

**HSTA VOLUNTARY EMPLOYEES BENEFICIARY ASSOCIATION TRUST
BENEFITS & APPEALS COMMITTEE MEETING
AUGUST 1, 2009
(Offices of) Alston, Hunt, Floyd & Ing**

ACT 245 BENEFITS – MEETING MINUTES

I. CALL TO ORDER

Peter Nakashima, Vice Chair called the meeting to order at 9:13 a.m.

PRESENT

Peter Nakashima, Vice Chair
Liane Auyong-Imamura, Trustee
Beverlee Chip, Trustee
Robert Gilmore, Trustee
Justin Wong, Trustee
James Tam, Counsel
Paul Tom, Consultant
Keith Ouye, BPS
Rod Shinno, Trust Administration
Susan Pestana, Trust Administration
Harris Nakamoto, HMA

PARTICIPATION VIA TELECONFERENCE CALL

Wil Okabe, Chair
Catherine Kalehuawehe, Trustee
Gail Kono, Trustee

II. CONSULTANT'S REPORT

Mr. Tom distributed copies of his report dated August 1, 2009 to the Trustees that were present at the meeting and sent a copy yesterday to the Trustees that participated via the teleconference call. Trustees Okabe, Kalehuawehe and Kono acknowledged their receipt of the information less the confidential and proprietary documents on the provider fee schedules that were excluded.

Mr. Tom reviewed his report dated August 1, 2009:

1. A. Medicare Retirees HMSA Rates – Informational

The drug rates and rates for Medicare retirees with non-Medicare dependents were confirmed with HMSA after the June 20, 2009 Trust meeting. Because of on-going negotiations with the State, the current ported rates are lower than the new rates effective 7/1/09. HMSA needs to agree to accept the current rates until the collective bargaining process is concluded with the State.

6 2. A. Active Supplemental Plan Rates – Informational

7 The fully insured rates approved by the Trust at their last meeting, has been
8 revised and lowered by HMSA to reflect the correction requested by Mr. Tom.
9 The Trustees took no action while negotiations are still ongoing with the State.
10

11 2. B. Actives Primary Self-funded Medical & Prescription Drug Plans

- 12 • New Primary Actives Self-funded 80/20 Medical Plan Loading Document
13 This document is used by HMA to process claims and for customer
14 servicing. Any benefit change must be approved by the Trust and will
15 be reflected in this document.
- 16 • Comprehensive Medical Plan Document – Draft
17 This document provides a written description of the Primary Actives Self-
18 funded 80/20 medical plan coverage and serves as a legal document for
19 the Trust. Upon finalization this document can be posted on the Trust
20 website. A final draft of this document will be presented at the September
21 Trust meeting for approval.
- 22 • Loan Agreement Form
23 The VEBA Trust plan participant would be required to sign this form in
24 the event of a Third party liability claim and would allow the Trust to
25 recover monies paid by the Trust upon settlement or recovery by the
26 member from the Third party.
- 27 • Actives Primary Self-funded Prescription Drug Plan Loading Document
28 This document is used by Catalyst Rx to process drug claims and for
29 customer servicing. Any benefit change must be approved by the
30 Trust and will be reflected in this document.
- 31 • Actives Primary Self-funded Prescription Drug Plan Document – Draft
32 This document provides a written description of the drug plan coverage
33 and serves as a legal document for the Trust. Upon finalization this
34 document may be posted on the Trust website. A final draft of this
35 document will be presented at the September Trust meeting for approval.
36

37 2. C. Plan Transition Issues

- 38 • Two Members Hospitalized As of June 30, 2009.
39 A hand-out was distributed to the Trustees which summarized two
40 members that were still confined at Straub and Queen’s Hospital as of
41 June 30, 2009 and continued to be hospitalized into July 2009. To
42 minimize the confusion to the member Mr. Tom is recommending the two
43 hospital confinements be processed and paid under the plan administered
44 by HMSA.
45
46

- 6 • Active Primary Plan Members with a CY 2009 Annual Copayment
7 Maximum of \$1500 or more under HMSA.
8 A handout was distributed to the Trustees which summarized the 34
9 Primary Plan members and their specific accumulated copayment
10 maximums of \$1500 or more for the period January 1, 2009 – June 30,
11 2009.
12

13 Mr. Tom recommended the Trust consider a one time approval to carry-
14 over these copayment maximums to the HMA plan. Trustee Nakashima
15 requested, if possible, information on how many other members may have
16 accumulated \$1,000 or more.
17

18 **ACTION:** (Chip/Wong) Move to approve the following:

