

**HSTA VOLUNTARY EMPLOYEES BENEFICIARY ASSOCIATION TRUST
BOARD OF TRUSTEES MEETING
JUNE 20, 2009
ALA MOANA HOTEL – ILIMA ROOM**

ACT 245 BENEFITS– MEETING MINUTES

I. CALL TO ORDER

Wil Okabe, Chair called the meeting to order at 8:40 a.m.

PRESENT

- Wil Okabe, Chair
- Liane Auyong-Imamura, Trustee
- Beverlee Chip, Trustee
- Robert Gilmore, Trustee
- Catherine Kalehuawehe, Trustee
- Peter Nakashima, Trustee
- Justin Wong, Trustee
- James Tam, Counsel
- Paul Tom, Consultant
- Rod Shinno, Trust Administration
- Susan Pestana, Trust Administration
- Keith Ouye, BPS
- Richard Stierwalt, President - ATPA
- Robert Glaza, Executive Vice President - ATPA

EXCUSED

- Gail Kono, Trustee

GUESTS

- Crystal Saena, Catalyst Rx.
- HarrisNakamoto,HMA
- Toni Fujita, DOE Teacher
- Shari Higashi, DOE Teacher
- Jon Fia, DOE Teacher
- Elyne Fia, DOE Teacher
- Sally Griffith, DOE Teacher

Chair Okabe welcomed the DOE Teachers to the Trust meeting and invited them to sit at the table with the Trustees. Trustee Nakashima acknowledged the teachers for attending for the first time and explained that the Trust meetings are always open to all teachers and VEBA participants.

6 Following are some of the major concerns expressed by the five teachers on behalf of
7 themselves and their colleagues:

- 8 • Upset with how the decision was made to change from HMSA to HMA.
- 9 • The decision to switch was done too quickly and with little advance notice.
- 10 • Teacher input should have been obtained and polled before the change was made.
- 11 • Teachers should have been informed of the rate increase and given the
12 choice/option to continue with HMSA.
- 13 • Many teachers are willing to pay the higher rate to retain their HMSA coverage.
- 14 • Before the decision to change was made, was HMSA and HMA allowed to
15 address the Trustees?
- 16 • The physicians they use (Peds/OBGYN/GP/IM) do not have anything positive to
17 say about HMA and are even refusing to see them.
- 18 • Is HMA a for-profit company?
- 19 • Getting access to this meeting was difficult.

20
21 Chair Okabe explained that the Trustees elected to make the change to a self-funded plan
22 administered by HMA because of the significant losses incurred and the increase in the
23 monthly premium to retain the self-funded HMSA plan.
24

25 Mr. Tom presented a slide which summarized the rate increases for the current self-
26 funded benefit plan, a fully insured HMSA benefit plan and the self-insured benefit plan
27 administered by HMA.
28

29 Mr. Tom advised the teachers that

- 30 • HMSA was not willing to have its plan offered in conjunction with the plan
31 administered by HMA (“the HMA plan”).
- 32 • Under the HMA plan while the initial 20% co-payments are higher, the members
33 out-of-pocket would eventually be less because of the annual co-payment
34 maximum provision.
- 35 • HMSA’s Participating Provider contracts have resulted in larger rate increases for
36 the VEBA Trust and other employer groups.

37
38 Mr. Tom informed the Board and attendees that Representative from HMA and Catalyst
39 Rx were present at the meeting and requested to address the Trustees and audience.
40

41 Mr. Harris Nakamoto (General Manager for HMA) shared the following:

- 42 • HMA is not an insurance company like HMSA, but an organization set up to
43 administer the self-funded plans such as the one adopted by VEBA and other self-
44 funded plans adopted by other organizations.
- 45 • Eligible charges are determined by the VEBA self-funded plan, not by HMA and
46 are different based on provider specialty.

- 6 • Participating Providers are allowed to charge patients the state tax.
- 7 • HMA Network of Mainland Providers is approximately 600,000; on Oahu they
8 have 95% Participating Provides with slightly lower participation on the Neighbor
9 Islands.
- 10 • In the future, members will be able to access their claims payment information via
11 the VEBA section of the HMA website.

12
13 Ms. Crystal Saena (Catalyst Rx. Representative) shared the following:

- 14 • Longs Hawaii is the mail order provider.
- 15 • 90 days retail fill will no longer be available.
- 16 • Members will continue to pay \$5/generic and \$15/brand name for a 30 day
17 supply.

