

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Wednesday, August 24, 2005

TRUSTEES PRESENT

Mr. John Radcliffe, Chairperson
Mr. Gerald Machida, Vice-Chairperson
Mr. Nelson Befitel
Mr. George Kahooahanohano
Ms. Marie Laderta

Ms. Joan Lewis
Mr. Willard Miyake
Mr. Mark Recktenwald
Mr. Stanley Shiraki

TRUSTEES ABSENT

Ms. Katherine Thomason, Secretary-Treasurer

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

Mr. James Williams, Administrator
Mr. Lawrence Nishihara
Ms. Maria Quartero
Ms. Kathleen Shiroma

Mr. John Garner, Consultant
Ms. Rebecca Delfino, Associate
Ms. Donna Tonaki

OTHERS PRESENT

Ms. Lynette Arakawa, HDS
Ms. Sandra Benevides, Kaiser Permanente
Ms. Brandy Ching, Kaiser Permanente
Ms. Alana Deppe-Mariota, Kaiser Permanente
Ms. Monica Engle, VSP
Ms. Elaine Fujiwara, HDS
Ms. Venus Gabuyo, MBAH
Mr. Mike Golojuch, C&C-BFS
Ms. Liz Ho, AFSCME

Mr. Rick Jackson, MDX Hawaii
Mr. Eleu Kane, Summerlin
Ms. Ruth Kim, HSTA-R
Ms. Alice Kotake, HSTA-R
Mr. Paul Matsuo, HGAE-R
Mr. Michael Moss, HMSA
Ms. Gertrude Nitta, HGAE-R
Mr. Rod Tam, HMSA
Mr. George Yamamoto, HGAE-R

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:01 a.m. by Trustee John Radcliffe, Chairperson, in Conference Room 1935, City Financial Tower, 201 Merchant Street, Honolulu, Hawaii, on Wednesday, August 24, 2005.

Chair Radcliffe introduced and welcomed new Trustee Marie Laderta who replaced Trustee Watanabe.

MOTION was made for the Board to amend its agenda to add appointment of Administrative Committee member to New Business. (Recktenwald/Kahooahanohano)
The motion passed unanimously. (Employer Trustees-4/Employee Trustees-5)

II. APPROVAL OF MINUTES

The Board reviewed the draft minutes for May 19, 2004, June 01, 2005, and

June 22, 2005, and reviewed proposed corrections to the minutes for May 17, 2005.

Proposed correction to approved minutes for May 17, 2005: page 9, lines 12, 15; change from Administrative Committee to Benefits Committee.

MOTION was made to approve the draft minutes for May 19, 2004 as submitted. (Miyake/Befitel) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

MOTION was made to approve the proposed correction to the approved minutes for May 17, 2005. (Kahooohanohano/Miyake) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

MOTION was made to approve the draft minutes for June 01, 2005 as submitted. (Miyake/Shiraki) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

MOTION was made to approve the draft minutes for June 22, 2005 as submitted. (Miyake/Kahooohanohano) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

III. OTHER REPORTS

A. Administrator

1. August Update (see written report)

a. PeopleSoft Support

Overview by Ms. Shiroma regarding the PeopleSoft support and responsibilities of the Selection Committee. Mr. Williams requested that the Board authorize the Administrator to issue a contract for professional services for PeopleSoft support. Discussion held by Trustees and staff regarding the approximate cost in procuring these services. Mr. Williams stated that previous action taken by the Board was to set a \$300,000.00 limit.

MOTION was made to authorize the Administrator to negotiate, finalize, and execute a contract for professional services for PeopleSoft support on behalf of the Trust Fund. (Miyake/Kahooohanohano) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

b. Alternatives to the PeopleSoft System

Overview by Ms. Shiroma regarding the drafting of a request for professional services to obtain a qualified service provider to draft a Request for Proposal (RFP) and to assist the EUTF to procure a vendor for a new benefits administration system to replace the current PeopleSoft/HFIMS. Discussion held by Trustees and staff regarding alternative options to the PeopleSoft

system that were provided to the Board and were addressed in previous Board meetings. Mr. Williams requested that the Board authorize the Administrator to negotiate and issue a contract in accordance with SPO procedures. Further discussion held by Trustees and staff regarding the cost. Mr. Williams stated that the first phase will cost approximately \$100,000.00, subject to a \$200,000.00 cap, to select a vendor because the contract will also include managing the RFP process once the RFP is issued and going through the selection process and then following through the project itself that could have additional costs in the second year.

