

**HSTA VOLUNTARY EMPLOYEES BENEFICIARY ASSOCIATION TRUST  
BOARD OF TRUSTEES MEETING  
April 25, 2009  
HSTA Office**

**ACT 245 BENEFITS – MEETING MINUTES**

I. **CALL TO ORDER**

Wil Okabe, Chair called the meeting to order at 5:12 p.m.

**PRESENT**

Wil Okabe, Chair  
Liane Auyong-Imamura, Trustee  
Beverlee Chip, Trustee  
Robert Gilmore, Trustee  
Catherine Kalehuawehe, Trustee  
Gail Kono, Trustee  
Peter Nakashima, Trustee  
Justin Wong, Trustee  
Davin Kubo, Investment Monitor  
James Tam, Legal Counsel  
Paul Tom, Benefit Plan Solutions  
Rod Shinno, Administrator  
Susan Pestana, VEBA Trust Administration

**GUEST**

Cindy Yee, Accuity LLP  
Krista Stanfill, Accuity LLP

II. **APPROVAL OF MINUTES**

1. September 20, 2008 Meeting Minutes. **ACTION:** (Wong/Kono) Move to approve the September 20, 2008 Meeting Minutes. **MOTION CARRIED.**
2. December 13, 2008 Meeting Minutes. **ACTION:** (Wong/Chip) Move to approve the December 13, 2008 Meeting Minutes. **MOTION CARRIED.**
3. March 7, 2009 Meeting Minutes. **ACTION:** (Kalehuawehe/Nakashima) Move to approve the March 7, 2009 Meeting Minutes. **MOTION CARRIED.**

6 **III. REPORTS**  
7

8 1. **Chair**

9 No Report.  
10

11 2. **Consultant**

12 The Consultant's Report dated April 25, 2009 was reviewed by Paul Tom:  
13

14 8 Months Budget to Actual 07/08 – 02/09 (Revised On 04/22/09 – Handout):

15 Shows an Adjusted Estimated Fund Balance Loss of (\$6,603,280) as of 2/28/09.  
16

17 07/07 – 06/08 Interim Accounting Reports

18 Actives Primary : Shows an Estimated Medical Plan Deficit of  
19 (\$5,460,473) and Total Plan Deficit of (\$4,660,099).

20 Actives Supplemental: Reflects an Estimated Surplus of \$199,754 and is  
21 based on 9 Months of Actual IBNR.

22 Retirees: Reflects a Medical Plan Deficit of (\$801,363); Drug  
23 Plan Surplus of \$460,964 with a resulting Total Plan  
24 Deficit of (\$340,399).  
25

26 Mr. Tom reminded the Trustees that the Participating Hospital Contracts HMSA  
27 negotiated in 2007 significantly affected the eligible charges and added to the  
28 Medical Plan losses for the VEBA Plans and his other Clients that contract with  
29 HMSA.  
30

31 07/08 – 03/09 Current 9 Months

32 Actives Primary: Shows a Surplus of \$2,310,728 through March 2009.

33 Active Supplemental: Shows a Surplus of \$172,296 through March 2009.

34 Retirees: Shows a Surplus of \$529,911 through March 2009.  
35

36 High Cost Claims Report 07/07 – 06/08 (12 Months)

37 Actives Primary: For the two 12 month periods ending June 30, 2007 and June  
38 30, 2008, the percentage of High Cost to Total Claims  
39 increased 2.3%, while the percentage of Total Payments of  
40 Medical Claims increased 10.3%. Mr. Tom reminded the  
41 Trustees that this is another direct result of HMSA's  
42 Participating Hospital contracts and the double digit increase  
43 in hospital payments.

44 Actives Dual: For the two 12 month periods ending June 30, 2007 and June  
45 30, 2008, the percentage of High Cost to Total Claims were  
46 34.5% and 32.9%, respectively.

6 High Cost Claims Report 07/07 – 06/08 (continuation)

7 Retirees: For the two 12 month periods ending June 30, 2007 and June  
8 30, 2008, the percentage of High Cost to Total Claims were  
9 53% and 44.9%, respectively.

10  
11 High Cost Claims Report 07/08 – 12/08 (6 Months)

12 Actives Primary, Dual and Retiree Plans: Mr. Tom explained this set of reports  
13 for the 6-month periods ending December 31, 2007 and December 31, 2008, was  
14 included so the Trustees could see the high cost claims experience for the first six  
15 months of the *current plan year*.

16  
17 07/07 – 06/08 Interim Accounting Summary – HDS Dental Plans (Handout)

18 Actives Primary, Actives Dual and Retirees Plans: Shows Total Estimated Deficit  
19 of (\$488,073).

20  
21 07/08 – 06/09 Self-Funded HDS Dental Plans

22 Actives Primary, Actives Dual and Retirees: Shows a Surplus of \$89,839 as of  
23 March 2009.

24  
25 HMSA Summary Of Changes January 1, 2009 – Primary and Dual Plans

26 Mr. Tom updated the Trustees on this item and reminded them that their Action  
27 would need to be deferred until the health benefit plans and funding arrangement is  
28 agreed upon between the Union and Employer.

29  
30 3. Counsel

31 Jim Tam provided the Trustees with a verbal report on the following items:  
32

33 Contract with ATPA: Continues to work with Rod Shinno on the contract with  
34 ATPA and VEBA Trust. ATPA is requesting the “Standard Of Care” provision  
35 be based on Gross Negligence. Mr. Tam stated this may pose a problem since the  
36 Trust agreements with Counsel and BPS reference “Ordinary Standard Of Care.”  
37

38 MAPS Contract: The Bankruptcy Trustee recently received approval to  
39 assign the remainder of the Contract (formerly with HSTA MBC) to the HSTA  
40 VEBA Trust.

