

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Special Meeting of the Board of Trustees
Monday, November 23, 2009

TRUSTEES PRESENT

Mr. George Kahooanohano, Chairperson
Mr. Guy Fujio, Vice Chairperson
Mr. Stanley Shiraki, Secretary-Treasurer
Ms. Barbara Annis
Mr. Ron Boyer

Mr. Darwin Ching
Dr. Carl Daeufer
Ms. Elizabeth Ho
Ms. Marie Laderta (arrived 2:05 pm)
Mr. John Radcliffe

TRUSTEES ABSENT: None

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
Ms. Nicole Wong

Mr. Mark Fukuhara, Consultant

OTHERS PRESENT

Ms. Paula Akana, KITV
Ms. Irene Bayudan, VSP
Ms. Sandra Benevides, Kaiser Permanente
Ms. Francie Boland, HMSA
Mr. Paul Carter, HMA
Mr. William Corba, Kaiser Permanente
Ms. Elaine Fujiwara, HDS
Mr. Mike Gold, HMSA
Ms. Susan Goya, HGEA-R
Ms. Fran Kagawa, HGEA-R
Mr. Jack Katahira, HGEA-R
Mr. Eleu Kane, HMA
Ms. Doreen Kuroda, DHRD
Ms. Alice Kotake, HSTA-R

Mr. Derek Mizuno, HGEA
Mr. Ray Mook, HMA
Mr. Michael Moss, Kaiser Permanente
Mr. Harris Nakamoto, HMA
Ms. Celeste Nip, HFFA
Ms. Gertrude Nitta, HGEA-R
Mr. Clesson Pang, Kaiser Permanente
Mr. Tony Saguibo, HMSA
Mr. Rod Tam, HMSA
Ms. Jennifer Tobin, C&C/DHR
Mr. Greg Wiles, Advertiser
Ms. Elisa Yadao, HMSA
Ms. Regina Young, HMA
Ms. Malia Zimmerman, Hawaii Reporter

I. CALL TO ORDER

The special meeting of the Board of Trustees was called to order at 2:00 p.m. by Trustee George Kahooanohano, Chairperson, in EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Monday, November 23, 2009.

Chair Kahooanohano announced that he called this meeting at the specific request of the management Trustees, and with the consent of the other Trustees, to consider the items listed under New Business. Letters were received from various government officials,

unions and HMSA. Only those items specified on the agenda will be considered at today's special meeting.

II. OTHER REPORTS

A. Administrator

Open Enrollment Status

Mr. Williams stated before he makes his comments, he will call on EUTF management staff to give their perspective of steps that are being taken regardless of action today and the impact of extensions if they are approved. Ms. Kathleen Shiroma reported that Vitech and the EUTF staff are working to prepare the new systems to accept data entry to process retiree and active open enrollment transactions. Vitech is also assisting by designing a user-friendly screen to allow active employees to remain in HMSA if that is their only selection. This makes it easier for EUTF to process these forms. Overview by Ms. Nicole Wong regarding overtime hours, approval of three (3) Customer Service Representatives (CSR) vacancies to be filled by the end of this year, one (1) Enrollment Clerk (EC) position to start on December 1, 2009, voluntary assistance from all the carriers, and internal procedures to expedite the processing of open enrollment documents. Ms. Wong reported, from the retirees' standpoint, she is able to give the Board 100% assurance that those documents will be processed prior to December 31, 2009. With a staff of 6 CSRs and 6 ECs, the EUTF will not be able to complete the processing of active open enrollments by December 31, 2009. If the Board decides to extend open enrollment those who are waiting to make plan changes will need to wait another month. Trustee Radcliffe asked if the EUTF would be able to accomplish it by February 1, 2010. Ms. Wong stated she is hoping, with the supplemental support, the EUTF would be able to accomplish it and continues to get a large amount of documents to be processed. Trustee Radcliffe stated that all the unions he has spoken with are interested to know that all the members are taken care of and to get this process accomplished. Trustee Radcliffe asked Ms. Wong, if the open enrollment is extended, can he go back to the unions and say they do not have to worry. Ms. Wong stated that the EUTF would do their best but it is contingent if the EUTF gets supplemental staffing. Trustee Radcliffe asked Ms. Wong if she gets all that is being requested, is the EUTF able to accomplish it then. Ms. Wong stated she is 80% sure they would be able to do it by the deadline. Discussion held by Trustees and staff regarding what would be needed to complete 100%, the amount and time of voluntary assistance from carriers, and temporary assistance that Governor would or has approved. Ms. Wong stated the EUTF would need more time and people. Trustee Shiraki asked what would happen if the open enrollment was only until January 1, 2010. Ms. Wong stated it would be very difficult because of the shortage of time and employees. Trustee Shiraki asked what would happen if the employee-beneficiary needs to go to the doctor. Mr. Williams stated that Mr. Lawrence Nishihara is working on a work around to make sure person has coverage. If the processing is not done, the work around will not take care of the payroll deduction. It will cause incorrect payroll deductions that will be compounded when corrected because you would need to do retroactive

