

**HSTA VOLUNTARY EMPLOYEES BENEFICIARY ASSOCIATION TRUST
BOARD OF TRUSTEES MEETING
January 23, 2010
HawaiiUSA Conference Room
1226 College Walk, Honolulu, Hawaii**

ACT 245 BENEFITS – MEETING MINUTES

I. CALL TO ORDER

Joan Lewis, Chair called the meeting to order at 9:06 a.m.

PRESENT

Joan Lewis, Chair
Liane Auyong-Imamura, Trustee
Beverlee Chip, Trustee
Gayle Enriquez, Trustee
Robert Gilmore, Trustee
Catherine Kalehuawehe, Trustee
Peter Nakashima, Trustee
Terrie Simpson, Trustee
Justin Wong, Trustee
James K. Tam, Legal Counsel
Paul Tom, Consultant
Rod Shinno, Trust Administration
Susan Pestana, Trust Administration
Robert Glaza, ATPA
Keith Ouye, BPS

II. APPROVAL OF MINUTES

ACTION: (Kalehuawehe/Chip) Move to approve the September 26, 2009 and October 26, 2009 Meeting Minutes.

MOTION CARRIED.

III. REPORTS

A. Chair

Joan Lewis, Chair informed the Board members that at the conclusion of today's meetings, informal discussions will be held concerning the status of VEBA and the June 30, 2010 sunset date.

6 **B. Counsel**
7

8 James Tam, Counsel provided the Trustees with a copy of his recent letter dated
9 January 8, 2010 to Leonard J. Henzke, Jr. - IRS, concerning VEBA Trust's written
10 request in October 3, 2006 for a private letter ruling to allow for the enrollment of new
11 domestic partners. Mr. Tam informed the Trustees that Chair Lewis has already signed
12 off on the Representation document (after receiving assurances from ATPA that it could
13 comply with the representations) and this document was mailed to the IRS last week.
14

15 Mr. Paul Tom added that Trust Administration will need to identify:

- 16 (A) Active domestic partners that were enrolled under the Self-Funded:
17 1. HMSA Plans as of March 1, 2006
18 2. HMA Plan as of July 1, 2009
19 (B) Retiree domestic partners enrolled in the Self-Funded:
20 1. HMSA Plan as of March 1, 2006
21 2. HMSA Plan as of January 1, 2007
22

23 **C. Trust Administration**
24

25 Rod Shinno reviewed the Income Statements for August 2009, September 2009,
26 October 2009 and November 2009.
27

28 **ACTION:** (Wong/Chip) Move to accept the Income Statements for the months of
29 August 2009, September 2009, October 2009 and November 2009, subject to audit.

30 **MOTION CARRIED.**
31

32 Mr. Shinno distributed a copy of his report which should be dated January 23, 2010
33 (and not June 20, 2009).
34

35 Mr. Shinno discussed the Transition of Programming Services; additional time and
36 unexpected costs incurred by ATPA because of the multiple open enrollments and
37 changes in medical/drug plans and rates for the Actives and Retirees. These activities
38 resulted in a delay of the new computer system and therefore, Mr. Shinno respectfully
39 requested the Trust provide additional compensation in the amount of \$48,000 to ATPA
40 to cover some of the unexpected cost they have incurred.

41 Mr. Tom stated that the request from ATPA was reasonable and that ATPA/Trust
42 Administration should provide the Trust with its written request and greater details.
43

44 **ACTION:** (Wong/Chip) Move to approve the reimbursement request from ATPA for
45 incurred charges for September – November 2009 as a result of Collective Bargaining,
46 changes in claims administration and the special enrollments to include the new HMSA
47 90/10 plan. The approval is subject to ATPA furnishing details of the charges from
48

6 MAP and subject to HMSA being billed for their share of the cost attributed to the
7 special enrollment held for the new HMSA 90/10 Plan.

8 **MOTION CARRIED.**
9

10 Mr. Shinno also provided the Trustees with a copy of the December 2, 2009 letter from
11 the State Auditor (Marion Higa) to State Senator Colleen Hanabusa. The letter
12 indicates that the State Auditor was unable to perform the requested analysis because
13 of limitations with the data provided by the EUTF and the absence of VEBA trust
14 financial and utilization reports. Despite missing information/reports, the Auditor's
15 report concluded that HSTA has not proven that the VEBA pilot program would result
16 in actual savings to the State, and recommended that the law be allowed to sunset.
17 It was noted by the Trustees that the State Auditor's conclusions did not logically
18 follow from the process used, and this will be brought to the attention of the legislators.
19

