

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Wednesday, October 29, 2008

TRUSTEES PRESENT

Ms. Marie Laderta, Chairperson
Ms. Barbara Annis, Vice Chairperson
Mr. Darwin Ching
Dr. Carl Daeufer
Mr. Guy Fujio

Mr. George Kahooanohano
Mr. John Radcliffe
Mr. Lawrence Reifurth
Mr. Stanley Shiraki

TRUSTEES ABSENT

Ms. Elizabeth Ho, Secretary-Treasurer

ATTORNEY

Mr. Russell Suzuki, Deputy Attorney General

EUTF STAFF

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

Mr. Timothy Nimmer, Consultant
Mr. Mark Fukuhara, Consultant
Mr. Justin Kindy, Consultant
Ms. Joni Tamayo-Wilson, Consultant

OTHERS PRESENT

Ms. Sara Ballard, NMHC
Ms. Sandra Benevides, Kaiser Permanente
Ms. Monica Engle, VSP
Ms. Elaine Fujiwara, HDS
Ms. Venus Gabuyo RSN
Ms. Susan Goya, HGEA
Mr. Terry Harrison, NMHC
Ms. Vanelle Hirayasu, HMA
Ms. Leslie Huffman, Standard Insurance
Ms. Fran Kagawa, HGEA

Ms. Bonny Kahalewai, Standard Insurance
Ms. Ruth Kim, HSRTA
Ms. Wanda Kimura, B&F
Mr. Jack Kitahira, HGEA-R
Ms. Fran Lee
Ms. Gertrude Nitta, HGEA-R
Ms. Pinali Sanghera, NMHC
Ms. Rosy Spraker, Gartner
Mr. Rod Tam, HMSA
Ms. Valerie Trechter, Kaiser Permanente

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:00 a.m. by Trustee Marie Laderta, Chairperson, in EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Wednesday, October 29, 2008.

Chair Laderta introduced and welcomed new Trustee Carl Daeufer. Deputy Attorney General Russell Suzuki is sitting in for Deputy Attorney General Brian Aburano.

II. APPROVAL OF MINUTES

The Board reviewed the draft minutes for September 25, 2008.

There being no objections by the Trustees, the minutes for September 25, 2008 were approved as circulated.

III. SPECIAL ORDER OF BUSINESS

Presentation by Georgina Kawamura, Director of Finance, State of Hawaii regarding the State's economic and fiscal condition (see handout "General Fund Financial Plan/Comparison of Changes in Council of Revenues Projections from 8/2007-9/2008"). Ms. Kawamura stated these estimates do not include any assumptions for any increase in employer contributions for the EUTF. Estimates for the EUTF have been held at the same amount. Ms. Kawamura is here today to ask the Board's cooperation because the State has no money for increased contributions, not only for rates but also for administrative costs. Ms. Kawamura stated the State has had initial discussions with the unions with regard to wage increases. If any wage increase were to be considered it would be at the mercy of major programs in the State. Any effort the Board can make regarding cost containment and leaving current contributions at the same level will help the State as a whole. Trustee Radcliffe asked when the State met with the unions and said no pay raises are possible, did you also tell them you are not going to be able to increase any commitment to the EUTF either. Ms. Kawamura stated she was not actually at meetings but does not believe that is final with regards to EUTF contributions. She stated that if you are not going to get wage increases because we are \$900 million in the hole, she does not know where we would get the money for increased contributions. Discussion held by Trustees, staff, and members of the public regarding related issues. Ms. Kawamura stated the con-con allowance is not included in the worksheet provided and would be an additional expense.

IV. OTHER REPORTS

A. Administrator

1. September Update (see written report)
 - a. PeopleSoft Support
Overview by Ms. Shiroma regarding PeopleSoft support (see Administrator's report).
 - b. Vitech Systems Group, Inc. – V3 Benefits Administration System Implementation
Overview by Ms. Shiroma regarding V3 Benefits Administration System Implementation (see Administrator's report).
 - c. Rental of Additional Space
Overview by Ms. Shiroma regarding the rental of additional space for the Vitech project team.
 - d. IT Support by Gartner, Inc. –SPO Approved Vendor
Overview by Ms. Shiroma regarding IT support by Gartner, Inc. (see Administrator's report). The recommendation regarding contracting will be discussed during Gartner's project oversight report.