corrections of pluses or minuses in later months. Ms. Tonaki reported that if the processing of enrollment forms is not done on a timely basis, employee premium deductions will be incorrect. Therefore, accounting will have to do retroactive refunds or a variety of things. Discussion held by Trustees and staff regarding that Ms. Wong said there is an 80% chance of getting all processing completed. Ms. Wong stated yes that is correct. Mr. Nishihara summarized past practices, procedures, and statistics from past open enrollments. Mr. Nishihara stated, from past experience, it would not be possible for an 80% chance of getting all processing completed. Mr. Nishihara stated that he spoke to carriers and asked if there would be a possibility that they would accept hard copies of the forms that apply to them to enroll in their system. Informally, the responses were positive, carriers are willing to do that. Mr. Nishihara stated the EUTF could get it done by December 31, 2009 if the carriers really want to get it done and put their people in because they have a better chance of putting it in their system than the EUTF but there are no guarantees. Discussion held by Trustees and staff regarding how the extensions can help or hurt the EUTF and a high volume of retiree calls no matter what the situation is. Mr. Williams stated that he is pretty sure all the carriers would cooperate but there are details to work out more on the EUTF end. It is not as simple as just processing forms. Trustee Shiraki asked if the carriers would still assist regardless of deadline dates. Mr. Williams stated yes. Trustee Shiraki stated whatever the Board does, the Board would insist that no one is left without insurance. No carrier should say no due to mixed up paperwork on file. Mr. Williams stated no, not on purpose, the issue is whether person is on 90/10 or 8/20 plan. It is easy to find a few forms but if it is hundreds/thousands of forms it would not be. Discussion held by Trustees and staff that with everyone's assistance most employee-beneficiaries will not be left without coverage and if the extension is approved there may concerns that people who were waiting to make changes will have to wait another month. Trustee Ho stated that the Board heard from four (4) managers/assistant administrator and three (3) managers stated their areas would benefit from open enrollment and implementation extensions for one month and the assistant administrator stated the EUTF does not need to extend. Mr. Nishihara stated if the carriers cooperated and really wants to get everyone in their system and recommends not extending. Trustee Annis asked what if the cut-off is November 30, 2009 and the effective date February 1, 2010 so it allows a clean cut-off and that full period of time for processing. Mr. Nishihara stated that the EUTF has a new system and have not done this process before, asking for all this assistance not knowing the outcome, the Trustees still need to approve rates for July 1st. The fear is that the same cycle will be done that the EUTF is having now and will create excitement and confusion for next year. Trustee Annis asked if the Board should cut this off and get the confusion over with because the Board needs to work on next year's plan. Mr. Nishihara states to him because his concern is that we put too much pressure on the customer service representatives with all the calls. Trustee Radcliffe asked what is the Administrator's recommendation. Mr. Williams stated that the extension of open enrollment to December 15th is not designed to help the staff. It is designed to help the people out there who may have not made