18
19 Chair Okabe clarified/explained the following:

- 20 • Trust will work on posting the future meeting date, meeting agenda and approved
21 meeting minutes on the Trust website.
- 22 • The Trustees in making their decision to change benefits and administration were
23 concerned with maintaining affordable health care with the possibilities of
24 reduction in teacher salaries due to furloughs.
- 25 • VEBA would have a significantly higher cost if the HMSA administered plan was
26 retained.

27
28 Chair Okabe and Trustee Nakashima expressed their appreciation to the guest teachers
29 for taking their time to attend this Trust meeting and expressing their concerns with the
30 Trustees.

31
32 Meeting recessed at 10:10 a.m.

33
34 Meeting reconvened at 10:25 a.m.

35
36 **II. REPORTS**

37
38 **A. Chair**

39 Requested an overview of the conversion to the HMA plan.

40 HMA: Harris Nakamoto reported the packets containing the new ID cards will
41 first be mailed to the neighbor island members starting on Monday, June 22,
42 2009. A sample packet & ID card was provided to the Trustees.

43
44 Mr. Tom added that HMA and Catalyst Rx Representatives will be available to
45 attend future Trust meeting to provide updates and respond to any questions.
46

6 **B. Counsel**

7 Mr. Tam suggested a conference call with ATPA be scheduled to discuss the
8 website and inclusion of meeting notices, meeting agenda, approved meeting
9 minutes and FAQ's.

10
11 Trustee Nakashima pointed out the importance of posting timely information on
12 the website.

13
14 Mr. Tam clarified that the appointment of Trustees is made by the HSTA
15 President and the HSTA Board of Directors gives its approval.

16
17 **C. Finance**

18 Mr. Shinno reviewed the income statements for March 2009 and April 2009.

19
20 **ACTION:** (Chip/Wong) Move to accept the Income Statements for March 2009
21 and April 2009, subject to audit.

22
23 **MOTION CARRIED.**

24
25 **D. Administrator**

26 Mr. Shinno reported that weekly meeting are held with HMA and Catalyst Rx to
27 review the transition process and resolve any issues/concerns that arise, and,
28 reported that on June 12, 2009 BPS conducted a training session for ATPA,
29 HMA & Catalyst Rx staffs.

30
31 **E. Consultant**

32 Mr. Tom reviewed his packet of information dated June 18, 2009 as distributed:
33 10-Months Budget to Actual (7/08 – 4/09)

34 **Retirees:** HMSA 07/07 – 06/08 Interim Accounting
35 HMSA 07/08 - -05/09 Preliminary Accounting
36 HMSA Renewal Insured Non-Medicare
37 HMSA Renewal Insured Medicare
38 Kaiser Renewal Non-Medicare
39 Kaiser Renewal Medicare
40 HDS Renewal
41 VSP Renewal
42 Non-Medicare Retiree Package
43 Medicare Retiree Package
44
45
46

6 **ACTION:** (Wong/Chip) Move to adopt the renewal rates as presented by the
7 Consultant for Non-Medicare and Medicare Retirees as follows:

- 8 1. HMSA Non-Medicare Retirees Insured Rates Effective 07/09 – 06/10
- 9 2. HMSA Medicare Retirees – Insured Rates Effective 07/09 – 06/10
- 10 3. Kaiser Non-Medicare Retirees Rates Effective. 07/09 – 06/10
- 11 4. Kaiser Medicare Retirees Rates Effective 07/09 – 06/10
- 12 5. HDS All Retirees Rates Effective 07/09 – 06/10
- 13 6. VSP All Retirees Rates Effective 07/09 – 06/10 & 07/10 – 06/11

14
15 **MOTION CARRIED.**

16
17 Mr. Tom reviewed the following information:

18 **Active Supplemental:** HMSA 07/07 – 06/08 Interim Accounting
19 HMSA 07/08 – 06/09 Preliminary Accounting
20 HMSA Renewal Insured 07/09 – 06/10 (and
21 reported the proposed rates are subject to correction
22 due to an overpayment error of \$163,591.81).
23 HDS Renewal 07/09 – 06/10
24 Package A – Current Self-Funded HMSA
25 Package B – Insured HMSA
26

27 **ACTION:** (Chip/Nakashima) Move to accept the renewal rates as presented by
28 the Consultant for the Active Supplemental Plans:

- 29 1. HMSA Supplemental Plan Insured Rates Effective 07/09 – 06/10 (subject
30 to correction & re-calculation due to the \$163,591.81 over-payment error.)
- 31 2. HDS Supplemental Plan Insured Rates Effective 07/09 – 06/10