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- e. Retiree Open Enrollment
Overview by Mr. Nishihara regarding retiree open enrollment (see Administrator's report). Discussion held by Trustees and staff regarding concerns about being clear that if retirees do not have changes it is not necessary to turn in the EC-2 form in the open enrollment guide or any correspondence.
- f. Financial Audit for FY 2007-2008
Update by Ms. Tonaki regarding the financial audit for FY 2007-2008 (see Administrator's report).
- g. Accounting Issues
Update by Ms. Tonaki regarding the collection issue with CMS (see Administrator's report).
- h. GASB 43/45
Ms. Tonaki stated that the final Actuarial Valuation Study was included in the Trustees packets and reported the OPEB (pre-funding contributions) received from the counties (see Administrator's report).

Mr. Williams stated the EUTF also received individual employer reports that are available if Trustees want to review. Ms. Tonaki stated that the report given to the trustees has an overall summary of all employers on the last two pages.

Mr. Nimmer will do an Actuarial Valuation briefing at the December 2008 Board meeting.
- i. Contract with Mercer Consulting for Investment Consulting Services
Update by Ms. Tonaki regarding the Mercer contract (see Administrator's report). Mr. Williams stated that the EUTF is waiting for documents from Troy Saharic of Mercer.
- j. Public Officials, Fiduciary Liability, and Fidelity Bond Insurance
Mr. Williams recommended that the Board delegate the administrator to bind coverage on the renewals, subject to ratification by the Board at the December meeting. Discussion held by Trustees and staff regarding the additional liability clause that Trustees are given the option to pay \$25.00 each.

MOTION was made for the Board to authorize the Administrator to bind coverage for renewal of the Public Officials, Fiduciary Liability, and Fidelity bond Insurance policies subject to review and ratification by the Board at its December meeting. (Radcliffe/Kahooahanohano) The motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-4)

- k. Biennium Budget 2010-2011
Overview by Ms. Tonaki regarding biennium budget items that were submitted to the department of Budget and Finance subject to Board approval.

MOTION was made for the Board to approve the proposed 2010-2011 biennium budget as presented. (Fujio/Daeufer) The motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-4)

- l. Recruitment for Vacant Positions
Overview by Mr. Williams regarding recruitment for vacant positions (see Administrator's report).

B. PROJECT OVERSIGHT AND RISK MANAGEMENT ASSESSMENT – GARTNER, INC.

Presentation by Ms. Rosy Spraker from Gartner, Inc. regarding the project oversight and risk management assessment (see Gartner's report submitted 10/15/08).

Ms. Spraker recommended that the Board authorize the Administrator to contract for "backfill" assistance for IT support. Discussion held by Trustees and staff regarding citizenship requirements and the costs. Mr. Williams stated the amount would not exceed the \$43,000 budget.

MOTION was made for the Board to approve the consultant's recommendation to authorize the Administrator to contract for "backfill" assistance for IT support as budgeted at approximately \$43,000.00. (Shiraki/Reifurth) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-4)

C. DEPUTY ATTORNEY GENERAL

1. Everson Lawsuit

Mr. Suzuki reported that the Attorney General's office received the Minute Order (preliminary to final Order) staying the proceeding. The class certification was denied without prejudice. The plaintiffs can file again. The formal order is being circulated and will be filed soon. Discussion held by Trustees and deputy attorney general regarding why the class certification was denied without prejudice. Mr. Suzuki stated it was denied without prejudice because he thinks it is not ripe for the court to decide this issue at this point.

Recess at 10:07 a.m. and reconvene at 10:11 a.m.

C. BENEFITS CONSULTANT

1. October Report

- a. Newsletters

Overview by Mr. Fukuhara regarding newsletters (see Consultant's report).

b. Letter from Senator Ron Menor

Overview by Mr. Fukuhara regarding letter from Senator Ron Menor and Tricare coverage for active deployment (see Consultant's report). Aon does not believe there is a need for the Board to approve a blanket exception and a permanent rule to extend coverage for the length of deployment. Discussion held by Trustees, staff, and benefits consultant regarding concerns about blanket exceptions being open ended because individuals may continue on more than two deployments and they can be covered under Tricare and COBRA, and additional costs to the State. Mr. Williams stated that staff and consultant are not proposing something but given Senator Menor's letter, any Trustee, notwithstanding the recommendation, may want to make a motion. If the Board does not then the Administrator will communicate back that the Board did consider this matter and declined to take action.