MOTION was made for the Board to authorize the Administrator to negotiate, finalize, and execute a contract for professional services for a contractor to develop and manage an RFP for a new benefit administration system not to exceed \$200,000.00. (Miyake/Machida) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

c. Legislation Affecting EUTF

Overview by Mr. Williams regarding HB 1608 (VEBA) that became law without the Governor's signature and HB 1548 that the Governor vetoed and subsequently the legislature said the notice of intent to veto was defective and assigned an Act number. Mr. Aburano reported that the issue is whether the Governor gave a notice that was in line with the Hawaii Constitution to prevent HB 1548 from becoming law. The Governor consulted with the Attorney General's Office (AG) and the AG's office has given an opinion to the Governor that the alleged technical deficiency with the notice did not cause the notice to be invalid under the Constitution; therefore HB 1548 was properly vetoed. However, the legislature does not agree and assigned an Act number to HB 1548. Neither side is apparently going to bring any declaratory action to decide the matter. Therefore, nothing will happen until there is a triggering action, i.e., some future event that will require the validity of the veto to be determined one way or the other. Discussion held by Trustees and staff regarding a declaratory action. Mr. Aburano explained that this issue would not be with the EUTF but with the unions, legislature, and Governor.

d. Implementation of HSTA VEBA

Mr. Williams reported that communications were initiated in anticipation of the possibility of HB 1508 passing and HSTA implementing a VEBA. In part, the communications proposed certain terms to be put in a Memorandum of Understanding (MOU) between the EUTF and VEBA covering issues raised by the implementation of the VEBA. The Administrator and Assistant Administrator met with HSTA-VEBA representatives who objected to certain aspects of the proposed MOU. These objections were discussed with

Mr. Aburano. A second letter with revisions to the MOU that responded to the objections was sent to HSTA-VEBA and two follow-up phone calls were made. To date, the EUTF has not received any official communication from HSTA-VEBA. Mr. Williams stated that the EUTF is prepared to transmit files and execute the revised MOU and that any delay in implementing the VEBA is not due to the EUTF.

e. EUTF Plan for Medicare Retirees Questioned

Overview by Mr. Williams regarding the questioning of EUTF plans for Medicare Retirees which may become an issue in the next legislative session (see Administrator's report). Mr. Williams clarified that the question being asked is whether the EUTF's plan for Medicare retirees is contrary to the law. He stated that certain people may want the legislature to change the EUTF law to prohibit the EUTF from offering a coordination of benefit plans to Medicare retirees. Ms. Ruth Kim commented that the HSTA Executive Director and President said that they are not in favor of any reduction of benefits for retirees and is surprised that this is coming out from HSTA. Discussion held by Trustees, staff, and consultant regarding the difference between coordination of benefit plans and carve out plans. Trustee Lewis said that the EUTF law is ambiguous and this was a concern of the Trustees from the beginning, that HSTA would not cut benefits or harm retirees, and that HSTA simply wants to make sure that if it follows the EUTF retiree plan it would not be doing something that would be considered contrary to the law. A copy of Mr. Aburano's memorandum dated August 5, 2005 explaining the coordination of benefit plans and carve out plans was given to the Trustees for their review. Mr. Aburano stated that HSTA would need to seek its own legal counsel but that his understanding is that HSTA-VEBA is exempt from Chapter 87A (which has the requirement that is the basis for the questioning of the EUTF plan for Medicare retirees) and HSTA-VEBA can establish whatever retiree plan complies with otherwise applicable federal and state laws.

f. Request for Assistance by the Department of Budget and Finance

Overview by Mr. Williams regarding the request for assistance by the Department of Budget and Finance (see Administrator's report). He clarified that it is the Department of Budget and Finance's responsibility but the EUTF is willing to perform the requested services, provided that the EUTF is properly compensated, subject to the Board's approval.

MOTION was made for the Board to authorize the Administrator to negotiate and sign a Memorandum of Understanding (MOU) with the Department of Budget and Finance to provide services to support the department in administering union VEBA plans. (Kahoohanohano/Miyake) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

MOTION was made for the Board to authorize the Administrator to negotiate and sign a MOU with the Department of Budget and Finance to provide services to support the department in applying for and receiving the Medicare Part D plan sponsor subsidy. (Kahooahanohano/Befitel)

Discussion held by Trustees and staff regarding who is applying for the Medicare Part D plan sponsor subsidy.

