

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Monday, December 8, 2008

TRUSTEES PRESENT

Ms. Marie Laderta, Chairperson
Ms. Barbara Annis, Vice Chairperson
Ms. Elizabeth Ho, Secretary-Treasurer
Mr. Darwin Ching (left at 3:15 pm)
Dr. Carl Daeufer

Mr. Guy Fujio
Mr. George Kahooohanohano
Mr. John Radcliffe
Mr. Lawrence Reifurth
Mr. Stanley Shiraki

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

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

OTHERS PRESENT

Ms. Lynette Arakawa, HDS
Ms. Sandra Benevides, Kaiser Permanente
Mr. Bob Davis, NMHC
Mr. David Ellis
Ms. Monica Engle, VSP
Ms. Venus Gabuyo RSN
Ms. Susan Goya, HGEA
Mr. Terry Harrison, NMHC
Ms. Vanelle Hirayasu, HMA
Ms. Bonny Kahalewai, Standard Insurance

Mr. Jack Katahira, HGEA-R
Ms. Ruth Kim, HSRTA
Ms. Wanda Kimura, B&F
Ms. Alice Kotake, HSTA-R
Mr. Michael Moss, Kaiser Permanente
Mr. Andrew Reis, NMHC
Mr. Bill Sandkuhler, Aon
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 9:30 a.m. by Trustee Marie Laderta, Chairperson, in EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Monday, December 8, 2008.

Chair Laderta announced that 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 October 29, 2008.

There being no objections by the Trustees, the minutes for October 29, 2008 were approved as circulated.

Chair Laderta stated an error was discovered in the minutes of the Board meeting on September 25, 2008. The correction was circulated to the Trustees and members of the public and read by the secretary to amend page 8, lines 37-38 to delete “ effective 7/1/08-6/30/08” and add “ to be extended through December 31, 2009 (7/1/08-12/31/09)”.

MOTION was made for the Board to amend the minutes of the meeting of September 25, 2008 as explained by the secretary. (Radcliffe/Ho) The motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-5)

III. SPECIAL ORDER OF BUSINESS

A. Financial Audit for FY 2007-2008 – Presentation by Grant-Thornton

Ms. Lynn Shimono from Grant-Thornton summarized the financial audit report. Discussion held by Trustees, staff, benefits consultant, and auditor regarding page 17, if projected increases in rates for retirees were taken into account. Mr. Nimmer confirmed that Aon did take into consideration rates, trend and other information available at the time of the GASB valuation. Discussion held by Trustees, staff, and benefits consultant regarding page 50, if Aon did both actuarial studies. Mr. Nimmer stated yes. Discussion held by Trustees, staff, and benefits consultant regarding if accrued liability went from \$6.3 to \$9.2 billion. Mr. Nimmer stated the \$9.2 billion will be tracked in the presentation later today and he will need to verify the \$6.3 billion. Mr. Williams stated it could be because the State is using the lower discount rate. In the earlier one, the EUTF did not know what employers were doing with pre-funding that affected the 5%. But now the State has indicated they are not going to pre-fund, it was 8% earlier and 5% now. Mr. Williams has not looked at the detail. Further discussion held by Trustees, staff, benefits consultant, and auditor regarding the draft letter on page 53, 2nd to last paragraph. Ms. Shimono explained the reasons for the comments in the draft letter. Discussion held by Trustees and auditor regarding correct changes to the draft letter. Ms. Shimono stated when the report is finalized the date will be updated and substantial changes will be recorded correctly.

MOTION was made for the Board to approve the financial reports as presented by the auditor subject to changes and cash flows the auditor presented. (Annis/Daeufer)
The motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-5)

B. Public Officials, Fiduciary Liability, and Fidelity Bond Insurance – Presentation by Aon

Mr. Bill Sandkuhler of Aon summarized the renewals of the Public Officials, Fiduciary Liability, and Fidelity Bond Insurance policies subject. It is noted that the Administrator, as authorized by the Board at the October Board meeting, has bound coverage for the policies and rates presented. Discussion held by Trustees, staff, deputy attorney general, and Mr. Sandkuhler regarding the meaning of surplus line carrier. Mr. Sandkuhler explained that surplus line is a carrier that is not admitted to

the State and does not file rates with the State's insurance commissioner but for whom it is perfectly legal to write business in Hawaii. A surplus line carrier pays 4.68% additional tax. Discussion held by Trustees and Mr. Sandkuhler regarding litigations. Mr. Sandkuhler stated the on-going open litigations are excluded and are picked up by the previous policy. Discussion held by Trustees, staff and Mr. Sandkuhler regarding 2-year policies and the State's insurance policy. Mr. Sandkuhler stated there is a possibility with increasing limits that is available to the Board if they so desire. The State purchased a \$10 million excess liability policy with a self-insured retention of \$4 million. Trustee Shiraki asked what ERS did. Mr. Sandkuhler stated that ERS did not purchase a stand alone coverage.