Chair Laderta stated she recently received a request from a member for an individual exception which will be referred to the EUTF staff and considered at the next Board meeting.

c. Performance Guarantees for Fully-Insured Plans

Overview by Mr. Fukuhara regarding performance guarantees for fully-insured plans (see Consultant's report).

d. Retro-Terminations Update for Self-Funded Program

Overview by Mr. Fukuhara regarding retro-terminations for self-funded program (see Consultant's report). Discussion held by Trustees, consultant, and HMSA regarding recouping of claims payments. Mr. Williams stated that more discussion with staff and Aon will be held to come up with more options and to determine if more direction from the Trustees will be needed.

e. NMHC

Overview by Mr. Fukuhara regarding NMHC's Specialty Drug Therapy Management program and clinical recommendations for active employees (see Consultant's report). Aon recommends Board approval of implementing quantity limits for morphine, opana, antiemetics, and duragesic patches. Aon also recommends Board approval of the step therapy and contingent therapy programs. Trustee Radcliffe stated this is same request that was voted down for retirees. Discussion held by Trustees, staff, benefits consultant, and NMHC representative regarding concerns about questioning and saying doctor is wrong, how are limits determined and why doctors would go over the limits, and concerns about individual patients suffering from these limits. Ms. Sanghera from NMHC stated the recommendation is based on clinical guidelines and the purpose is not to deny patients but to monitor compliance. Discussion held by Trustees, staff, and benefits consultant regarding actual

annual savings, impact on costs, and if other states use step therapy. Mr. Nimmer stated for state plans across the country, the step therapy is a common instrument that plans utilize to help save costs. In regards to limits, Mr. Nimmer cannot speak in detail because of the specific drugs identified. Discussion held by Trustees and staff regarding whether an RFP is needed. Mr. Williams stated that he had expressed objections and concerns when this came up with retirees. One way of looking at it is that there are a lot of communication issues with retirees. If the Board wants to do this, it would be good to start with actives; then assess how it works from an operations and financial standpoint. If successful, it could be considered for retirees. Trustees asked carriers if they have step therapy. Mr. Tam from HSMA stated yes. Ms. Benevides from Kaiser said it was implemented a couple of years ago.

There being no objections by the Trustees, this item is deferred until the December 2008 Board meeting.

f. Kaiser Senior Advantage Plan

Overview by Mr. Fukuhara regarding the Kaiser Senior Advantage Plan and Aon's recommendations (see Consultant's report). Discussion held by Trustees, benefits consultant, and Sandra Benevides from Kaiser regarding the number of members affected, if they can automatically enroll, and age. Mr. Fukuhara stated it is approximately 36. Discussion held by Trustees, staff, and benefits consultant regarding enrollment in Medicare Part B. Ms. Benevides explained Kaiser's enrollment communications/procedures to members.

MOTION was made for the Board to approve the consultant's recommendations regarding failure to enroll in Kaiser Senior Advantage so that (1) nine identified retirees will remain in the Kaiser commercial plan; (2) other affected retirees will be informed that if they do not enroll in Kaiser Senior Advantage they will be assigned (on an alternating basis) to one of the EUTF's PPO plans; and (3) future retirees who do not complete Kaiser Senior Advantage enrollment will be terminated from Kaiser and enrolled in a PPO plan. (Kahooohanohano/Shiraki) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-4)

g. Fully-Insured Plans

Mr. Fukuhara stated the preliminary utilization and financial reports for the fully insured plans as of fiscal year ending June 30, 2008 are attached. The final report will be submitted at the December Board meeting. The report also will provide breakdown by bargaining unit (see Consultant's report). Mr. Williams asked if the Trustees would like some kind of benchmark.

When looking at out patient utilization, when looking at numbers, would Trustees need something to put it in perspective on how it would relate to the past or to other plans. Trustees responded yes, it would be helpful.

Fully-insured rates and Kaiser's retiree rates will be discussed in Executive Session (see Consultant's report).

- h. IBNR, Reserves, Rates for Self-Funded Plans Effective 7/1/09
Overview by Mr. Nimmer regarding the IBNR for fiscal year ending 9/30/08 (see Consultant's report). Discussion held by Trustees and benefits consultant regarding the 5% margin. Mr. Nimmer stated the 5% margin is to remain consistent with the Board's direction of being 95% confident that we can cover current claims in any given time period. Trustee Shiraki asked what the current reserve is now. Mr. Nimmer stated it is in the memorandum dated October 27, 2008; the current unrestricted net asset is \$94.2 million. Discussion held by Trustees, staff, and benefits consultant regarding incurred claims and how the reserves memorandum dated October 27, 2008 would affect the IBNR reserves. Mr. Nimmer stated whether or not the Board accepts their calculation for the IBNR, it would not impact the reserves memorandum dated October 27, 2008.

