

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Thursday, September 18, 2003

TRUSTEES PRESENT

Mr. Will Miyake, Chairperson	Mr. Gerald Machida
Ms. Joan Lewis, Vice-Chairperson	Mr. Dayton Nakanelua
Mr. Bob Awana, Secretary-Treasurer	Mr. John Radcliffe
Mr. Harold DeCosta	Mr. Mark Recktenwald
Ms. Audrey Hidano	Ms. Kathleen Watanabe (arrived at 1:45 pm)

TRUSTEES ABSENT: None

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

Mr. H. Mark Fukuhara, Administrator	Mr. John Garner, Consultant
Mr. Lawrence Nishihara	Ms. Gerti Reagan, Consultant
Ms. Maria Quartero	Ms. Donna Tonaki
Ms. Kathleen Shiroma	

OTHERS PRESENT

Mr. Gary Asato, Kaiser Permanente	Mr. Michael Moss, HMSA
Mr. Tracy Ban, B&F	Ms. Karen Muronaka, HSRTA
Ms. Sandra Benevides	Ms. Gertrude Nitta, HGEA-R
Ms. Monica Engle, VSP	Mr. Rod Tam, HMSA
Ms. Elaine Fujiwara, HDS	Ms. Lori Taniguchi, Royal Insurance
Ms. Venus Gabuyo, MBAH	Ms. Jody Serikawa, C&C HNL
Mr. Melvin Higa, MBAH	Mr. Justin Wong, HSTA-R
Mr. Maurice Morita, HSTA	Mr. George Yamamoto, HGEA-R

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 10:00 a.m. by Trustee Will Miyake, Chairperson, in Conference Room 405, Leiopapa A Kamehameha Bldg., 235 S. Beretania Street, Honolulu, Hawaii, on Thursday, September 18, 2003.

II. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 10:18 a.m. (Awana/Radcliffe) The motion passed unanimously. (Employer Trustees- 4/Employee Trustees-5)

There being no objections by the Trustees, the Board moved out of Executive Session at 1:02 p.m.

The Board meeting recessed at 1:02 p.m. and reconvened at 1:35 p.m.

III. APPROVAL OF MINUTES

Review of minutes for January 27, 2003 and February 5, 2003.

MOTION was made to approve minutes for January 27, 2003 and February 5, 2003 as circulated. (Radcliffe/Recktenwald) The motion passed unanimously. (Employer Trustees- 4/Employee-Beneficiary Trustees-5)

IV. COMMITTEE REPORTS

A. ADMINISTRATIVE COMMITTEE

Chair Recktenwald reported:

1. ACD Phone System

Overview by Trustee Recktenwald regarding the ACD phone system.

2. ERS

The ERS Board instructed their employees not to handle health fund issues anymore and the EUTF staff will now do briefings on the neighbor islands. ERS will continue to advise potential retirees about their health fund benefits.

3. Legislative Proposals

The Administrative Committee was unable to reach consensus on the first two Legislative proposals and deferred the remainder to the Board meeting. Chair Miyake stated that it does not seem that the Board will be able to reach a consensus. Discussion held by Trustees regarding the reasons for not being able to reach a consensus on the proposed legislative proposals and the submittal of other legislative proposals. [Trustee Watanabe arrived at 1:45 p.m.] The Administrator distributed an updated list of previous/pending legislative proposals to the Trustees for review. The Trustees will submit, to the Administrator, legislative proposals that they would like the Administrative Committee to consider from the list of previous/pending legislative proposals.

B. BENEFITS COMMITTEE

Chair Radcliffe reported:

1. Dual Coverage Medical Plans

Overview by Trustee Radcliffe regarding the dual coverage medical plans.

2. Unbundling of Prescription Drug Plans

The Benefits Committee was unable to reach a consensus on the unbundling of prescription drug plans.

3. Tiering

MOTION was made upon the recommendation of the Benefits Committee for the Board to authorize the consultant to conduct a study on the cost of a multi-tiering structure that would be effective July 1, 2004. The motion passed

unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

C. TPA COMMITTEE

Chair Watanabe reported that the Board heard presentations by proposed vendors this morning and will continue presentations this afternoon in Executive Session.

V. OTHER REPORTS

A. ADMINISTRATOR

1. PEHF 2002 Audit

Mr. Fukuhara reported that the PEHF audits for 2001 and 2002 are in the Trustees packet. Mr. Bert Nishihara and Mr. Brian Isobe, Auditor from Nishiyama and Kishida, addressed the issues raised by the Trustees at the last Board meeting. Discussion held by Trustees, staff, and auditor regarding the PEHF audits for 2001 and 2002. Further discussion by Trustees, staff, and auditor regarding the authority to change line items and that the EUTF staff should review all audit reports.