Confidential Attorney-Client Privileged Communication memorandum was distributed to the Trustees regarding Liability concerns dated December 8, 2008.

Deputy Attorney General Russell Suzuki briefed the Trustees on the protections accorded them under State law (statutory immunity from civil liability and protection under the doctrines of state and federal qualified immunity). Mr. Suzuki stated the insurance is good back-up but under the existing State law the possibility of personal liability is very remote. Discussion held by Trustees and deputy attorney general regarding concerns that in the process of being sued in the individual capacity and problems with refinancing or mortgage change. Mr. Suzuki stated if it becomes a problem, if asked, the State can write letters to the financial institutions. Further discussion held by Trustees and deputy attorney general regarding waiving of representation offered by the State and the option to retain your own attorney. Trustee Ching asked if there is anything else the Trustees should be aware of. Mr. Suzuki stated that whenever a Trustee is being sued they should notify the Attorney General's office and the insurance carrier immediately because they have to tender the request for representation.

MOTION was made for the Board to ratify the administrator's action. (Ching/Kahooohanohano) The motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-5)

C. GASB Valuation Overview – Presentation by Aon

Mr. Nimmer presented an overview of the GASB valuation report (see handout).

There being no objections by the Trustees, under New Business, item VI.D. Individual Exception for Dependent Child Called to Active Duty to be taken out of order.

Individual Exception for Dependent Child Called to Active Duty

Mr. Ellis stated when his son returns to Hawaii next July, his son will be 24 years old and will lose coverage. Mr. Ellis explained his son's duties and that he lost two and a half year's coverage that was involuntary and he did not have a choice. He has been penalized for being in the National Guard and penalized by another state agency on top of

that. Mr. Ellis is asking the Board to consider a two and half year extension of his son's coverage. His service in the Guard was involuntary and was not his choice and has two and half years of college to go. Mr. Nishihara summarized his memorandum to the Board. Mr. Nishihara stated last month when the Board addressed this issue, Aon presented information regarding National Guard reserves and their families' coverage they could receive from the military as a veteran. Mr. Nishihara stated he did additional research regarding education provided. When someone volunteers to serve in the reserves or National Guard, one of the primary reasons is to have significant educational benefits. As an active duty person when they get out, they have access to Tricare free for six months. After the six months is over, they can have COBRA. For those coming back in July, the post 9/11 educational act of 2008 takes effect August 2009 and the benefits are extremely significant. The fact that someone gets activated is not really involuntary. The reason you get activated is because you voluntarily enrolled or joined the National Guard or reserves. The primary reason is to serve their country and the 2nd for a lot of people is for educational purposes. When Mr. Ellis returns in July 2009, he can qualify for 70% of tuition coverage and other benefits. Mr. Nishihara does not recommend changing the EUTF rule to conserve benefits for National Guard and reserves when the benefits are significant for educational purposes. Mr. Ellis stated that the tuition is free already. If it is Tricare at Tripler, he went to Tripler when he was on active duty and the impression from himself and others he knows are not favorable. Mr. Williams stated that Mr. Lawrence Nishihara goes to Tripler. Discussion held by Trustees and Mr. Ellis regarding if his son will be a full-time student. Mr. Ellis stated yes. Trustee Ho stated that schools offer coverage for full-time students. Mr. Ellis stated his son would have to pay tuition first then get reimbursed and he only makes \$180 per month. Discussion held by Trustees and staff regarding premium costs.

MOTION was made for the Board to deny the request to grant an individual exception to extend student eligibility for a dependent called to active duty. (Radcliffe/Shiraki) The motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-5)

Recess at 10:50 a.m. and reconvene at 11:00 a.m.

IV. OTHER REPORTS

A. Administrator

1. December 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 (see Administrator's report).
- d. IT Support by Gartner, Inc. –SPO Approved Vendor
Overview by Ms. Shiroma regarding IT support by Gartner, Inc. (see Administrator's report).
- e. Retiree Open Enrollment
Overview by Mr. Nishihara regarding retiree open enrollment (see Administrator's report).