20 **D. Consultant**
21

22 Paul Tom, Consultant informed the Trustees he would be reviewing the reports in his
23 cover Memorandum dated January 19, 2010, which was mailed to the Trustees earlier in
24 the week. A copy of this cover Memorandum and outline of the Consultant's Report
25 dated January 23, 2010 details the reports reviewed and are attached.
26

27 Mr. Tom reviewed the last set of fully insured rates for the Retiree HMSA Medical &
28 Drug Plan effective January 1, 2010. Rates are presented for Retirees enrolled in
29 VEBA as of March 1, 2006 and Retirees that transferred from the EUTF to VEBA
30 effective January 1, 2007. Separation of retire rates by these two effective dates are due
31 to the terms of the new Collective Bargained Agreement.
32

33 **ACTION:** (Auyong-Imamura/Kalehuawehe) Move to approve the HMSA Insured
34 rates for Retirees for the two periods July 1, 2009 – December 31, 2009 and January 1,
35 2010 – June 30, 2010.

36 **MOTION CARRIED.**
37

38 Mr. Tom presented the HMSA Fully Insured Medicare Part D EGWP Prescription Drug
39 plan rates for the period January 1, 2010 – December 30, 2010. Mr. Tom reminded the
40 Trustees that acceptance and approval for the portion of the contract period after June
41 30, 2010 is subject to an extension of the VEBA ACT (which sunsets June 30, 2010).
42

43 **ACTION:** (Wong/Chip) Move to approve the HMSA Fully Insured EGWP Plan rates
44 January 1, 2010 – June 30, 2010, with extension through December 31, 2010 if the
45 VEBA ACT does not sunset on June 30, 2010, as recommended by the Consultant.
46

47 **MOTION CARRIED.**
48

6 Mr. Tom reviewed the details of his following reports:
7

8 HDS Renewal - Actives Primary Plan Insured Contract rates for the period July 1, 2009
9 – June 30, 2010.

10 HDS Renewal – Retiree Plan – Insured Contract rates for the period July 1, 2009 – June
11 30, 2010.
12

13 **ACTION:** (Auyong-Imamura/ Kalehuawehe) Move to approve the HDS Insured
14 Dental rates for the Active Primary Plan and Retiree Plan for the period July 1, 2009 –
15 June 30, 2010, as proposed by BPS and accepted by HDS on 12/16/09.

16 **MOTION CARRIED.**
17

18 VSP Renewal – Actives Plan for the periods July 1, 2009 – December 31, 2009, and
19 January 1, 2010 – June 30, 2010.

20 VSP Renewal – Retiree Plan for the period July 1, 2009 – June 30, 2010.
21

22 **ACTION:** (Kalehuawehe/Simpson) Move to approve the rates for the Actives and
23 Retirees plans for the periods July 1, 2009 – June 30, 2010, as recommended by the
24 Consultant.
25

26 **MOTION CARRIED.**
27

28 Final Accounting for the period July 1, 2007 – June 30, 2008 for the Actives Primary
29 Self-Funded Plans: Total Plan *Deficit* of (\$3,879,525)

30 Final Accounting for the period July 1, 2007 – June 30, 2008 for the Actives
31 Supplemental Plans: Total Plan Surplus of \$221,226
32

33 Final Accounting for the period July 1, 2007 – June 30, 2008 for the Retirees
34 Self-Funded Plans: Total Plan Surplus of \$409,873
35

36 Interim Accounting for the period July 1, 2008 – June 30, 2009 for the Actives Primary
37 Self-Funded Plans: Total Plan *Deficit* of (\$4,035,006)
38

39 Interim Accounting for the period July 1, 2008 – June 30, 2009 for the Actives
40 Supplemental Plans: Total Plan *Deficit* of (\$105,007)
41

42 Interim Accounting for the period July 1, 2008 – June 30, 2009 for the Retirees
43 Self-Funded Plans: Total Plan *Deficit* of (\$1,327,462)
44

45 Final Accounting for the period July 1, 2007 – June 30, 2008 for the HDS Dental Plans
46 for Actives and Retirees: Total Plan *Deficit* of (\$142,023)
47
48

6 Interim Accounting for the period July 1, 2008 – June 30, 2009 for the HDS Dental
7 Plans for Actives and Retirees: Total Plan *Deficit* of (\$130,776)
8

9 Proposal For Calculation of Post-Retirement Benefit Obligation (FYE 8/31/09):

10 **ACTION:** (Auyong-Imamura/Nakashima) Move to accept the January 11, 2010
11 proposal from Consultant for the amount of \$27,000 plus GET to perform the SOP 92-6
12 calculations for the plan year ending August 31, 2009.