MOTION was made to defer the item on the MOA related to Medicare Part D until after Executive Session. (Kahooahanohano/Miyake) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

- g. Direct Deposit of Medicare Part B Premium Refunds in Cooperation with ERS
Overview by Mr. Lawrence Nishihara regarding the direct deposit of Medicare Part B premium refunds (see Administrator's report). Discussion held by Trustees and staff regarding the second phase of the project which is to obtain direct deposit authorizations from those not reached in the initial phase and also about submitting a legislative proposal that would require new retirees to use direct deposit.
- h. EUTF Facilities – Option to Lease Additional Space
Overview by Mr. Lawrence Nishihara regarding the option to lease additional space for the EUTF (see Administrator's report). Although there is no signed lease, the option to lease additional space has been approved verbally by DAGS.
- i. PEHF Refund Project
Overview by Mr. Lawrence Nishihara regarding the PEHF refund project (see Administrator's report). The projected closure of this project is September 30, 2005. Discussion held by Trustees and staff regarding remaining refund checks.
- j. Response to Auditor's Client Advisory Comments (Pursue off-site storage to support disaster recover)
Ms. Shiroma reported that an off-site visit was made with DAGS/ICSD, DCCA, and TAX. The parties now need to agree if the place visited is satisfactory. There is no cost to the EUTF.
- k. Benefits Conference for Public Employees
Trustee Kahooahanohano, Mr. Aburano, and Ms. Tonaki briefed the Board on the Benefits Conference for Public Employees from July 11-13, 2005 and how this conference was valuable, very well planned and prepared. Some of

the highlights were: (1) being able to obtain contacts with people in the health benefits plan industry, including other trustees, administrators, and health plan attorneys; (2) to hear about the concerns of other public health plans and how people are trying to meet those concerns, especially about spending more for health care while quality is decreasing; (3) hearing how other plans collected data on where their money was going and who was in their plans, decided on a philosophy that would govern their health benefits plans, and then went about implementing that philosophy in designing and administering their health benefits plans; (4) a session was held where the conference participants could get together, discuss whatever was on their minds, trade information, and generally interact with one another; and (5) workshops in Medicare Part D, Health Savings Accounts, and GASB 43 & 45 that were administratively very informative. Trustees encouraged Mr. Aburano to follow-up regarding the idea of developing an association of attorneys who work for other health plan groups that would be a great benefit in sharing information.

1. CHAT (Choosing Health Plans All Together)

Mr. Williams reported that the invitation for the CHAT session was sent to the Trustees earlier. The CHAT training session is confirmed for Wednesday, September 14, 2005 from 8:30 - 11:00 a.m. to be held at the EUTF conference room. Mr. Williams clarified that this CHAT training session is just to help the thought process of the Trustees in understanding the tradeoffs involved in developing benefit plan design and will not produce a product or proposal that will become part of an RFP.

m. Introductory Meetings

Overview by Mr. Williams regarding two introductory meetings (see Administrator's report).

B. DEPUTY ATTORNEY GENERAL

Mr. Aburano reported:

1. Opinion Letter on Medicare Part D Plan Sponsor

This item will be discussed in Executive Session.

2. Status on HB 1548

a. This item was discussed under the Administrator's report.

MOTION was made to recess for 10 minutes. (Kahooahanohano/Miyake) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Recessed at 10:01 and Reconvened at 10:10 a.m.

C. BENEFITS CONSULTANT

Mr. Garner introduced his associate, Rebecca Reagan Delfino.

1. August Report (see written report)
 - a. Financial Reports
Overview by Mr. Garner regarding the financial reports and reports by bargaining unit (see Consultant's written report).
 - b. Enrollment Report
See Consultant's written report.
 - c. Carriers Performance Standard
Mr. Garner reported that HMSA did not meet one standard which does not have a financial penalty. Kaiser failed to meet a standard in answering calls within 30 seconds for a second quarter in a row and it does appear that a financial penalty will be due which will be discussed with Kaiser. Mr. Garner stated that it is not the EUTF's goal to get penalties but a goal to receive the services, and Kaiser has assured us that they are now fully staffed in that area and should be able to meet the standard in the future.
 - d. Self-Funding
Mr. Garner reported that in the past, reports have been given to the Trustees regarding self-funding and is updated every quarter and does not change very much (see Consultant's written report). Discussion held by Trustees and consultant regarding the HMSA surplus, which has been revised in the report to include drug rebates.
 - e. HIPAA Security Policies and Procedures
This item will be discussed in Executive Session.
 - f. Medicare Part D
The item on the Medicare Part D application for drug subsidy will be discussed in Executive Session.

