

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Monday, August 9, 2004

TRUSTEES PRESENT

Ms. Katherine Thomason, Chairperson	Mr. Willard Miyake
Ms. Kathleen Watanabe, Vice-Chairperson	Mr. John Radcliffe
Mr. Gerald Machida, Secretary-Treasurer	Mr. Mark Recktenwald
Ms. Joan Lewis	

TRUSTEES ABSENT

Mr. Nelson Befitel
Mr. Dayton Nakanelua
Mr. Stanley Shiraki

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

Mr. Lawrence Nishihara, Acting Administrator	Mr. John Garner, Consultant
Ms. Maria Quartero	Ms. Donna Tonaki
Ms. Kathleen Shiroma	

OTHERS PRESENT

Mr. Gary Allen, Hawaii Business Health Council	Ms. Doreen Kuroda, DHRD
Mr. Tracy Ban, B&F	Ms. Sarah Moriyama, ORTA
Ms. Sandra Benevides, Kaiser Permanente	Mr. Michael Moss, HMSA
Mr. Jack Borja, IMX	Ms. Michele Nishimoto, HDS
Ms. Monica Engle, VSP	Ms. Gertrude Nitta, HGEA-R
Ms. Venus Gabuyo, MBAH	Mr. Rod Tam, HMSA
Mr. Rick Jackson, MDX Hawaii	Mr. Myles Taniguchi, TRIA
Ms. June Kadomoto, ORTA	Mr. George Yamamoto, HGEA-Retirees

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 3:35 p.m. by Trustee Katherine Thomason, Chairperson, in Conference Room 405, Leiopapa A Kamehameha Building, 235 South Beretania Street, Honolulu, Hawaii, on Monday, August 9, 2004.

II. APPROVAL OF MINUTES

Review of minutes for June 24, 2004.

MOTION was made for the Board to approve the minutes for June 24, 2004 as submitted. (Radcliffe/Watanabe) The motion passed unanimously. Employer Trustees-3/Employee-Beneficiary Trustees-4)

III. COMMITTEE REPORTS

A. SELECTION COMMITTEE

Trustee Watanabe reported that the EUTF received a total of 20 applicants and that the advertisement is still running. Staff from Department of Human Resources and Development and Budget and Finance did the initial screening for minimum qualifications. The selection committee met and has 6 applicants that fully meet the minimum qualifications. Interviews will be held on August 26 and 27, 2004.

B. BENEFITS COMMITTEE

Trustee Radcliffe reported that the Benefits Committee has been meeting over an extended period of time to review benefits plans relative to issuing an RFP. The Benefits Committee recommends that the full board approve not to issue an RFP for the chiropractic, dental, and vision plans but to continue the process for issuing an RFP for medical and prescription drug plans.

IV. OTHER REPORTS

A. ADMINISTRATOR

Mr. Nishihara reported that carrier reports were submitted by MBAH, Royal State, and Kaiser.

Royal State Dual Coverage Payments

Discussion held by Trustees and staff regarding the Royal State dual coverage payments from beneficiaries. Ms. Tonaki stated that the EUTF is collecting payments for the dual coverage from the beneficiaries. Further discussion held by Trustees and staff regarding the status of payment to Royal State for the dual coverage. Ms. Tonaki stated that the EUTF has transmitted payment for HGEA and HFFA, as well as the employee portion for the other unions and the counties employer portion for all the unions. The State's employer portion is still outstanding.

C. DEPUTY ATTORNEY GENERAL

Mr. Aburano reported:

1. Memorandum from Attorney General to State Agencies Re: Procedures

A memorandum was issued to all state agencies from the Attorney General setting forth procedures to request attorney general opinion and advice letters. All requests must be in writing addressed to the Attorney General and to have a clear, brief statement of the legal question to be answered, a statement of facts, a statement of any current administrative interpretation or practice, a discussion of the problem facing your agency in view of the legal issue, and problems which may arise from various interpretations.

2. Internal Memorandum within the Attorney General's Office

An internal memorandum was circulated within the Attorney General's office which states that supervisors are responsible for monitoring and approving retroactive contracts and discouraging client agencies from the practice of entering into retroactive contracts.

