

(Approved 1/23/2010)

**HSTA VOLUNTARY EMPLOYEES BENEFICIARY ASSOCIATION TRUST
BOARD OF TRUSTEES MEETING
SEPTEMBER 26, 2009
(Offices of) Alston, Hunt, Floyd & Ing**

ACT 245 BENEFITS – MEETING MINUTES

I. CALL TO ORDER

Peter Nakashima Chair called the meeting to order at 9:01 a.m.

PRESENT

Peter Nakashima, Chair
Liane Auyong-Imamura, Trustee
Beverlee Chip, Trustee
Robert Gilmore, Trustee
Catherine Kalehuawehe, Trustee
Joan Lewis, 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
Dan McLellan, BPS

GUEST

Vaughn Tokashiki, HSTA-R Oahu Chapter President

EXCUSED

Gayle Enriquez, Trustee

Chair Nakashima welcomed the new trustees Joan Lewis and Terrie Simpson and provided them with the HSTA VEBA Trust Policies & Guidelines Manual.

II. APPROVAL OF MINUTES

ACTION: (Wong/Chip) Move to approve the May 30, 2009 Meeting Minutes.
MOTION CARRIED.

ACTION: (Wong/Chip) Move to approve the June 20, 2009 Meeting Minutes.
MOTION CARRIED.

ACTION: (Wong/Chip) Move to approve the August 1, 2009 Meeting Minutes subject to correction on page 5, line 30.

MOTION CARRIED.

ACTION: (Wong/Chip) Move to approve the August 13, 2009 Meeting Minutes.

MOTION CARRIED.

Chair Nakashima advised a change to the order of business and requested Consultant Paul Tom review his packet of materials which was mailed earlier to the Trustees.

III. **REPORTS**

A. **Consultant**

Paul Tom, Consultant informed the Trustees he would be reviewing the reports in his packet of information dated September 21, 2009. Additionally, Mr. Tom distributed a copy of a second report dated September 26, 2009 to the Trustees. A copy of the cover Memorandum and outline of the Consultant's two Reports details the reports reviewed and is attached.

Mr. Tom advised the Trust of the following:

Final Accounting for the period July 1, 2007 – June 30, 2008 for the Actives

Primary Self-Funded Plans: Total Plan *Deficit* of (\$3,202,326).

Final Accounting for the period July 1, 2007 – June 30, 2008 for the Active

Supplemental Self-Funded Plans: Total Plan Surplus of \$256,773.

Final Accounting for the period July 1, 2007 – June 30, 2008 for the Retirees

Self-Funded Plans includes Medicare Part D: Total Plan Surplus of \$483,807.

Interim Accounting for the period July 1, 2008 – June 30, 2009 for the Actives

Primary Self-Funded Plans: Projected Total Plan *Deficit* of (\$4,179,842).

Interim Accounting for the period July 1, 2008 – June 30, 2009 for the Active

Supplemental Self-Funded Plans: Projected Total Plan *Deficit* of (\$96,020).

Interim Accounting for the period July 1, 2008 – June 30, 2009 for the Retirees Self-

Funded Plans includes Medicare Part D: Projected Total Plan *Deficit* of (\$1,454,204).

Mr. Tom reminded the Trustees that in accord with the provisions of the Memorandum of Understanding which applies for the above identified respective periods, any monies returned by the VEBA Trust shall be only for the Employer's share of the contribution toward the premium.

Meeting recessed at 10:25 a.m.

Meeting reconvened at 10:36 a.m.

Mr. Tom reviewed and recommended for approval the Comprehensive Medical Plan (Self-Funded) Document effective July 1, 2009 for the plan administered by HMA; and the Loan Agreement document for third party liability cases.

ACTION: (Wong/Auyong-Imamura) Move to adopt the Comprehensive Medical Plan Document and Loan Agreement effective July 1, 2009.

MOTION CARRIED.

Mr. Tom reviewed and recommended for approval the Prescription Drug Plan (Self-Funded) Document for the plan administered by Catalyst Rx. and explained the changes made to provision 1.5 and 1.15 which now holds the Claims Administrator and Pharmacy Benefit Manager responsible for establishing and maintaining the participating pharmacy network.