Mr. Jack Katahira encouraged the EUTF to continue to have retiree open enrollment sessions, not to make cutbacks even if attendance is down, and to change format to add more information.

- f. Financial Audit for FY 2007-2008 (Presentation by Grant Thornton)
This item was addressed earlier in the meeting.
- g. Accounting Issues
Ms. Tonaki reported there are no changes from the last Board meeting, it is still in dispute with CMS and the collection agency (see Administrator's report).
- h. GASB 43/45
This item was addressed earlier in the meeting.
- i. Investment Program Update
Ms. Tonaki reported that a timeline was distributed to the Trustees (see Administrator's report). The administrator recommends the following: (1) establish an investment committee to oversee the development and implementation of the EUTF investment program; (2) to appoint all Trustees to serve as members of the Investment Committee; and (3) to establish that a quorum of the committee shall consist of two employer Trustees and two employee-organization Trustees.

MOTION was made for the Board to approve the recommendation to: (1) establish an investment committee to oversee the development and implementation of the EUTF investment program; (2) to appoint all Trustees to serve as members of the Investment Committee; and (3) to establish that a quorum of the committee shall consist of two employer Trustees and two employee-organization Trustees. (Ching/Fujio) The motion passed unanimously. (Employer Trustees-5/Employee-beneficiary Trustees-5)

- j. Public Officials, Fiduciary Liability, and Fidelity Bond Insurance
(Presentation by Aon)
This item was addressed earlier in the meeting.

- k. Biennium Budget 2010-2011
Ms. Tonaki reported that Budget & Finance recommended deleting \$300,000 for the investment consultant in the 2nd year of the biennium budget. This decision has been discussed with the Governor and she concurred.
Mr. Williams stated the EUTF has enough funding for 2010 and will put it in the supplemental budget. Discussion held by Trustees and staff regarding the funding for the investment consultant. Mr. Williams stated the EUTF will need this funding in the supplemental budget to continue the contract. The EUTF recommended that it be included in this biennium budget but for some reason Budget & Finance took it out.

- l. International Foundation of Employee Benefit Plan Annual Conference-
November 16-19, 2008; San Antonio, Texas
Mr. Williams reported he, several Trustees, and Mr. Nishihara attended the conference which was topnotch. Trustee Shiraki stated that because the New Orleans conference was great he decided to go to San Antonio and that they had good speakers; the subjects were great and were worthwhile.
Trustee Annis stated it was one of the most educational conferences that she attended. Trustee Ching had same comments as other Trustees.

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

B. DEPUTY ATTORNEY GENERAL

1. Everson Lawsuit

Mr. Suzuki reported that there is no movement in the Everson lawsuit.

There being no objections by the Trustees, under other reports, items D. Financial Report as of September 30, 2008 and E. Carriers will be taken out of order.

D. Financial Report as of September 30, 2008

Overview by Ms. Tonaki regarding the financial report as of September 30, 2008 (see financial reports). Discussion held by Trustees and staff regarding short term investments. Mr. Williams stated Mr. Saharic from Mercer will review in detail what the EUTF has in short-term investments and will provide any recommendations.

E. Carrier's Reports

1. HDS

Written report submitted.

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2. HMSA

No written report submitted. Mr. Tam reported that effective January 1, 2009; EUTF claims will start to be processed on their new claims system. HMSA does not anticipate any problems because the rest of their business has been moved over. Effective January 1, 2009, the prescription drug mail order vendor will change to Medco. Members who use mail order will be notified directly. Mr. Jack Katahira asked how HMSA on-line service would affect members. Mr. Tam stated everyone in the State will have access. If you are an HMSA member, the co-payment will be \$10.00 per 15 minutes of access for the first six months.

3. HMA

Written report submitted.

4. Kaiser

Written report submitted. Ms. Benevides reported that Kaiser already has on-line service for Medicare members with no charge.

5. NMHC

Written report submitted.

6. Royal State Insurance

No written report submitted.

7. Standard Insurance

Written report submitted.

8. VSP

No Written report submitted.