2. PEHF/EUTF Transition

Mr. Fukuhara stated that Mr. Aburano drafted a memorandum for the Trustees to review regarding the PEHF transition. Overview by Mr. Aburano regarding the functions that need to be done to close out the PEHF: (1) Employees - Retroactive Transactions - enrollments or cancellations that were not processed or received prior to July 1, 2003 and that needed to be inputted into the system; (2) Employee Organizations - Settling Accounts; (3) Employer Contributions - Settling Accounts; (4) PEHF Carrier - Closing Out Contracts - the PEHF carriers can technically hold reserves until the end of the year following the last plan year because health care providers can file a claim for up to one year after the plan year ended; and (5) Audit. The audit for the last fiscal year for the PEHF is due to be complete by the end of this year. Discussion held by Trustees and staff regarding the concerns of liability of the EUTF for the PEHF. The Administrator recommended that the Board assume these limited responsibilities and try to limit the EUTF's liability for any PEHF liabilities. Mr. Aburano noted that some of these functions need to be done prior to the conclusion of next year's legislative session and that, as a practical matter, the EUTF possesses the PEHF records which are necessary to perform some of these items.

MOTION was made for the Board to authorize the Administrator to send a letter to Budget and Finance (B&F) advising that the EUTF would perform these limited functions provided it does not cost more than the \$20,000, that B&F indemnify the EUTF from any liability associated with performing these functions, and that the EUTF expressly reserves all of its rights and will not assume responsibility of any of the liabilities of the PEHF.

(Recktenwald/DeCosta) Trustees Recktenwald and DeCosta withdrew the motion.

Trustees Awana, DeCosta, and Radcliffe left at 3:00 p.m.

MOTION was made for the Board to authorize the Administrator and Deputy Attorney General to draft a legislative proposal to address the outstanding functions of the PEHF and to indemnify the EUTF from any liability for the PEHF. (Lewis/Hidano) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

B. DEPUTY ATTORNEY GENERAL

1. Draft Memorandum - Payment of PEHF Excess Credits and Reimbursements to PEHF Employee-Beneficiaries
Overview by Mr. Aburano regarding his draft memorandum of the different times that the EUTF could distribute the employees' share of PEHF rate credits and reimbursements and how much would be available for distribution at those times. Mr. Aburano noted that this information was provided to him by Mr. Bert Nishihara. There being no objections by the Trustees, this item is deferred until the next Board meeting.

C. BENEFITS CONSULTANT

1. Garner Bulletin – August 2003 (see bulletin)

D. CARRIER REPORTS

1. HDS
Written report submitted.
2. HMSA
Written report submitted.
3. Kaiser Permanente
Written report submitted.
4. VSP
Written report submitted. Mr. Fukuhara reported that there is a letter from VSP regarding the assignment of benefits and he requested that VSP delay the assignment of benefits. Discussion by Trustees and staff regarding the Certificate of Insurance.

VI. UNFINISHED BUSINESS: None

VII. NEW BUSINESS: None

VIII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

Trustee Lewis inquired when new membership cards would be distributed. Mr. Fukuhara stated that HMSA and HDS were sent, VSP and ChiroPlan do not have cards, and Kaiser only sent cards to new enrollees.

Trustee Lewis stated that she mentioned concerns at the last Board meeting that she was

receiving from HSTA members from the different carriers and added that there were no complaints about ChiroPlan Hawaii.

IX. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

Administrative Committee meeting is scheduled for October 1, 2003, 9:00 a.m., City Financial Tower, room 1935.

Board meeting is scheduled for October 1, 2003, 10:00 a.m., City Financial Tower, room 1935.

There being no objections by the Trustees, the Board moved into Executive Session at 3:30 p.m.

There being no objections by the Trustees, the Board moved out of Executive Session at 5:05 p.m.

X. ADJOURNMENT

There being no objections by the Trustee, the meeting was adjourned at 5:05 p.m.

Respectfully submitted,

/s/

Katherine Thomason, Secretary-Treasurer

APPROVED on November 30, 2005.

Documents Distributed:

1. Draft Minutes for January 27, 2003. (6 pages)
2. Draft Minutes for February 5, 2003 (6 pages)
3. Financial Audit of the PEHF for the Fiscal Year Ended June 30, 2001. (29 pages)
4. Financial Audit of the PEHF for the Fiscal Year Ended June 30, 2002. (35 pages)
5. EUTF Call, Voicemail and Email Report dated 9/18/03. (1 page)
6. Garner Bulletin for August 2003. (2 pages)
7. OpenLine for August 2003. (2 pages)