MOTION was made for the Board to approve the IBNR in the amount of \$35,135,000 as presented by the consultant including a 5% margin as of 9/30/08. (Kahooohanohano/Dauefer) The motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-4)

Overview by Mr. Nimmer regarding the reserves as of June 30, 2008. Mr. Williams explained that the claims fluctuation reserve is the safety factor, is not real and could be needed or not. The Board could reduce or zero that. The risk would be if the EUTF set the rates based on what Aon projected and then if the claims were higher the EUTF would have to adjust the rates midstream and bill the employers and employees higher amounts to cover the costs. Mr. Nimmer stated that is a very good explanation and putting it in context, Aon anticipates during this fiscal year if the claims continue at the same pattern and level, the EUTF will utilize some of the claims fluctuation reserve. The EUTF is experiencing higher than average **claims volatility**, so that reserve is functioning exactly how the Board expected it to. It is consistent with other state plans in the country. We have entered a time period where many state plans are having decreasing revenues and increasing claim costs relative to historical levels. Mr. Nimmer stated based on the current enrollment, trends and utilization, Aon anticipates that on July 1, 2009, the EUTF will need a rate increase of 24.5% to maintain solvency. Keep in mind that does not include any margin whatsoever and reflects the pure cost based on the information Aon has today which is data

through September 30, 2008. A portion of the 24.5% increase, between 7% and 8%, is due to the buy down of rates, the strategic decision by the Board to reduce the premiums over a period of time. This is the leverage for the additional costs needed to catch back up for buying down those rates. In addition, 11% to 12% is comprised of medical and prescription drug trends. The last piece, 3% to 5% is made up of a couple of other items, one of which is the prescription drug trends are running higher than expectations. On the medical plans, trends are running at levels that Aon had anticipated. Options to be considered are to: (1) set rates according to the increase that is calculated; (2) identify the plan designs for Aon to keep the rates where they are today but include sufficient margin so that we are still funded; and (3) in the gray, a combination of these two options. Mr. Nimmer stated in a meeting with Chair Laderta yesterday, she asked in his experiences with other states, what they are experiencing today. Several of the other states, are in a very similar position. The difference is that because of the EUTF reserve position up until this point, the State of Hawaii has been a bit more insulated than other states to the revenue shortfalls coming into play. Nevada reduced their plan design as well as increased contributions. Mr. Williams stated whatever options the Board wants considered they need to give Aon some direction because it really is not up to the consultant to say we are going to or not going to cut benefits or determine the options that the Board should consider. Discussion held by Trustees and consultant regarding the rate increase for July 1, 2010. Mr. Nimmer stated it would run the same level of trend with medical/prescription drug trends running 10% to 12%. Aon expects that increase to be somewhere in that neighborhood. Trustee Shiraki said it would be an increase of approximately 37% over two years since 24.5% is needed for FY2009. Mr. Williams stated the long term trend (5 year analysis) has been given to Budget & Finance and the City & County. Discussion held by Trustees, staff, and benefits consultant regarding providing alternatives and options for plan designs. Trustee Radcliffe stated according to the Director of Finance the Governor is not going to have any increase relative to premiums. If costs are going to go up 5% or more, the EUTF will have to cut benefits and increase premiums. Mr. Williams asked if the Trustees would like Aon to provide alternatives where the benefits should be reduced to have a zero premium increase. There being no objections by the Trustees, Aon will provide alternatives where the benefits should be reduced to have a zero premium increase with something in between, some options for cost containment and other scenarios with percentages similar to what the Governor is asking departments to do. Mr. Williams stated there is a philosophical question that goes into this. If you reduce the benefits, the people that use the plan will pay more and the people that do not use the plan or use it less won't be affected as much. The sick people pay more if you change the benefits. If you leave the benefits and keep the employer contribution the same, all the employees pay more. It is a question of if when