C. BENEFITS CONSULTANT

1. December Report

a. Newsletters

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

b. Draft Annual Report for Fiscal Year Ending 6/30/08

Overview by Mr. Fukuhara regarding the draft annual report for fiscal year ending 6/30/08 (see Consultant's report). Trustees should review the report and provide comments to Aon.

c. Aetna Final Report

Overview by Mr. Fukuhara regarding Aetna's final report (see Consultant's report). Discussion held by Trustees and benefits consultant regarding the experience balance. Mr. Fukuhara will make correction on the experience balance.

d. PPO Prescription Drug Changes Effective 7/1/09

Mr. Fukuhara summarized the proposed PPO prescription drug changes for the following (see Consultant's report):

- (1) Remove Grandfathering of Formulary

- (2) Require Prior Authorizations for DAW-1 Prescriptions
Discussion held by Trustees, staff, benefits consultant, and Mr. Andrew Reis regarding prior authorizations and generic equivalent.
- (3) Implement Clinical Recommendations
Mr. Williams explained that this item was presented at the last Board meeting and was deferred. Additional information is being provided. Overview by Mr. Andrew Reis regarding the clinical recommendations – step therapy and contingent therapy (see report “Options for Clinical and Economic Improvement for 2009”) Discussion held by Trustees, benefits consultant, and Mr. Andrew Reis regarding concerns about a pharmacist denying a doctor’s recommendation, timing of review, members not receiving a denial notice on a timely basis or insurance company saying member is not covered. Mr. Reis stated that the pharmacist follows established guidelines for reviewing needs of participants. In regards to denial notices, NMHC should be communicating to the pharmacist and the physician with a letter sent to the participant. NMHC tries to educate the participant so they are not going to the pharmacy and getting rejected there. Mr. Williams stated that from the staff’s view point that NMHC does a lot of prior authorizations that the EUTF does not hear about because they are done routinely. The EUTF hears about the ones that involve customer service where either the communication with the doctor’s office is not good or what is common is the person calls and is told it is the doctor but NMHC does not say they will call the doctor and the person has to call the doctor. Then there is a lot of miscommunication. Mr. Williams stated that it would help if NMHC could provide Aon and the administrator with a procedure manual with the copies of the letters and the process that will be followed if the Board adopts these so it can be reviewed for the Board and provide any feedback. After that then there is the implementation to make sure that whatever is on paper will be followed. Related to the physician offices, the EUTF pleaded and requested that the NMHC provider relations person, based on the analysis of your physicians that do the most high cost prescriptions, should contact the doctors’ offices not just the pharmacists. NMHC took over from HMSA and HMSA worked with the doctors and pharmacies. NMHC primarily works with the pharmacies but this effort should be made especially if the Board is going to be more aggressive on this cost containment strategy. The communication is going to be more important. Mr. Reis stated that is in the works in terms of the physician outreach and education. Discussion held by Trustees, staff, Mr. Reis, and members of the public regarding payment for over the counter drugs, generic drugs, and drugs held behind the counter.
- (4) Specialty Therapy Management
Presentation by Mr. Bob Davis from Ascend Specialty Rx, subsidiary of NMHC regarding the specialty therapy management (see presentation).

Discussion held by Trustees and Mr. Davis regarding if company contacts person before prescription is filled. Mr. Davis explained procedures for dispensing prescriptions; shipping of prescriptions; and prescriptions that are urgent. Discussion held by Trustees, staff and Mr. Davis regarding where the prescriptions are shipped from. Mr. Davis stated it is from Ascend pharmacy and not by NMHC mail order. Discussion held by Trustees, staff, and Mr. Davis regarding who decides what is a specialty drug, concerns about being able to contact people, and how many subscribers are enrolled now out of an eligible population. Mr. Davis stated success rates for contacting people are high. Subscribers enrolled are approximately 5,000 per month out of an eligible population of 4.5 to 5 million. Mr. Williams asked if it is 5 million group members that contract or participate with Ascend. Mr. Davis stated it is covered lives that are eligible to receive medications. 60% of their business comes from the NMHC clientele base and 40% direct from physician referrals. Discussion held by Trustees, staff, and Mr. Davis regarding any clients in Hawaii and if Ascend would be able to provide clients that the EUTF could contact. Mr. Davis stated Ascend does not manage any clients in Hawaii but they would be more than willing to provide clients outside of Hawaii. Mr. Williams stated that Ascend could provide contact information to Aon and they can follow-up for the Board.

e. Open Enrollment Support & Other Potential Projects
This item will be addressed in Executive Session.

f. Fully-Insured Plans Effective 7/1/09
This item will be addressed in Executive Session.

g. Overview of GASB Results – FY 2008
This item was addressed earlier in the meeting.

h. Self-Funded Plans
Mr. Nimmer stated that over the past several weeks and months, Aon works with several states across the country and every state is in the exact same position as the EUTF in feeling the fiscal pressure and grappling overall with the funding situation. The unique item for the EUTF is that the EUTF does have a very generous health plan in place today. The EUTF enjoyed a very healthy financial position over the years and was able to buy down rates but other states have not.