- 19 (1) The two hospitalizations (per the report dated July 12, 2009) will be
20 processed under the HMSA administered plan.
- 21 (2) The annual copayment maximums accumulated by 34 members under the
22 HMSA administered plan (per the report dated June 24, 2009) be carried
23 over and applied to the annual copayment maximums to the medical plan
24 administered by HMA.
25

26 **MOTION CARRIED.**
27

28 2. D. Self-funded Contracted Provider Fees

- 29 • Kuakini Medical Center
30 Mr. Ouye explained that the fees for this provider were finalized after the
31 last Trust meeting and that the provider had not had a change in fees since
32 2004.
- 33 • Kapiolani Medical Specialists and Dr. Byron Izuka
34 Mr. Ouye advised that the fees adopted by the Trust at their June 20, 2009
35 meeting did not include the above two providers. The contracted fees are
36 higher and appropriate because of the very specialized and intensive care
37 rendered by these two providers.
38

39 **ACTION:** (Wong/Chip) Move to approve the contracted provider fee schedules
40 for Kuakini Medical Center, Kapiolani Medical Specialists and Dr. Byron Izuka
41 effective July 1, 2009.
42

43 **MOTION CARRIED.**
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6 3. HMA Update

7 At the request of Mr. Tom, Harris Nakamoto was asked to give a brief update of
8 the transition to HMA. Mr. Nakamoto reported:

- 9 • Weekly calls to the Akamai Line phone number are down to 375.
- 10 • There is a shortage of physicians in Kona which affects all carriers, and
11 not just HMA.
- 12 • Approximately 10 physicians refused to contract with HMA because
13 HMSA pays them a higher fee.
- 14 • There are a few other providers who are not willing to accept less than the
15 HMSA fee they currently receive.

16
17 Trustees Nakashima and Gilmore stated they continue to hear complaints from a
18 few teachers that doctors are refusing to accept or treat them because of the switch
19 to HMA, or that they should have been given a choice to remain with the HMSA
20 plan.

21
22 **III. HMSA HEALTH PLAN – OPTION FOR ACTIVES**

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24 HMSA submitted a proposal dated July 30, 2009 to Wil Okabe requesting Trust
25 consideration of a fully insured and non-exclusive (1) PPO 90% plan; or (2) CompMED
26 80% plan.

- 27 • The Trustees expressed concern over why HMSA is now submitting this proposal
28 and reversing its previous decision to now allow its plan to be offered with the
29 HMA administered plan.
- 30 • As the claims administrator, HMA has been very responsive to the teachers and
31 the Trust.
- 32 • The reaction by teachers to this sudden change by HMSA and the overall
33 premium increase for the two options.
- 34 • Should the Trust accept one of the proposed options, it should obtain the service
35 of a PR firm to develop the communication to the teachers to ensure it is received
36 in a clear and positive manner.

37
38 Mr. Shinno informed the Trustees that under the rules of the State's Premium Conversion
39 Plan if the HMSA plan is offered:

- 40 • Outside of a regular scheduled annual open enrollment period the higher premium
41 for the HMSA plan options would have to be made with after tax dollars.
 - 42 • During the regular scheduled annual open enrollment period (which coincides
43 with the EUTF annual open enrollment) the higher premium would be made with
44 pre-tax dollars.
- 45
46

6 Trustee Okabe asked Mr. Tam whether he had any legal concerns about the 2 plan
7 options proposed by HMSA. Mr. Tam responded:

- 8 • He had no legal concerns with either Plan.
- 9 • Since the Trust already had an 80% plan, there was no need for another 80%
10 HMSA plan.
- 11 • Since some teachers have expressed a desire to return to the HMSA network, it is
12 logical and sensible for the Trust to accept the proposal for the fully-insured
13 HMSA 90% PPO Medical Plan.
- 14 • And, with the understanding that teachers who take that option would pay the
15 additional cost.

16
17 Mr. Tom shared his observations with the Trustees:

- 18 • The Trust should respond to this bona fide offer as soon as possible and not delay
19 its action until the next trust meeting.
- 20 • The current self-insured rate for the HMA administered plan should be sufficient
21 if up to 15% of the participants transfer to the HMSA plan.
- 22 • Agrees the Trust should employ the services of a PR firm to develop the
23 communication to the teachers.
- 24 • His office will do an analysis of the proposal and follow up with HMSA on
25 some of the provisions in their proposal and will provide his recommendation to
26 the Trust as soon as he receives a written response from HMSA.

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28 **IV. NEXT MEETING**
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30 Vice Chair Nakashima advised the next Trust meeting is subject to call within the next
31 two weeks pending analysis and recommendation by the Consultant and to finalize
32 discussions on the HMSA proposal.
33

34 **V. ADJOURNMENT**
35

36 The meeting was adjourned at 12:10 p.m.
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38 Prepared by: Susan Pestana, Trust Administration