we pay more, will it be everybody across the board or is it going to be focused on the people that use the plan. The total amount of money is the same. Mr. Nimmer stated it would be helpful to know whether the Board would like half of the savings to come from plan design changes so people can utilize the plan and half from the rates or all of it should come from the plan design. Mr. Williams stated the Board does not control the contributions from the employers. When you are talking about keeping the premium with no increase, you are talking about the same rates we have now and what benefits we will offer. Mr. Williams stated if we are keeping the premiums the same and if the employer contribution is kept the same, there will be no increase in contributions for employees. If the premium is increased by 10% and the employer contribution is maintained at the same dollar amounts as today, then the employee contribution would increase by the entire change in premium. It can be displayed for the Trustees, but Aon cannot make any assumptions about what is going to happen. Trustee Shiraki stated we can look at a lesser, 0/0, 5/5, and 10/10. Mr. Williams clarified if it would be for two years for the actives. Discussion held by Trustees, staff, and benefits consultant regarding providing alternatives for retirees. Mr. Fukuhara stated for retirees the Board previously approved the rates for all the plans except for Kaiser for the period from July 1 through December 31, 2009. Mr. Williams stated that the Board does not have to do that this soon because we are done through calendar year 2009 for retirees. Discussion held by Trustees, staff, and benefits consultant if the Board needs to reconsider or relook at the total picture in light of the budget situation and what the Board approved or deferred for retirees. Mr. Fukuhara explained the current rates were approved through June 30, 2009 and certain carriers extended through December 31, 2009. Aon will come back with the self funded plans for PPO plans and Kaiser fully-insured plan to be addressed in December. Mr. Williams stated if there are any increases for July 1, 2009 going forward, the Board may want to review that. It is not an issue if the Board is not increasing premiums effective July 1, 2009. Discussion held by Trustees and staff regarding the possibility of plan design changes for actives should Board review for retirees and if the plans are interactive. Mr. Williams stated that the retirees stand on their own and it is not interactive financially because they must be kept separate. Kaiser will be considered in Executive Session today. Trustee Ching asked for clarity that the Board does not have to do anything because the active and retirees are separate. Mr. Williams stated that the Board has taken a position, even in the court case, that retiree benefits do not have to be the same as the actives. Financially, in terms of reserves and rates, those are held and set separately. What would have an impact, is if you look at a person's career and they have certain benefits when they are active and when they are retired, they may receive different benefits. If you reduce the active benefits now, when the person retires they would have better benefits. Right now it is reversed, slightly lower benefits for retirees. The Board can

take a policy position to keep benefits the same for actives and retirees but the Board has not made that decision. Mr. Williams stated that if we find that we have rate increases for July 1, 2009, we should bring it back to the Board in light of the current discussion. Mr. Fukuhara clarified that last month for retirees' medical PPO plans, Aon did provide information that showed increases effective July 1, 2009 and a decision was made to defer. The Board did address certain plans such as HDS and approved extending them through the end of next year. At the December Board meeting, Aon will present options for the retirees that the Board needs to address. Trustee Shiraki requested that Aon provide such options as step therapy for retirees. Chair Laderta stated that Aon should look at anything to bring the costs down for Trustees to review. Mr. Williams asked to confirm that the retiree self-funded plan rates will be presented at the December Board meeting. Mr. Fukuhara stated yes, the retiree self-funded plan rates will be presented at the December Board meeting..

There being no objections by the Trustees, the Board will defer approval of active rates for self-funded plans to the December 2008 Board meeting.

- D. Financial Report as of August 31, 2008
Overview by Ms. Tonaki regarding the financial report as of August 31, 2008 (see financial reports).
- E. Carrier's Reports
 - 1. HDS
Written report submitted.
 - 2. HMSA
Written report submitted. Mr. Tam clarified that HMSA's durable ID card is not hard plastic but hard paper.
 - 3. HMA
Written report submitted. Ms. Hirayasu stated that HMA uses the step therapy program.
 - 4. Kaiser
Written report submitted. Ms. Benevides introduced, Valerie Trechter, an additional team member that will assist her to co-manage the EUTF account.
 - 5. NMHC
Written report submitted.
 - 6. Royal State Insurance
No written report submitted.
 - 7. Standard Insurance
Written report submitted. Ms. Kahalewai introduced Leslie Huffman, Consultant National Account, for Trustees who have not met Leslie.
 - 8. VSP
No Written report submitted.