decisions or may be confused to give them some time to get those forms in. If you pin the staff down for their own selfish reasons, they would say leave the 30th. When we are looking at the bigger picture, the letters and complaints received, and try to give a little break for those people who have to make decisions that are why the 15th is on the agenda. The extension to February 1, 2010 is to clearly give the staff time to get the work done and that is for the 3 to 1 split that the Board heard. There is only one downside to the February 1, 2010 extension, it is real but is not massive. It is people who have been waiting to make a change to lower their costs would have to wait one month. The work around with the carriers can take care of making sure they get their benefits but it will not take care of the payroll deductions. The EUTF will have 10s of thousands of people that will not have the correct payroll deductions even with the carrier work around. Mr. Williams does not see any downside to doing it at all. If the EUTF can get the temporary assistance from the carriers and the carriers do the work around so carriers have the forms to get it in their system, then Mr. Williams believes, he understands why Mr. Wong said 80% because she will stand the jerk, it will be a greater percentage. In balance, the one negative is, of those waiting to make the change to reduce the cost will have to wait a month, against what it would be like for people with the January 1 date have the payroll disruption and to worry about going to the doctor. Mr. Williams stated it would be good to do that extension. This whole idea came out of a discussion with Trustees about what could we do, in light of the complaints we have been receiving from political figures and union leaders. It also was triggered by the memorandum the Board requested the Administrator to send an alarm to everyone concerned that there is a problem. Then the responses to the problem to cancel open enrollment. When the Board compares this action to cancelling the open enrollment, which Mr. Williams does not recommend, this is a moderate, reasonable response to the two issues. One, is the proposed confusion among employees and two, is the EUTF workload problem. Trustee Annis stated that the EUTF could create more confusion by changing the dates because the effective dates have been announced and in the booklets. Trustee Annis asked Mr. Suzuki legally if has any comments if the EUTF would be creating a problem in stating a new date. Mr. Suzuki stated that the Board will need to make sure the word gets out so everyone knows. The extensions will help and will not hurt the membership because they will have more time to make a decision and that is exactly what people are concerned now whether they should or should not make an election. Giving additional time is a prudent thing to do. If anything it helps as far as liability or concerns about the plans.

B. Deputy Attorney General

Mr. Russell Suzuki stated he had nothing to report.

C. Benefits Consultant

Mr. Fukuhara stated his written report has been submitted to the Board.

Mr. Fukuhara commented, not as a consultant, but to give a historical recap from past

open enrollments and procedures and what he sees if open enrollment is extended. Mr. Fukuhara stated he thinks extending open enrollment will cause more confusion. Mr. Fukuhara's biggest fear, as a consultant, is extending open enrollment will be the reason for delaying the Board's decisions on benefits and rates effective July 1, 2010 which need to be made before the end of December. Another concern is that in January, the Board and EUTF staff should be planning for bringing back HSTA members effective July 1 and preparing for the next open enrollment which he presumes will be in April. Trustee Shiraki asked if Mr. Fukuhara is recommending against the extension. Mr. Fukuhara stated he was asked earlier by Mr. Williams while in Florida and his answer is still the same; do not extend open enrollment beyond November 30, 2009. The open enrollment session for November 30, 2009 was not originally on the schedule and forms can still be received by the EUTF up to one week later. In attending the open enrollment sessions, Mr. Fukuhara observed that most people are fine because there are not a lot of changes. The biggest change is the addition of the 80/20 plan and that people are hearing about in the newspaper, TV, radio, and by direct mail so he would be surprised if anyone out there would not know about the 80/20 plan. Trustee Ho stated she attended sessions and it was very chaotic and there were a lot of questions. She receives e-mail and phone calls every single day from union members who are confused, have questions and concerns. She has heard from the EUTF staff and their workload. Trustee Ho asked Mr. Fukuhara if he has been to the office to help or is Aon providing any assistance with handling forms or phone calls. Mr. Fukuhara stated no. Trustee Ho stated they are drowning and need help. Discussion held by Trustees and benefits consultant regarding concerns from legislative and union leaders received from constituents and whether EUTF complaints have increased or decreased. Mr. Nishihara stated normally the EUTF would get approximately 400 to 500 calls a day. The most EUTF had for the month of November on a Friday was 763. The most the EUTF ever got was 2,160. This morning at 10 a.m. the EUTF had already received 600 calls. Mr. Williams asked Ms. Wong if the nature of the questions changed. Ms. Wong stated there are still questions regarding the 80/20 plan but most of the questions are regarding the dependent eligibility audit. Mr. Nishihara stated that e-mails to the EUTF have decreased. Discussion held by Trustees and staff regarding whether participants have the information they need to make choices on benefits plans and overload of phone calls to the EUTF and B&F. Mr. Williams stated if the extensions are approved the PCP deadline will correspond with the EUTF extension. DHRD is able to do that because open enrollment has not ended yet.

III. NEW BUSINESS

A. A Limited Two-week Extension of Current Open Enrollment Period to December 15, 2009

Mr. Williams stated the Board would be changing the date from November 30, 2009 to December 15, 2009. That is the date that the forms will need to be dated and submitted to the personnel office. The DPO will then certify that date.