ACTION: (Wong/Chip) Move to adopt the Prescription Drug Plan (Self-Funded) Document effective July 1, 2009.

MOTION CARRIED.

Mr. Tom presented the Trust with the July 1, 2009 – June 30, 2010 monthly premiums for the Active Primary and Supplemental Plans and his recommendation that the Trust Administration implement the actual final rates effective November 1, 2009.

ACTION: (Wong/Chip) Move to approve the Consultant's recommended premiums for the Actives Primary & Supplemental Plans for the period July 1, 2009 – June 30, 2010 effective November 1, 2009.

MOTION CARRIED.

Chair Nakashima called for a recess at 11:58 a.m.

Chair Nakashima reconvened the meeting at 12:20 p.m.

Mr. Tom presented the Trust with projected rates for the Retiree Plans and the Employer's monthly contribution based on the new Collectively Bargained Agreement which now allows for different Employer contributions for the two categories of retirees:

- (1) Retirees on or after March 1, 2006, and
- (2) Retirees that transferred from the EUTF effective January 1, 2007.

Mr. Tom explained that because of the premium shortage for the first category of retirees, the Trust was given different benefit options to reduce the premium shortage. After much discussion, the Trust instructed the Consultant and Trust Administration to solicit input from the HSTA-R leadership to determine if they have a preference for dealing with the premium shortage. Mr. Tom informed the Trust he will continue to work with HMSA on the rates and funding arrangements. Due to the time constraints, the Trustees directed Trust Administration to schedule a follow-up conference call meeting as soon as possible to discuss the outcome of the survey and the Consultant's subsequent recommendation.

B. Chair

No report from the Chair.

C. Counsel

Jim Tam, Legal Counsel reported that he met with Peter Nakashima, Rod Shinno and Susan Pestana to review and finalize the three (3) Trust policies required as a result of IRS Form 990:

- (1) Records Retention Policy
- (2) Whistleblower Policy
- (3) Conflict of Interest Policy

ACTION: (Lewis/Wong) Move to approve the Trust policies for Records Retention, Whistleblower and Conflict of Interest.

MOTION CARRIED.

D. Finance

Rod Shinno, Trust Administration reviewed the Income Statements for the months of May 2009, June 2009 and July 2009.

ACTION: (Kalehuawehe/Chip) Move to accept the Finance Reports for May 2009, June 2009 and July 2009, subject to audit.

MOTION CARRIED.

E. Trust Administration

Rod Shinno distributed copies of his report to the Trustees dated September 26, 2009 and reviewed the major activities undertaken by the Administrative Staff. Mr. Shinno reported on the open enrollment period for the EUTF and requested Trust approval to conduct its open enrollment for BU 5 Active teachers and retirees.

ACTION: (Lewis/Auyong-Imamura) Move the Trust Administrator is authorized to schedule an open enrollment period for the VEBA Trust health benefit plans in conjunction with the open enrollment for the EUTF.

MOTION CARRIED.

Mr. Shinno also distributed a written proposal from ATPA dated September 25, 2009 concerning modifications to the current Trust website and establishment of a second website to allow for viewing using mobile devices, as earlier requested by the Trustees.

ACTION: (Chip/Kalehuawehe) Move to accept the proposal from ATPA dated September 25, 2009.

MOTION CARRIED.

Mr. Shinno reported that the Independent auditor normally begins the audit on the Collectively Bargained Plans in the month of November. The Trust office received a verbal proposal from Accuity LLP and the increase was approximately 5%. At this time, it is recommended the Trust provide its approval for Accuity LLP to perform the audit for the period July 1, 2008 – June 30, 2009.

ACTION: (Auyong-Imamura/Chip) Move to retain Accuity LLP as the auditor for the period ending June 30, 2009.

MOTION CARRIED.

IV. NEXT MEETING

Scheduled for 9:00 a.m. Friday December 11, 2009

V. ADJOURNMENT

Meeting adjourned at 1:55 p.m.