE

1. BENEFITS PLAN CONSULTANT

Trustee Matayoshi reported that proposals are due Monday, June 3, 2002.

Responses to written questions submitted by proposers were sent out last week.

2. THIRD PARTY ADMINISTRATOR: No report.

3. CONSULTANT SERVICES TO EVALUATE THE HEALTH FUND INFORMATION MANAGEMENT SYSTEM (HFIMS)
Trustee Matayoshi and Trustee Williams will be meeting with The Gartner Group this afternoon to review the scope of work for the review of the HFIMS system.
4. HIPAA READINESS COLLABORATIVE
Trustee Matayoshi reported that the CEO will make a recommendation to the Board regarding joining the HIPAA readiness collaborative.
5. Trustee Matayoshi reported that the Public Employees Health Fund Transition Committee and the Administrative Committee will meet on June 4, 2002, at 1:30 p.m. to begin discussions on transition issues.

B. ADMINISTRATOR/EXECUTIVE DIRECTOR SELECTION COMMITTEE
The committee report was deferred to the end of the meeting.

C. RULES COMMITTEE
The next meeting is Thursday, May 30, 2002, 1:30 p.m. at Conference Room 303/304, No. 1 Capitol District Building to discuss with retirees whether the Board should adopt a Medicare Part B reimbursements rule.

A June 5, 2002, meeting is scheduled for the whole day beginning at 9 a.m. to review changes to the draft rules that have been discussed during the briefings and to reach agreement on the revised language for the draft rules.

D. BENEFITS COMMITTEE

1. EDUCATIONAL BRIEFINGS
Hawaiian Electric Industries, First Hawaiian Bank, Kamehameha Schools, and Outrigger Hotels and Resorts gave presentations about their current employee benefit plans and provided information on the basis for the programs offered. As a way to keep costs down, these organizations invest a great deal in wellness programs for their employees to mitigate health problems so that catastrophic costs will be kept minimal.

There will be no further Benefits Committee meeting until a benefits plan consultant or CEO is selected or if any item is assigned to this Committee.

2. REQUEST FOR RATE INFORMATION FOR FY 2004
There was discussion that it would be premature to ask carriers to provide rates on existing Fund plans at this time. The trustees discussed that any such request should be considered in September when the Health Fund would normally request rates

from the carriers for a July 2003 plan year. It would be appropriate to ask for trend percentage increases to estimate a cost if existing Health Fund plans were extended.

PUBLIC COMMENT

G. Butterfield expressed concern that open enrollment could not be held in April 2003 if collective bargaining contracts were not in place by December 2002.

IV. OTHER REPORTS

A. DEPUTY ATTORNEY GENERAL

1. Attorney-Client Communication Regarding Erie County Court Decision.

Mr. Aburano reviewed his memorandum regarding the Erie County case. He also reported that on May 13, 2002, the Equal Employment Opportunity Commission (EEOC) announced its intention to propose a regulation by December 2002 on the coordination of retiree health benefits with Medicare. It proposes to amend the current regulations governing age discrimination in employment to exempt from the Age Discrimination in Employment Act the practice of altering, reducing, or eliminating employer-sponsored retiree health benefits when retirees become eligible for Medicare. This may eliminate any potential problems caused by the Erie County decision.

The trustees discussed whether to waive the attorney-client communication privilege for Mr. Aburano's memorandum for public distribution.

MOTION was made to waive attorney-client privilege communication for the memorandum regarding Erie County decision. (Williams/Miyake)

There was further discussion noting that the EEOC's announcement was published in the Federal Register 33886 on May 13, 2002, and was available through the internet.

PUBLIC COMMENT

C. Khim commented in favor of the resolution as it is vital to retirees.

The motion was passed. (Employer trustees YES-4 Callejo, Hidano, Matayoshi, Yogi; NO-1 by Trustee Miyahira/Employee-Beneficiary trustees 4 Lewis, Machida, Miyake, Williams)

The trustees discussed the possibility that comments in the memorandum might be thought to represent the thoughts, opinions or position of the Board. The trustees asked staff to include a statement on Mr. Aburano's memorandum that comments in that memorandum do not reflect the Board's opinions or position.

2. Attorney-Client Privilege Communication Concerning Excluded and Exempt Health Plan Contributions.

Mr. Aburano reviewed his memorandum. The trustees discussed the Board's authority to mandate that employers pay their contributions on a timely basis and the Board's authority to enforce that obligation as well as any other employer obligations, i.e., proper collection of information, accounting, etc. These issues will be reviewed by the Rules Committee and Mr. Aburano. Mr. Aburano asked that the issues be submitted to him in writing to ensure that he has a clear understanding of what is being asked.