Trustee Shiraki asked if any union representatives can speak for their union. Mr. Derek Mizuno from HGEA stated that the original intent was to lower the cost and now with all the confusion, open enrollment should be cancelled. Trustee Radcliffe stated that the problem with voting on this Board, is that it is set up to be in conflict. If the Board is confused or has different views nothing takes place and that has been going on for months. Sometimes the Board gets confused, for example; when Mr. Radcliffe met with the unions (HFFA, HGEA, UHPA, UPW, HSTA) Wednesday, November 18, 2009, he came away with the clear understanding that the unions wanted the Board to do a number of things. (1) to hire temporary staff to assist; (2) carriers assistance; and (3) maintain the State administrative fees. If all these things could be done, the unions were fine with extending for two weeks. Basically, what the unions were responding to in their November 10, 2009 letter was in response to the Administrator's letter of November 5, 2009 that if the EUTF does not get assistance the wheels are going to fall off. Since the EUTF has come to the conclusion that the wheels are not going to fall off, the unions said it makes sense to go forward provided that no one loses coverage. Discussion held by Trustees and staff regarding why a two-week extension. Mr. Williams stated it could be less and two weeks was a reasonable period. Another reason was to be able to schedule additional Benefit Fairs.

MOTION was made for the Board to approve extending the EUTF's Open Enrollment period for active employees to December 15, 2009. (Radcliffe/Daeufer)

Recessed at 3:01 p.m. and Reconvened at 3:06 p.m.

MOTION TO AMEND was made for the Board to approve extending the EUTF's Open Enrollment period for active employees to December 7, 2009. (Shiraki/Annis) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

MAIN MOTION AS AMENDED for the Board to approve extending the EUTF's Open Enrollment period for active employees to December 7, 2009. After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

- B. A One-Month Delay of the Effective Date of the Participants' Plan Selections Under the Current Open Enrollment to February 1, 2010
Overview by Mr. Williams regarding a one-month delay of the effective date of the participants' plan selections under the current open enrollment to February 1, 2010. Mr. Williams stated the rates will not change except for Kaiser. Mr. Fukuhara asked for clarification that if you are currently enrolled in Kaiser the rates would change effective January 1, 2010. Also able to change from Kaiser to another plan or to Kaiser until February 1, 2010. Mr. Williams stated the rates for Kaiser is going up January 1, 2010. Mr. Fukuhara stated that Kaiser would pay the difference post tax.

Mr. Williams stated yes. Mr. Corbin from Kaiser stated that Kaiser is willing to take enrollment forms and strongly encouraged the Board not to make delays.

MOTION was made for the Board to approve delaying the effective date of employees plan selections made during the current Open Enrollment from January 1, 2010 to February 1, 2010. (Shiraki/Radcliffe) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

There being no objections by the Trustees, III. D under New Business is taken out of order.

- D. Authorize the Administrator to Hire Temporary Employees to Assist the EUTF Staff and to take the Necessary Actions and Seek the Necessary Approvals to Hire Temporary Employees.

Overview by Mr. Williams regarding the Administrator's recommendation that the Board authorize the Administrator to hire temporary employees to assist the EUTF staff. Mr. Williams stated that the amount would be approximately \$30,000.00 for 5 positions. Mr. Williams requested that the amount and number of positions not be included as part of the motion to give the EUTF flexibility to hire within the budgeted means.

MOTION was made for the Board to authorize the Administrator to take the necessary actions, seek the necessary approvals and to hire temporary employees to assist the EUTF staff in eliminating backlogs and processing Open Enrollment forms. (Ching/Annis) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

- C. Instruct the EUTF Administrator to Hold a Press Conference to Clarify Misconceptions and any Confusion about the Current Open Enrollment to the Employees and the Public, as follows:
1. Instruct the Administrator to Issue a Statement and Hold a Press Conference
Overview by Mr. Williams regarding the administrator to issue a statement and hold a press conference. Mr. Williams stated that this motion will say there will be a statement and the second motion will be to approve the specific text of the statement. Trustee Radcliffe stated that he supports the EUTF to make this statement to clarify and set the record straight because over the last several weeks there has been a lot of confusion about how the decisions were made in August and September. There was information put out in the public that was very different than the actual facts of the EUTF meeting and how things were arrived at. For the Board to have the creditability that the Board ought to have, the record needs to be set straight. Discussion held by Trustees and staff regarding the timing of the press statement. Mr. Williams stated that he recommends that the best timing would be after this meeting because the

impact may diminish if delayed. If delayed it would still be important to release a press statement to set the record straight.