C. BENEFITS CONSULTANT

Mr. Garner reported:

1. Assisting a Subsidiary of HMSA Regarding Compliance Issues

A year ago Garner informed the Trustees that a subsidiary of HMSA approached them to assist in some compliance issues and Garner wanted to make sure that it was not viewed as a conflict of interest. At that time, the Trustees said it was okay but cautioned that if the project turned out to be big that they would have to revisit the issue. Garner Consulting has provided a small number of services for Benefits Services Hawaii over the course of the last year and the fees have totaled \$649.00 and that he does not think that it should be an item of concern.

2. Composite Rate Examples

Discussion was held at the Benefits Committee level regarding just having composite rates with the carriers and having every union being able to choose their own tiering structure for purposes of payroll deductions. Mr. Garner stated while there is a lot of merit to that idea, he cautioned everyone as to some possible ramifications (see handout). Discussion held by Trustees and consultant regarding different composite rate examples and employer's position on composite rates. Chair Thomason stated that some Trustees and the Administrator attended an Employer-Jurisdiction Personnel Directors meeting and given the information that they have they were more inclined to want 1 tiering and not particular in which tiering and also said 1 person and 1 rate is an option. Trustee Miyake clarified that the employer's position is that the EUTF should do 1 structure for all public employees and not for each union to have different rate structures.

D. Carrier's Reports

1. Mutual Benefit Association of Hawaii
2. Royal State National Insurance Co., Ltd.
3. Kaiser Permanente

V. UNFINISHED BUSINESS: None

VI. NEW BUSINESS

A. Benefits RFP No. 05-001

There being no objections, this item has been moved to the end of the agenda.

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

VIII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

*Administrative Committee meeting is scheduled for August 24, 2004 at 1:00 p.m.

Trustee Recktenwald notified the Board that he asked Garner Consulting to look into something that was passed by Congress that is called "Health Savings Accounts" which is a new way of funding insurance for employees and whether any other states are doing that and to report back to the Administrative Committee. There being no objections by the Trustees, Mr. Garner will report back to the Administrative Committee in September 2004 his report regarding the "Health Savings Accounts".

*Benefits Committee meeting is scheduled for August 24, 2004 at 3:00 p.m.

*Regular Board meeting is scheduled for August 25, 2004 at 3:30 p.m.

IX. EXECUTIVE SESSION

Motion was made to go into Executive Session at 3:55 p.m. (Watanabe/Recktenwald) The motion passed unanimously. Employer Trustees-3/Employee-Beneficiary Trustees-4)

Motion was made to move out of Executive Session. (Watanabe/Recktenwald) The motion passed unanimously. Employer Trustees-3/Employee-Beneficiary Trustees-3)

Executive Session adjourned at 5:50 p.m.

Item VI.A Benefits RFP No. 05-001 taken out of order.

MOTION was made upon the recommendation of the Benefits Committee for the Board to approve to exclude from the RFP and to negotiate an extension of the HDS (dental plans), MBAH (chiropractic plans), and VSP (vision plans) contracts. The motion passed unanimously. (Employer trustees-3/Employee-Beneficiary trustees-4)

MOTION was made upon the recommendation of the Benefits Committee for the Board to approve to exclude an HMO plan from the RFP and to negotiate an extension of the Kaiser contract. The motion passed unanimously. (Employer trustees-3/Employee-Beneficiary trustees-4)

MOTION was made for the Board to approve to exclude a PPO plan from the RFP and to negotiate an extension of the HMSA contract. The motion failed. (Employer trustees-3; NO-Recktenwald, Thomason, Watanabe/Employee-Beneficiary trustees-3; YES-Lewis, Machida, Miyake, NO-Radcliffe)

MOTION was made for the Board to approve to send the current draft of the RFP, as finalized by staff, to public employers and employee organizations for consultation and comments. The motion passed unanimously. (Employer trustees-3/Employee-Beneficiary trustees-4)

X. ADJOURNMENT

MOTION was made to adjourn the regular meeting. (Watanabe/Recktenwald) The motion passed unanimously. (Employer trustees-3/Employee-Beneficiary trustees-3)

Trustee Lewis left at 6:02 p.m.

The meeting was adjourned at 6:03 p.m.

Respectfully submitted,

/s/

Gerald Machida, Secretary-Treasurer

APPROVED on October 20, 2004

Documents Distributed:

1. Composite Rate Examples dated 8/9/04. (1 page)
2. Letter from H. Mark Fukuhara to EUTF Board Re: Resignation dated 7/21/04. (1 page)
3. OpenLine – July 2004. (2 pages)
4. Hawaii Ethics Commission-Campaign Restrictions for State Official & State Employee revised 5/04. (2 pages)