Overview by Mr. Garner regarding a letter received from Kaiser dated July 1, 2005 that provided an estimate of a rate credit for a wrap around option and an estimate of how much who ever would get the subsidy would receive. Unfortunately, CMS has changed the amount of the rate credit that they would pay to Medicare Advantage plans like Kaiser. Mr. Garner submitted an exhibit showing his estimate of what that rate credit would be. Mr. Garner spoke to Kaiser and it seems that his estimate is slightly higher than Kaiser's. Mr. Garner added that it illustrates clearly that even if his estimate is off by 10% having the drug benefit folded into the Kaiser Medicare Senior Advantage program would be better than the drug subsidy by a substantial amount. Mr. Garner stated that it is Kaiser Hawaii's default position, if the EUTF does not tell them otherwise they will assume that is what the EUTF would want.

Until the EUTF gets a final number from CMS and final rates from Kaiser that would be effective January 1, 2006, there is no need to take any action. If the EUTF wants to pursue the subsidy, then the EUTF would need to do something different with the subsidy application that will be discussed in Executive Session, which Mr. Garner does not think the EUTF needs to do. Mr. Garner clarified that the premium that the EUTF pays to Kaiser would include the Part D premium and that the retirees would not need to do anything differently. Ms. Benevides confirmed that what Mr. Garner stated is correct. Mr. Garner added that it is already past Kaiser's deadline for choosing something other than their default position and recommends that a letter be sent to Kaiser reserving the right to make a decision other than their default choice. By consensus of the Trustees, the decision to send a letter to Kaiser or anyone is deferred until after Executive Session.

g. High Deductible Health Plan (HDHP) RFP

This item will be discussed in Executive Session.

h. Surveys

Overview by Mr. Garner regarding the surveys (see Consultant's written report).

i. Benefits Plan Changes

Mr. Garner reported that a fax was sent to carriers regarding benefit plan changes and the Board's expectations. To date, written confirmations have been received from Mutual Benefit and Kaiser stating that they will comply with this request. Kaiser also added that their formulary is dynamic and may not be able to adhere to the 90-day advance notice. Ms. Engle from VSP commented that she did not receive the fax (a few other carriers said that they also had not received the fax).

j. Garner Consulting Bulletins for June/July 2005

Mr. Garner reported that the bulletins cover a numbers of issues, none of which require immediate attention of the Board.

D. Financial Report as of June 30, 2005

Overview by Ms. Tonaki regarding the financial report as of June 30, 2005 (see written reports). Grant Thornton is currently on site auditing the EUTF's financial report for FY 2004-05.

E. Carrier's Reports

1. HDS

Written report submitted. Ms. Arakawa reported that HDS recommends that dentists submit a preauthorization for claims over \$400 and have enhanced that by also sending the preauthorization to the patient so they will also know what

HDS is approving and what their out-of-pocket payment would be.

2. HMSA

Written report submitted.

a. Returned Surplus

Mr. Tam reported that HMSA returned a surplus of \$7 million to the EUTF.

b. Interest on Reserves

Mr. Tam reported that HMSA is willing to credit interest based on the 6-month Treasury bill rates (which is a higher rate) vs. the 90-day Treasury bill rates as stated in HMSA's current contract.

3. Kaiser Permanente

Written report submitted.

4. Royal State Insurance

Written report submitted. Ms. Tonaki reported that she and Ms. Reagan are working with Ms. Yu-Lum regarding Royal State's interest.

5. VSP

Written report submitted.

a. Assignment of Benefits for Out-of-Network Services

Ms. Engle reviewed her letter of August 10, 2005. The reason for this change in policy is to better differentiate participating providers from non-participating providers. Due to the late notice, VSP extended the effective date to September 1, 2005.

IV. UNFINISHED BUSINESS: None

V. NEW BUSINESS

Trustee Miyake requested an update regarding when the premium holiday will be implemented. Mr. Williams clarified that since the Board already took action, there is no further Board action needed to implement the premium holiday and stated that there is an issue regarding the chiropractic portion that the Board will need to decide. Discussion held by Trustees and staff regarding the implementation date of December for the premium holiday.