FY 2010 Plan Options and Cost Implications for Actives

Overview by Mr. Nimmer regarding FY 2010 plan options and cost implications for actives effective 7/1/09. Discussion held by Trustees, staff and benefits consultant regarding reserves, buy down of rates, trends, and

rebuilding reserves. Mr. Nimmer continued overview of plan options and cost implications for actives. Discussion held by Trustees, staff, and benefits consultant regarding option II on page 19. Trustee Shiraki asked Wanda Kimura from B&F what is the general fund allocation for actives. Ms. Kimura stated the general fund allocation for actives is \$185 million. Discussion held by Trustees, staff, and benefits consultation regarding the recent hiring freeze and whether there may be funds to utilize. Mr. Nimmer stated Aon ran a 5% scenario and it did soften the rate increase a little. Discussion held by Trustees, staff, and benefits consultant if there is any cushion left from administrative fees, for vendors to share costs, and to institute savings on drugs. Mr. Williams stated that the EUTF agreed and is obligated to the administrative fees. It was just extended for one or two years. Mr. Nimmer stated that the administrator is correct and to put it in perspective, the EUTF has approximately \$230 million expected to spend on actives next year. If the amount of money they are trying to capture is a quarter of that, roughly \$55 million in savings would need to be found. Mr. Nimmer stated currently they are setting \$230 million for all actives. The state's share would be approximately \$140 million. Discussion held by Trustees, staff, and benefits consultant regarding the different projections and assumptions. The Board needs to digest and think about the information presented, come back and ask questions or request more options. Further discussion by Trustees, staff, and benefits consultant regarding that cost comparisons are for amounts the EUTF would need to cover costs. Mr. Williams stated the Trustees need to remember Aon is reporting on the self-funded plans and using HMSA to represent PPO but there would also be HMA. These are what the rates would be for these plans and Aon would then need to add the EUTF administrative fees. There is no negotiation with the carriers on the self-funded plans, they only need to make sure these potential benefit changes could be implemented. The insured plans will be presented in Executive Session.

FY 2010 Plan Options and Cost Implications for Retirees

Overview by Mr. Nimmer regarding FY 2010 plan options and cost implications for retirees effective 7/1/09. Discussion held by Trustees, staff, and benefits consultant regarding trend and buy downs. Mr. Nimmer stated that the EUTF used part of the reserves to keep the rates flat for the retirees last year. Mr. Nimmer continued overview of plan options and cost implications for retirees effective 7/1/09. Mr. Williams stated that on page 6, Aon wants to show that we are well within the caps even in a worst case scenario. Mr. Nimmer continued his overview of plan options and cost implications for retirees effective 7/1/09. Mr. Williams provided additional information that is for the state because he does not have any information for the counties, unlike the actives where Ms. Georgina Kawamura came and said the state is in no condition to pay any additional amounts. The State is

budgeting for increased retiree costs. The EUTF has moved to a calendar year basis for retirees and B&F is adapting to that. The EUTF rates are set through June 2009 and B&F made no provision for the second half of the calendar year 2009, so B&F amount would be zero. For calendar year 2010 B&F is budgeting a 16% increase and for the calendar year 2011 an 11% increase. These dollar amounts associated with these percentages do not line up right now with the presentation by Aon because their presentation is on a fiscal year basis. Obviously, the 17% would be more than what is budgeted but it is not like a difference between 17% and zero over that 12 month period. B&F budgeted 16% for the 2nd half of FY10 and 11% for the 1st half of the 2011 calendar year is not that far from the 17%. The EUTF is talking with B&F and Aon to match numbers. Right now the EUTF is not faced with the state saying zero. Discussion held by Trustees, staff and Ms. Kimura regarding B&F's budget and the level of funding for 2009. Mr. Williams stated there is money budgeted but no increase for the second half of 2009. Mr. Williams stated the state has to pay for retirees what the EUTF bills regardless of what B&F budgeted. The only reason why Mr. Williams presented what B&F budgeted because he knows their sensitivity to the state's financial condition. In the end if the Board approves a 100% increase, by the law the state must pay it.

Mr. Williams notified the public that the Board will move into Executive Session and reconvene at approximately 2:30 p.m. Chair Laderta stated that the Board will not be making final decisions on rates at this meeting.