B. STAFF: No report.

V. UNFINISHED BUSINESS

A. ALTERNATE MINUTES FORMAT

Trustee Williams presented an alternate and shorter minutes format for consideration by the Board. All trustees voiced support for the alternate and shorter minutes format. There being no objections, the staff will use the new format from and after this meeting. The trustees discussed that Committee chairs may submit written report to attach to the minutes if they wish. Trustees may continue to request that specific comments be included in the minutes. Mr. Aburano commented that each trustee should promptly notify staff if the trustee wants a specific comment in the minutes for a meeting.

VI. NEW BUSINESS

A. ELECTION OF OFFICERS

MOTION was made to defer the election of officers to the next Board meeting on June 14, 2002. (Williams/Machida)

Trustee Miyake commented that the Board's Operating Rules provide for the election of new officers. He asked that the Board consider deferring the election and continue with the present officers until 2003. Since the Trust is now at a critical stage in its work, it would be best to allow the current officers to continue through this critical period. The performance of the current officers has shown outstanding leadership. The trustees are now more comfortable with each other and are working well with each other. A change in officers may disrupt the rapport that the Board now has.

The trustees discussed that the change in the State's administration at the end of the year may disrupt the membership of the Board. It was suggested that the election of officers be deferred until November or December of 2002 to accommodate that situation.

Regardless of whether or not the election of officers should be deferred to later in the year, several of the trustees indicated that they were not prepared to nominate and elect officers at this meeting.

PUBLIC COMMENT

C. Khim supported the motion.

The motion was passed unanimously.
(Employer trustees 5/Employee-Beneficiary trustees 4)

The Chair asked Mr. Aburano to review the issue of whether the Board's Operating Rule on the election of officers could be suspended or repealed to allow an election later in the year.

B. TRUST FUND STAFF ASSIGNMENT

The trustees discussed that the CEO would not be hired by June 1 as planned. Since the CEO would need staff support until permanent Trust staff is hired, it would be best to extend the current staff's assignment.

MOTION was made to extend the staff's assignment and for a letter be sent to the staff's employing agencies notifying them of an extension to September 30, 2002.
(Miyahira/Williams)

The trustees discussed that staff may return to their respective employing agencies earlier if their assignments are completed or replacement staff has been hired.

The motion was passed unanimously.
(Employer trustees 5/Employee-Beneficiary trustees 4)

VII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

1. The Chair indicated that the Trustees received information from the State Ethics Commission on Campaign Restrictions for State Officials and State Employees (Chapter 84, HRS) for their review.
2. Trustee Yogi reported that testimony from Gertrude Nitta was received and will be addressed at the next Rules Committee meeting on May 30, 2002.
3. Trustee Miyahira announced that he will be the Budget Administrator effective June 3, 2002, but will continue to serve on the Board as a trustee appointed by the Governor.

VIII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

- The next Board meeting is scheduled for Friday, June 14, 2002, 9 a.m., and will be held in the Executive Office on Aging Conference Room, 4th Floor, No. 1 Capitol District Building.
- The Rules Committee meeting is scheduled for Thursday, May 30, 2002, 1:30 p.m., Conference Room 303/304.
- The Administrative Committee (PEHF Transition) meeting will be held on Tuesday, June 4, 2002, 1:30 p.m.

RECESS: 10:15 a.m. to 10:20 a.m.

III.A.2. HIRING OF THE ADMINISTRATOR

MOTION to enter into Executive Session to discuss Agenda Item III.A.2.
(Miyahira/Matayoshi)

The Board's Executive Session was held from 10:20 a.m. to 10:40 a.m.

MOTION to adjourn Executive Session. (Yogi/Miyahira)

IX. ADJOURNMENT

MOTION to adjourn the meeting. (Yogi/Machida)

The meeting was adjourned at 10:42 a.m.

Respectfully submitted,

James Williams, Secretary-Treasurer

APPROVED on June 25, 2002.

Documents Distributed:

1. Minutes of May 14, 2002. (7 pages)
2. Request for Rate Information for PY 2004. (16 pages)
3. Alternate Minutes Format. (19 pages)
4. Approved minutes of April 16, 2002. (9 pages)
5. Approved minutes of April 30, 2002. (9 pages)