MOTION was made for the Board to amend the agenda to add the issue to determine when the premium holiday will be implemented. (Miyake/Lewis) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Scheduling of Premium Holiday

Mr. Garner stated that he is comfortable that the experience continues to be consistent with what he had seen in the first 9 months of the year. Mr. Garner stated that if experience continues to be good that means the rates that were previously agreed to with HMSA for the current year are higher than needed and the premium holiday should bring us down to what the right amount should be. It was clarified that the premium holiday is for one-month and that the employers/participants would not pay any premiums for the

month of December 2005 except for the chiropractic plan. Mr. Williams stated that the employers would still have to pay the administrative fee. Ms. Tonaki clarified that the deduction for State employees would be for the December 20th and January 5th paycheck and for County employees it would be for the December 15th and December 31st paycheck. Further discussion held by Trustees and staff regarding the possibility of implementing the premium holiday in November. Mr. Williams has no objections with implementing the premium holiday in November but is more comfortable with December 2005.

MOTION was made for the Board to approve implementation of the premium holiday in December 2005. (Miyake/Lewis) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-4/Employees-Beneficiary Trustees-5)

- A. Authorize Administrator to Issue a Contract for Professional Services for PeopleSoft Support
Discussed and action taken under the Administrator's report.
- B. Authorize Administrator to Issue a Contract for Professional Services for a Service Provider to Develop and Manage a Request for Proposal for a New Benefit Administration System
Discussed and action taken under the Administrator's report.
- C. HIPAA Policies and Procedures - Approval of Revisions
This item will be discussed in Executive Session.
- D. Medicare Part D, Subpart R - Application for Plan Sponsor Subsidy and Approve Providing Related Services to Department of Budget and Finance
This item deferred until after Executive Session.
- E. Medicare Part D - Approval of Kaiser Senior Advantage Revised Rates
This item will be discussed in Executive Session.
- F. HDHP - Approval of RFP
Mr. Williams reported that there is a collective bargaining issue related to the HDHP because it is anticipated that the premiums will be significantly lower than the regular premiums for medical plans. The difference could be employee savings that they could put into a Health Savings Account in order to cover the deductible. However, the Board has had experience where it was assumed that negotiated amounts for the medical plan were set by collective bargaining and would be applied to the dual coverage plan but there was an objection by the employers that they did not negotiate those contributions to cover a dual coverage plan. Staff is concerned that this could happen again. Mr. Williams suggests that the Board consider deferring the HDHP RFP to next year so that it could be issued with the other RFP's. Then, it could be fed into the beginning of the collective bargaining process for the next two-year

contracts, both the unions and employers could be fully aware that this would be part of the upcoming plans, and by December they would have the rates for all the plans to negotiate. The credibility of EUTF would be reduced if we go through an RFP process and later have to cancel because of collective bargaining concerns. Discussion held by Trustees, staff, and consultant regarding deferring the HDHP RFP, educating everyone about the HDHP, and whether negotiating could be done sometime between now and when the RFP would be issued. Mr. Williams stated that if the HDHP is postponed until September 2005 it would push back the final award until the end of January 2006 and the concern would be if the legislature and collective bargaining parties would have the rate information early enough. It would be difficult to accelerate if we were issuing the RFP October 1, instead of September 1. Mr. Garner agreed that postponing a month would slip the whole schedule. Further discussion held by Trustees and staff regarding a concern that this issue may get lost in the shuffle if it is delayed. Mr. Williams stated that information sessions could be scheduled during the year to educate the union and employers about the HDHP and HSAs.

MOTION was made for the Board to defer the HDHP RFP to next year and for the Administrator and consultant to plan and implement an educational program regarding HDHPs and HSAs for employers and employee organizations involved in the collective bargaining process. (Miyake/Shiraki) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-4/Employees-Beneficiary Trustees-5)

G. Interest Rates on Rate Stabilization Reserves

This item will be discussed in Executive Session.

H. Memorandum of Understanding with HSTA Member Benefits Corporation
Regarding HSTA Volunteer Educational Benefit Trust

This item was discussed under the Administrator's report and no action was taken.

I. Memorandum of Understanding with Department of Budget and Finance Regarding
VEBA Administration

This item was discussed and action taken under the Administrator's report.

J. IFEBP Annual Conference - Authorize Participation of Trustees and Staff

MOTION was made for the Board to authorize the participation of Trustees and management staff designated by the Administrator to attend the annual conference of the IFEBP, November 11-16, 2005 in Honolulu. (Miyake/Shiraki) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-4/Employees-Beneficiary Trustees-5)

K. Composition of Administrator Selection and Evaluation Committee

By consensus of the Trustees, Trustee Recktenwald was elected to serve on the Administrator Selection and Evaluation Committee.