After Executive Session, further discussion held by Trustees, staff, and benefits consultant regarding cost containment and for Aon to provide additional information and concerns about having too much information. It was clarified that some information requested is provided on page 19 of Aon's presentation.

IX. EXECUTIVE SESSION

MOTION was made to go into Executive Session at 1:43 p.m. for the reasons stated on the agenda. (Ho/Radcliffe) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

The Executive Session adjourned at 2:56 p.m.

Mr. Williams stated there was one item (open enrollment support) on the Executive Session agenda that was not discussed. There being no objections by the Trustees, open enrollment support will be discussed at the Special Board meeting on January 7, 2009.

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

1. Approval of October 29, 2008 Executive Session minutes.
2. Deferred action on insured active benefit plans and rates.

V. UNFINISHED BUSINESS

- A. NMHC Clinical Recommendations for Active Employees
This item was addressed under the Consultant's report.
- B. Self-Funded Plans Rates and Benefits Effective 7/1/09
This item was addressed under the Consultant's report.
- C. Fully-Insured Plan Rates (Kaiser, Royal State, ChiroPlan, HDS, VSP, Standard)
Effective 7/1/09
This item will be addressed in Executive Session.

VI. NEW BUSINESS

- A. Financial Audit for 2007-2008
This item was addressed as a special order of business.
- B. Public Officials, Fiduciary Liability, and Fidelity Bond Insurance
This item was addressed as a special order of business.
- C. Legislative Proposal – Sunset VEBA's 6/30/09

MOTION was made for the Board to introduce a legislative proposal to sunset VEBA. (Shiraki/Annis) The motion failed. (Employer Trustees-4; Yes-Annis, Laderta, Reifurth, Shiraki/Employee-beneficiary Trustees-5; Yes-Daeufer, Kahooohanohano, No-Fujio, Ho, Radcliffe) Note: Trustee Ching left at 3:13 p.m.

- D. Individual Exception for Dependent Child Called to Active Duty
This item was addressed as a special order of business.
- E. Appointment of Investment Committee
This item was addressed during the Administrator's report.
- F. Appointment to Administrative Committee

MOTION was made for the Board to appoint Trustee Daeufer as a member of the Administrative Committee. (Shiraki/Ho) The motion passed unanimously. (Employer Trustees-4/Employee-beneficiary Trustees-5)

VII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

- A. Request to Grant an Individual Exception for Dependent Called to Active Duty
This item was addressed earlier in the meeting.

VIII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

A. January 28, 2009 – Regular Board meeting.

Chair Laderta will ask for Employer Trustees to be excused from Governor's cabinet meeting on the same day and will inform the EUTF.

MOTION was made for the Board to approve a Special Board meeting on January 7, 2009. (Ho/Shiraki) The motion passed unanimously. (Employer Trustees-4/Employee-beneficiary Trustees-5)

X. ADJOURNMENT

There being no objections by the Trustees, the meeting adjourned at 3:36 p.m.

Respectfully submitted,

/s/

Elizabeth Ho, Secretary-Treasurer

APPROVED on January 28, 2009.

Documents Distributed:

1. Draft Minutes for October 29, 2008. (13 pages)
2. Approved Minutes for September 25, 2008 with Amendment on Page 8, Line 37-38. (9 pages)
3. EUTF Overview of GASB Results by Aon dated 12/8/08. (5 pages)
4. Memorandum to BOT from Administrator regarding December Administrator Report dated 12/2/08/08. (5 pages)
5. Letter to BOT from Aon Consulting regarding December 2008 Benefit Consultant Report dated 12/2/08. (3 pages)
6. Options for Clinical and Economic Improvement for 2009 by NMHC. (4 pages)
7. Specialty Therapy Management for EUTF by NMHC. (5 pages)
8. EUTF FY2010 Plan Options and Cost Implications for Actives by Aon dated 12/8/08. (21 pages)
9. EUTF FY2010 Plan Options and Cost Implications for Retirees by Aon dated 12/8/08. (16 pages)
10. EUTF Statement of Net Assets (Unaudited) dated 11/19/08. (1 page)
11. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 3 Months Ended 9/30/08 (Unaudited) dated 11/19/08. (1 page)
12. EUTF Statement of Cash Flows 3 Months Ended 9/30/08 (Unaudited) dated 11/18/08. (1 page)
13. Article from MSNBC, "Brand-name drugs no better than generics. (2 pages)