MOTION was made for the Board to authorize the Administrator to hold a press conference and issue a statement related to today's Board actions and related Open Enrollment issues. (Ho/Daeufer) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

2. Text of Statement to be Issued to the Press

MOTION was made for the Board to approve the draft statement to be issued to the press by the Administrator. (Radcliffe/Ho)

Discussion held by Trustees and staff regarding language in the statement that may be too strong, the terminology to be toned down, and that this is a State Board.

MOTION TO AMEND was made for the Board to approve the draft statement to be issued to the press by the Administrator with the provision that Trustee Boyer and Trustee Radcliffe will work with the Administrator to "tone down language" of the statement. (Ching/Annis) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

MAIN MOTION AS AMENDED for the Board to approve the draft statement to be issued to the press by the Administrator with the provision that Trustee Boyer and Trustee Radcliffe will work with the Administrator to "tone down language" of the statement.. After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

IV. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

The correspondence listed below was acknowledged earlier in the meeting. In addition to those letters, letters were received from the Council of Mayors and from members of the Senate (H-K).

- A. Letter from the House of Representatives dated 11/5/09.
- B. Letter from Representative Ryan Yamane dated 11/6/09.
- C. Letter from the Senate President and Chair of the Senate Committee on Health dated 11/9/09.
- D. Letter from Representative Roland Sagum dated 11/9/09.
- E. Letter from Executive Directors of HGEA, UHPA, and UPW dated 11/10/09.
- F. Letter from HMSA dated 11/11/09.
- G. Letter from Governor Lingle dated 11/15/09.
- H. Letter from Representative Pono Chong dated 11/16/09.

- I. Letter from Senator Michelle Kidani dated 11/17/09.
- J. Letter from the Senate dated 11/19/09.
- K. Letter from Hawaii Council of Mayors dated 11/20/09.
- L. Letter from HMSA dated 11/23/09.

Mr. Michael Gold from HMSA stated he applauds the Board for decisions they have made. A letter was distributed to the Board from HMSA dated November 23, 2009 explaining their view. Discussion held by Trustees and Mr. Gold regarding assistance from HMSA.

Mr. Lawrence Nishihara announced to the Board that he will be retiring.

Mr. Paul Carter from HMA commends the Board for standing up and having done a good job. HMA is a hired vendor and works for the EUTF. There have been misconceptions that the plans are HMSA or HMA but it is the EUTF plans. HMA stands willing, ready and able to do whatever assistance the EUTF needs. HMA has followed the rules and understands protocol and government contracts.

- V. FUTURE AGENDA ITEMS AND NEXT MEETING DATE
 - A. December 9, 2009 – Regular Board meeting.

- VI. ADJOURNMENT
 - There being no objections by the Trustees, the meeting adjourned at 3:45 p.m.

Respectfully submitted,

/s/

Stanley Shiraki, Secretary-Treasurer

APPROVED on March 18, 2010 as amended.

Documents Distributed:

- 1. Letter to Chair Kahoohanohano from the House of Representatives Regarding Open Enrollment dated 11/5/09. (1 page)
- 2. Letter to Trustee Laderta from Representative Ryan Yamane Regarding Open Enrollment dated 11/6/09. (2 pages)
- 3. Letter to Chair Kahoohanohano from the Senate President and Chair of the Senate Committee on Health Regarding Open Enrollment dated 11/9/09. (2 pages)
- 4. Letter to Chair Kahoohanohano from Representative Roland Sagum Regarding Open Enrollment dated 11/9/09. (1 page)
- 5. Letter to the Administrator from Executive Directors of HGEA, UHPA, and UPW Regarding

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Open Enrollment dated 11/10/09. (1 page)

6. Letter to Chair Kahoohanohano from HMSA Regarding Open Enrollment dated 11/11/09.
7. Letter to Chair Kahoohanohano from Governor Lingle Regarding Open Enrollment dated 11/15/09.
8. Letter to Chair Kahoohanohano from Representative Pono Chong Regarding Open Enrollment dated 11/16/09. (1 page)
9. Letter to Board of Trustees from Senator Michelle Kidani Regarding Open Enrollment dated 11/17/09. (1 page)
10. Letter to Chair Kahoohanohano from the Senate Regarding Open Enrollment dated 11/19/09. (3 pages)
11. Letter to Chair Kahoohanohano from Hawaii Council of Mayors Regarding Open Enrollment dated 11/20/09. (2 pages)
12. Letter to Chair Kahoohanohano from HMSA Regarding Open Enrollment dated 11/23/09. (4 pages)