32
33 **MOTION CARRIED.**

34
35 Mr. Tom reviewed the following reports:

36 **Active Primary:** Kaiser Renewal 07/09 – 06/10
37 HDS Renewal 07/09 – 06/10
38 VSP Renewal 07/09 – 06/11
39 HMSA Self-Funded 07/07 – 06/08 Interim Accounting
40 HMSA Self-Funded 07/08 – 05/09 Preliminary Accounting
41

42 **ACTION:** (Nakashima/Wong) Move to accept the renewal rates as presented by
43 the Consultant for the Active Primary Plans:

- 44 1. Kaiser Renewal Rates Effective 07/09 – 09/09 & 10/09 – 06/10
- 45 2. HDS Renewal Rates Effective 07/09 – 09/09 & 10/09 – 06/10
- 46 3. VSP Primary Plan Effective 07/09 – 09/09 & 10/09 – 06/11

6 **MOTION CARRIED.**
7

8 Mr. Tom reviewed the following reports for all enrollees:

- 9 • ChiroPlan Rate Summary for Active, Supplemental and Retirees Effective
10 07/09 – 06/10
- 11 • PGL Rate Summary for Actives & Retirees Effective July 1, 2009
12

13 **ACTION:** (Auyong-Imamura/Chip) Move to accept the rates as presented by
14 the Consultant for the Actives and Retiree for:

- 15 1. ChiroPlan – All Enrollees Bill & Contract Rates Effective 07/09 – 06/10
- 16 2. PGL Active & Retirees Month-to Month Rate Effective 07/01/09
17

18 **MOTION CARRIED.**
19

20 Mr. Tom continued with his review of the following reports:

- 21 • HDS Self-Funded 07/07 – 06/08 Interim Accounting
- 22 • HDS Self-Funded 07/08 – 06/09 Preliminary Accounting
- 23 • HMA Claims Administrator Fee Comparison 07/09 – 06/10
24

25 **ACTION:** (Wong/Kalehuawehe) Move to adopt the following as a counter-
26 proposal to HMA:

- 27 • A one-year contract effective 07/09 – 06/10; and
- 28 • Administrative fee of \$18.45/subscriber; and
- 29 • \$.10/subscriber for claims turnaround; and
- 30 • \$.25/subscriber for claims accuracy; and
- 31 • \$.20/subscriber for provider network; and
- 32 • No fee for prior-authorization services.
33

34 **MOTION CARRIED.**
35

36 Mr. Tom reviewed the six page report on the Pharmacy Benefit Manager
37 (Catalyst Rx. & PSG) and recommended the following:

- 38 • An overall monthly administrative fee of \$1.78/subscriber/month; and
- 39 • From this amount, Catalyst Rx. is responsible for remitting to PSG
40 \$.38/subscriber/month.
41

42 **ACTION:** (Nakashima/Kalehuawehe) Move to authorize that \$.38 out of the
43 \$1.78 Pharmacy Administration Fee is to be paid by Catalyst Rx. to PSG.
44

45 **MOTION CARRIED.**
46

6 **III. APPROVAL OF MINUTES**
7

8 **ACTION:** (Wong/Chip) Move to approval the meeting minutes of
9 May 30, 2009.

10
11 **MOTION CARRIED.**
12

13 **IV. UNFINISHED BUSINESS**
14

15 None
16

17 **V. NEW BUSINESS**
18

19 Mailing to Retirees and Active Supplemental Plan Participants

20 Mr. Shinno reported that a separate notice will be included in a mailing to these
21 participants reminding them their VEBA Trust Plans will continue to be
22 administered by HMSA.
23

24 **ACTION:** (Chip/Auyong-Imamura) Move to enter into Executive Session at
25 12.37 p.m.
26

27 **MOTION CARRIED.**
28

29 **ACTION:** (Wong/Kalehuawehe) Move to come out of Executive Session at
30 1:40 p.m.
31

32 **MOTION CARRIED.**
33

34 **ACTION:** (Chip/Kalehuawehe) Move to adopt the contracted fees as presented
35 by the Consultant as the basis for claims reimbursement for the Primary Self-
36 Funded 80/20 Medical Plan administered by HMA, effective July 1, 2009.
37

38 **MOTION CARRIED.**
39

40 **VI. NEXT MEETING**

41 Scheduled for September 26, 2009; meeting location to be determined.
42

43 **V. ADJOURNMENT**

44 Chair Okabe adjourned the meeting at 1:40 p.m.
45

46 Prepared by: Susan Pestana, Trust Administration