13 **MOTION CARRIED.**
14

15 Medicare Secondary Payor Legislation Compliance

16 Trust Administration /ATPA needs to register the VEBA Trust with CMS since it is
17 considered the Group Health Plan (GHP) and Responsible Reporting Entity (RRE) for
18 the Self-Funded Medical Plan administered by HMA.
19

20 July 1, 2009 to June 30, 2010 HMA Administrative Service Agreement:

21 Mr. Tom provided the Trustees with pages 1, 9, 17 & 19 of the Agreement and
22 reviewed the terms of provisions 7.5 (Claims run-off); and 2.4 (Prior Authorization
23 Services); and 3.1.3 (Provider Network Maintenance Performances). It was
24 recommended by Consultant and Legal Counsel that the Trust approve the Agreement.
25

26 **ACTION:** (Wong/Chip) Move to approve the Administrative Service Agreement
27 with a 3% Claims run-off and no additional fee for Prior Authorization services,
28 between the Trust and HMA for the period July 1, 2009 to June 30, 2010.

29 **MOTION CARRIED.**
30

31 Catalyst Rx Drug Pricing Update – Average Wholesale Price Litigation Settlement:

32 Mr. Tom explained the December 1, 2009 PSG Memo and informed the Trustees that
33 Chair Lewis had already signed off on the document based on his recommendation.
34

35 **ACTION:** (Auyong-Imamura/Nakashima) Move to accept the action of Chair Lewis
36 regarding the contract with Catalyst Rx as it relates to the AWP Settlement and Change
37 in Pricing Methodology.

38 **MOTION CARRIED.**
39

40 Mr. Tom informed the Trustees of three (3) new regulatory requirements the Trust
41 needs to comply with and recommended the Trust approve/adopt the following:
42

- 43 1. Michelle's Law: Requires the continuation of coverage for a full time
44 student dependent in the event of a serious illness or injury that interrupts the
45 student dependent's ability to continue school. Coverage continues for up to a
46 maximum one year period and does not extend the age limit for full-time student
47 coverage under the Trust.
48

6 **ACTION:** (Wong/Chip) Move to approve the plan amendment for Michelle’s
7 Law effective January 1, 2010.

8 **MOTION CARRIED.**
9

- 10 2. **GINA Law:** Refers to the collection and use of genetic information in the
11 administration of health benefit plans.
12

13 **ACTION:** (Nakashima/Auyong-Imamura) Adopt the policy that the Trust will
14 not collect nor use genetic information in the administration of the benefits of
15 this Trust effective January 1, 2010.

16 **MOTION CARRIED.**
17

- 18 3. **Mental Health Parity Act:** Requires plans to treat these diagnoses/conditions
19 as any other medical diagnoses/condition, and requires this Trust to comply by
20 July 1, 2010.
21

22 **ACTION:** (Wong/Nakashima): Move to approve the Consultant’s
23 recommendation to adopt the Mental Health Parity Act effective July 1, 2010 (if
24 the VEBA ACT does not sunset on June 30, 2010).
25

26 **MOTION CARRIED.**
27

28 Meeting Recessed at 11:45 a.m.
29

30 Meeting Reconvened at 12:02 p.m.
31

32 **ACTION:** (Chip/Auyong-Imamura) Move to have the meeting in Executive Session.
33 **MOTION CARRIED.**
34

35 **ACTION:** (Auyong-Imamura/Chip) Move to adopt the new Self-funded
36 Comprehensive Medical Plan Eligible Charge for Rehab Hospital of the Pacific
37 effective January 1, 2010 based on Consultant’s recommendation.
38

39 **MOTION CARRIED.**
40

41 **ACTION:** (Kalehuawehe/Chip) Move to adopt the new Self-funded Comprehensive
42 Medical Plan Eligible Charge for after hours urgent care services for Maui Medical
43 Group effective November 1, 2009 based on Consultant’s recommendation.
44

45 **MOTION CARRIED.**
46

47 **ACTION:** (Chip/Wong) Move to accept the change in Self-funded Comprehensive
48 Medical Plan Eligible Charges for Queen’s Medical Center effective January 1, 2010
based on Consultant’s recommendation.
49

50 **MOTION CARRIED.**

4
5
6 Molokai Drugs Request to Increase Eligible Charges: After discussions, the
7 Trustees referred the matter back to the Consultant for additional information and
8 review.
9

10 **ACTION:** (Simpson/Kalehuawehe) Move to come out of Executive Session.
11 **MOTION CARRIED.**
12

13 **IV. NEXT MEETING**

14
15 Next ACT 245 meeting scheduled for Saturday, March 6, 2010.
16 Location to be confirmed.
17

18 **V. ADJOURNMENT**

19 Meeting adjourned at 1:55 p.m.
20
21
22
23

24 Prepared by: Susan Pestana, Trust Administration