41  
42 New COBRA Regulations: Has been working with Susan Pestana on the new  
43 COBRA Notices required, as a result of the enactment of the American Recovery  
44 and Reinvestment Act signed into law on February 17, 2009.  
45  
46

6 4. **Finance**

7 Mr. Shinno reviewed the Income Statements for the months of November 2008,  
8 December 2008, January 2009, and February 2009. He explained that additional  
9 expenses for outside services and mailing were due to the Retiree Open  
10 Enrollment activities. **ACTION:** (Wong/Kono) Move to Approve the financial  
11 Income Statement for the months of November 2008, December 2008, January  
12 2009, and February 2009, subject to audit. **MOTION CARRIED.**  
13

14 5. **Administrator**

15 Mr. Shinno reviewed the information presented in his report to the Trustees dated  
16 April 25, 2009. In particular, Mr. Shinno expressed his appreciation to Paul Tom  
17 for his assistance and for attending the March 20, 2009 meeting with the various  
18 State Agencies.

19 Mr. Tom informed the Trustees that DHRD stated at this meeting, that only one  
20 open enrollment could be held and must be in conjunction with the open  
21 enrollment held by the EUTF.  
22

23 Chairman Okabe called for brief recess at 6:21 p.m.

24  
25 Chairman Okabe reconvened the meeting at 6:31 p.m.  
26

27 IV. **UNFINISHED BUSINESS**  
28

29 1. **Audited Financial Statements**

30 Cindy Yee of Accuity LLP distributed a report titled “Hawaii State Teachers  
31 Association, Voluntary Employees’ Beneficiary Trust, Collective Bargained  
32 Benefits Under Act 245, Financial Statements, June 30, 2008 and 2007.”

33 Ms. Yee reviewed each page of the 7-page Report with the Trustees.  
34

35 Mr. Tom clarified an item on page 6 of the Report and informed Ms. Yee that the  
36 \$179,000 stabilization reserve referred to in item #4, is not an asset of the HSTA  
37 VEBA Trust Fund.  
38

39 Mr. Tom reminded the Trustees that this Audit was performed at the request of  
40 the State. And, although this audit was performed for plan years ending June 30,  
41 2008 and 2007, the Trust Plan year ends August 31<sup>st</sup> for SOP-92 reporting  
42 purposes.  
43

44 Mr. Tom stated that the DOL requires Self-Funded Plans to perform claim  
45 payment audits.  
46

6 Audited Financial Statements (continuation)

7 In response to Mr. Tom’s statement, Ms. Yee indicated that they currently perform  
8 yearly claims audit with HMSA and would be willing to provide the Trust with a  
9 letter citing the outcome of their audit.  
10

11 Krista Stanfill of Accuity LLP distributed a 7 page report titled “Hawaii State  
12 Teachers Association, Voluntary Employees’ Beneficiary Trust, Collective  
13 Bargained Benefits Under Act 245, June 30, 2008 Audited Financial Statements.  
14 Ms Stanfill reviewed the Financial Statement Highlights and each Matter to be  
15 Communicated with Accuity Comments, respectively.  
16

17 **ACTION:** (Wong/Chip) Move to accept the Act 245 Financial Statements –  
18 June 30, 2008 and 2007, as prepared by Accuity. **MOTION CARRIED.**  
19

20 V. **NEW BUSINESS**  
21

22 1. Benefit Plan Solutions, Inc. – Invoice No. 679 – Dated 4/24/09 (Handout)

23 Mr. Tom presented the Trust with 7 page handout titled “First Annual Report To  
24 The Legislature, The Twenty-Fifth Legislature Regular Session of 2009, for the  
25 HSTA Voluntary Employees Beneficiary Association Trust – March 2009”. This  
26 handout prepared for the Trustees contained a few pages of information from the  
27 original Report and large binder of information that was presented to the 25<sup>th</sup>  
28 Legislature. Mr. Tom explained his invoice and itemization of the hours spent  
29 preparing the Report. In accord with his Consultant Agreement with the Trust,  
30 Mr. Tom is respectfully requesting Trust approval of said invoice in the amount of  
31 \$5,235.60.

32 **ACTION:** (Kono/Auyong-Imamura) Move to authorize payment to BPS in the  
33 amount of \$5,235.60 for the First Annual (Collectively Bargained Benefits – ACT  
34 245) Report to the 25<sup>th</sup> Legislature 2009 Session. **MOTION CARRIED.**  
35

36 2. HMSA Online Healthcare Service

37 Trustee Kono questioned if there were any updates to this new service since there  
38 were unanswered questions from an earlier Trustee meeting.

39 Mr. Tom reported that he recently learned the co-payment for this service is  
40 \$10.00 for the first 10 minutes and an additional \$5.00 for the next 5 minutes.  
41 The total time for this service is not to exceed 15 minutes. He also shared that a  
42 provider Dr. John McDonald, President of the Board of Medical Examiners  
43 Board has yet to give his associations’ acknowledge/endorsement of this new  
44 service.  
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3. 2009 Annual Meeting  
Scheduled for June 19 & 20, 2009  
Ala Moana Hotel or Alana Double Tree (must have separate meeting room)

10 VI. **NEXT MEETING**

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Tentatively scheduled for: May 9, 2009  
4:00 p.m.  
HSTA OFFICE

16 VII. **ADJOURNMENT**

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The meeting was adjourned at 7:30 p.m.

Prepared By: Susan Pestana