MOTION was made for the Board to elect Trustee Laderta to serve on the Administrative Committee. (Recktenwald/Shiraki) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

L. Evaluation of Administrator

This item will be discussed in Executive Session.

VI. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

Mr. Melvin Higa commented that item V.B under News Business notes that the RFP is solely for a new benefit administration system and is requesting that the Board consider expanding that scope to include hosting (vendor would run system) as well if it would be cost savings to have a whole package. Mr. Williams stated that the suggestion is within the EUTF's intent and that the actual RFP will come before this Board for review. Discussion held by Trustees and staff regarding the definition of hosting and if a vendor hosted would it be a Third-Party Administration.

Mr. George Yamamoto commented that retirees are inquiring if they should enroll in Medicare Part D. Mr. Williams stated that a notice of creditable coverage will be sent to retirees in October 2005 and, as allowed by law, will basically say that the coverage you have is fine and you do not need to enroll in Medicare Part D and if you do you would have to pay the premiums yourself. Mr. Garner clarified that the law does not allow EUTF to tell people not to sign-up, you may only provide factual information, and CMS has a model notice that can be adapted to stay within the law. Mr. Aburano stated that: (1) the EUTF cannot make a recommendation as to whether EUTF participants should or should not sign up for Medicare Part D; (2) the notice to each EUTF participant will say whether you do or do not have creditable coverage through the EUTF's plans; and (3) if you do have creditable coverage, it will say if you do not sign up for Medicare Part D now you will not be penalized later if you exit the creditable coverage offered by the EUTF and then sign up for Medicare Part D. Mr. Aburano added that for a lot of Medicare retirees it would not be possible to make a decision now as to whether to enroll in the Medicare Part D plans because those plans haven't been established yet and so you don't know what they cover or don't cover.

VII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

A proposed meeting schedule was circulated through June 2006 (see schedule).

MOTION was made to adopt the proposed meeting schedule through June 2006, subject to revision should circumstances and quorum requirements dictate. (Kahooahano/Befitel) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

VIII. EXECUTIVE SESSION

MOTION was made to go into Executive Session at 11:24 a.m. for the various reasons stated on the agenda. (Lewis/Kahooohanohano) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Recessed at 11:24 a.m. and Reconvened at 11:28 a.m.

MOTION was made to move out of Executive Session. (Befitel/Miyake) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Executive Session adjourned at 12:15 p.m.

Executive Session Report:

1. Authorized Administrator to negotiate and sign Medicare Part D MOU with the Department of Budget and Finance.
2. Approved the revised HIPAA Security Policies and Procedures.
3. Approved sending a letter to Kaiser reserving the right to make a decision regarding Medicare Part D other than their default choice.
4. Approved HMSA's offer to credit interest based on the 6-month Treasury bill.
5. Approved Administrator's evaluation.

IX. ADJOURNMENT

MOTION was made to adjourn the regular meeting. (Lewis/Miyake) The motion passed unanimously. (Employer trustees-4/Employee-Beneficiary trustees-5)

The meeting was adjourned at 12:18 p.m.

Respectfully submitted,

/s/

Katherine Thomason, Secretary-Treasurer

Documents Distributed:

1. Draft Minutes for May 19, 2004. (10 pages)
2. Amended Approved Minutes for May 17, 2005. (10 pages)
3. Draft Minutes for June 1, 2005. (4 pages)
4. Draft Minutes for June 22, 2005. (9 pages)

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Board of Trustees Meeting

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5. Memorandum to BOT from Administrator regarding August Administrator Report dated 8/16/05. (5 pages)
6. Letter to BOT from Garner Consulting regarding August Benefit Consultant Report dated 8/17/05. (36 pages)
7. EUTF Statement of Net Assets (Unaudited) dated 8/8/05. (1 page)
8. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 12 Months Ended 6/30/05 (Unaudited) dated 8/8/05. (1 page)
9. EUTF Statement of Cash Flows 12 Months ended 6/30/05 dated 8/8/05. (1 page)
10. Response to Representative Takai regarding HMSA Physical Therapy Benefit dated 7/14/05. (8 pages)
11. Letter from Trustee Watanabe regarding Resignation dated 7/27/05. (1 page)
12. Letter from Governor Lingle regarding Appointment of Marie Laderta dated 8/17/05. (1 page)
13. OIP OpenLine for June 2005. (2 pages)
14. Approved Minutes for July 21, 2004. (8 pages)