IV. UNFINISHED BUSINESS: None

V. NEW BUSINESS

- A. Contract for "Back Fill" Support for Vitech Implementation
This item was addressed during Gartner's report.
- B. Public Officials, Fiduciary Liability, and Fidelity Bond Insurance
This item was addressed during the Administrator's report.
- C. Proposed Biennium Budget
This item was addressed during the Administrator's report.
- D. Initiation of Rule change for Dependents Called to Active Duty
This item was addressed during the Consultant's report.
- E. NMHC Clinical recommendations for Active Employees
This item was addressed during the Consultant's report.
- F. Kaiser Senior Advantage – Non-enrolled Participants
This item was addressed during the Consultant's report.
- G. Self Funded Plans IBNR (9/30/08)
This item was addressed during the Consultant's report.
- H. Self Funded Plans Rates Effective 7/1/09
This item was addressed during the Consultant's report.
- I. Insured Plan Rates (Royal State, ChiroPlan, HDS, VSP, Standard) Effective 7/1/09
This item will be addressed in Executive Session.
- J. EUTF Annual Report 2007-2008
Overview by Mr. Williams regarding the EUTF Annual Report 2007-2008.

MOTION was made for the Board to approve the draft EUTF Annual Report 2007-2008 as presented and to authorize the Administrator to make any necessary non-substantive editorial revisions (Annis/Fujio) The motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-4)

- K. Administrator Evaluation – Appointment of Evaluation Committee

MOTION was made for the Board to appoint Trustees Marie Laderta, Stanley Shiraki, John Radcliffe, and George Kahooahano to conduct the annual evaluation of the Administrator and to present the results and any recommendations

to the Board for review and approval when the evaluation has been completed. (Annis/Reifurth) The motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-4)

VI. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

A. Presentation by Georgina Kawamura, Director of Finance, State of Hawaii
This item was made earlier in the meeting.

B. Other Public Input
No comments from members of the public.

VII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

A. December 10, 2008 – Regular Board meeting.
Discussion held by Trustees and staff regarding re-scheduling of the regular Board meeting from December 10, 2008 to Monday, December 8, 2008 as requested by Chair Laderta due to a conflict in her schedule.

MOTION was made for the Board to re-schedule Board meeting to Monday, December 8, 2008. (Radcliffe/Fujio) The motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-4)

VIII. EXECUTIVE SESSION

MOTION was made to go into Executive Session at 12:03 p.m. for the reasons stated on the agenda. (Fujio/Radcliffe) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

The Executive Session adjourned at 12:55 p.m.

The Chair reported that the Board has taken the following actions in Executive Session:

1. Approval of August 25, 2008 and September 25, 2008 Executive Session minutes.
2. Deferred action on insured active benefit plans and rates.
3. Deferred evaluation process for benefits consultant.

IX. ADJOURNMENT

There being no objections by the Trustees, the meeting adjourned at 12:56 p.m.

Respectfully submitted,

/s/

Elizabeth Ho, Secretary-Treasurer

APPROVED on December 8, 2008.

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Documents Distributed:

1. Draft Minutes for September 25, 2008. (9 pages)
2. Memorandum to BOT from Administrator regarding October Administrator Report dated 10/22/08. (4 pages)
3. Benefits Administration System Project Assessment Report 2 for the Period July 1-August 31, 2008, submitted 10/15/08 by Gartner, Inc. (11 pages)
4. Letter to BOT from Aon Consulting regarding October 2008 Benefit Consultant Report dated 10/22/08. (3 pages)
5. Draft Ka Leo O EUTF Newsletter for Active Participants, December 2008. (2 pages)
6. Draft Ka Leo O EUTF Newsletter for Retiree Participants, December 2008. (2 pages)
7. Handout Regarding Tricare National Guard and Reserve Members from Aon. (3 pages)
8. Performance Guarantees for 7/1/08-6/30/08 by Aon dated 10/29/08. (1 page)
9. EUTF End of Year Utilization Report (Preliminary) Fully Insured Programs 7/1/07-6/30/08 by Aon Consulting. (13 pages)
10. EUTF Statement of Net Assets (Unaudited) dated 10/21/08. (1 page)
11. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 2 Months Ended 8/31/08 (Unaudited) dated 10/21/08. (1 page)
12. EUTF Statement of Cash Flows 2 Months Ended 8/31/08 (Unaudited) dated 10/21/08. (1 page)
13. Handout from Director of Finance, "General Fund Financial Plan/Comparison of Changes in Council of Revenues Projections from 8/2007-9/2008". (1 page)
14. Article from Forbes, "Your Marriage License, Please-Is your health insurance one of your least favorite products? Here's another reason to stew about it" dated 9/15/08. (1 page)