

**FINtestimony**

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**From:** Sue\_Ching/HONOKAHI/HIDOE@notes.k12.hi.us  
**Sent:** Tuesday, February 26, 2008 2:15 PM  
**To:** FINtestimony  
**Subject:** SB 2482, HD 1 (Repeal the sunset of the VEBA Trust)

**LATE**

Chair Oshiro and Members of the Committee:

My name is Sue E. Ching and I am a teacher at Honoka'a High School. I am in support of SB 2481 to repeal the sunset of the VEBA Trust.

I support ~~SB~~<sup>HB</sup> 2481 because it will keep my medical benefits at a reasonable cost.

Thank you for the opportunity to testify.



TESTIMONY BEFORE THE HOUSE COMMITTEE ON  
FINANCE

RE: HB 2481, HD 1 – RELATING TO HEALTH

February 26, 2008

MAURICE MORITA  
HAWAII STATE TEACHERS ASSOCIATION

Chair Oshiro and Members of the Committee:

I wanted to share my comments I presented to the Senate Judiciary and Labor Committee last week.

Chair Taniguchi asked me to put my comments in writing at the Hearing held on Thursday, Feb. 14, 2008, in Room 016.

*The State Senate and the AG Office when they first crafted this VEBA Trust bill did a good job to protect the Employer as well as the Members of the HSTA.*

*The Legislature does not need to extend Act 245 because of the following:*

THE ISSUE ON VEBA TRUST PERMANENCY:

- *Do we need to be extended? No, because the VEBA Trust will exist every two years via collective bargaining. It is not “permanent” as some may think it will be.*
- *VEBA Trust is negotiated by collective bargaining every two years. If the HSTA or the Employer does not want to continue with VEBA Trust, the current law states if VEBA Trust ceases to exist, all members will be return to the EUTF.*
- *The purpose of VEBA Trust is to save the Employer as well as the Members money. If the VEBA Trust cost more than the EUTF, why would HSTA want to continue with their VEBA Trust if our members cost would be less for health benefits with the EUTF.*
- *If there is any wrong doings by the VEBA Trust, the law gives the Attorney General to investigate any allegations and could in essence, close down the VEBA Trust.*

THE ISSUE OTHER PUBLIC EMPLOYEES UNIONS WILL FORM A VEBA TRUST:

- *When Senator Hee, Chair of the Judiciary and Labor, extended the VEBA Trust to 2009, it also stated one must have a VEBA Trust as of March 1, 2007. In essence,*





*this closed the doors for other public employees unions to form a VEBA Trust. Only UPW has a VEBA Trust like HSTA, but the Attorney General ruled that UPW will need to form a VEBA Trust with every unit they represent and could not put them into one trust with other collective bargaining units. UPW also represents private and public employees and would have to deal with the Taft-Hartley that deals with health trusts in the private sector.*

- *If any other public employee wants to form a VEBA Trust, they must amend the law to allow them to form a VEBA Trust.*

*THE ISSUE ON POLICY TO HAVE A SINGLE HEALTH PLAN FOR ALL STATE AND COUNTY EMPLOYEES:*

- *The EUTF Trustees allowed SHOPO to be separated from the other four public employees unions in the EUTF (HGEA; UPW; UHPA & the FireFighters). The reason SHOPO used was to help attract and retain its police officers because their rates are better if they stand alone.*
- *This is the same issue HSTA has, to attract and retain public school teachers, we must provide our members with cost savings in the health benefit plans.*
- *The Employer will benefit from the VEBA Trust savings (the difference between the EUTF cost vs. the VEBA Trust cost). We have reimbursed the Employer \$1.2 million for the first four months of our plan year (March 1, 2006 to June 30, 2006). I am attaching copies of the checks given to Budget and Finance.*
- *Our VEBA Trust Consultant "estimates" we will return approximately \$2.3 million for the first full plan year from July 1, 2006 to June 30, 2007.*

*THE ISSUE ON THE RETIREES:*

- *The VEBA Trust has always welcomed retirees into the VEBA Trust. As of March 1, 2006, any member who retires from that date on will automatically be in the VEBA Trust.*
- *Why we enrolled only approximately 1,000 of the current retirees? Because it's a "pilot" for two or three years, the current retirees don't want to sign up for a plan for only two years. If the sunset is lifted, the bill asks to give the current retirees another one time option to join the VEBA Trust.*
- *What about the cap for retirees? The VEBA Trustees as well as the EUTF Trustees have the fiduciary responsibility to one of the following options:*
  1. *Have the benefits adjusted to equal the cap (it may mean less benefits)*
  2. *Keep the same benefits but if the cost is higher than the cap, the retiree pays the difference.*
- *Would the VEBA Trust have the retirees pay the difference? The VEBA Trustees will have to make the determination as to what will done. The VEBA Trustees are made up of two retirees, and the rest are active members of HSTA.*



THE ISSUE OF COMPETITION FOR THE EUTF:

- *The EUTF have experience better rates for their members because of the competition when VEBA Trust was implemented on March 1, 2006.*
- *The EUTF have approximately \$160 millions in their reserves from cost savings, so how can one say the VEBA Trust have cost the EUTF more. The EUTF have saved money to its Members as well as to the Employer because of "competition."*
- *Why do we need competition? As everyone knows, we have only one "Fee for Service" health carrier that can handle a large group, HMSA. Without competition, HMSA costs would have rise for the EUTF, instead, the cost have gone down because of competition from the VEBA Trust.*

*Thank you for the opportunity for me to add my comments to our testimony.*



**TAB 8**

**SAVINGS BY THE EMPLOYER**



HSTA VEBA TRUST

**SUMMARY OF EMPLOYER SAVINGS BASED ON  
CONTRIBUTIONS AND EXPERIENCE REFUNDS**

	Active Primary	Active Supplemental	Retirees	Grand Total Savings/Refunds
<b>3/06 - 6/06 (4 months):</b>				
Savings on Monthly Contributions <sup>1</sup>	\$ 1,108,781	\$ 92,143	\$ 1,257	\$ 1,202,181
Experience Refunds ( <i>self-funded plans</i> ) <sup>2</sup>	944,943	-	-	944,943
<b>Savings &amp; Refunds</b>	<b>\$ 2,053,724</b>	<b>\$ 92,143</b>	<b>\$ 1,257</b>	<b>\$ 2,147,124</b>
<b>7/06 - 6/07 (12 months):</b>				
Savings on Monthly Contributions <sup>1</sup>	\$ 619,703	\$ 125,955	\$ (84,628)	\$ 661,030
Est. Experience Refunds ( <i>self-funded plans</i> ) <sup>2</sup>	2,212,796	-	141,727	2,354,523
<b>Savings &amp; Refunds</b>	<b>\$ 2,832,499</b>	<b>\$ 125,955</b>	<b>\$ 57,099</b>	<b>\$ 3,015,553</b>
<b>TOTAL 3/06 - 6/07 (16 months):</b>				
Savings on Monthly Contributions <sup>1</sup>	\$ 1,728,484	\$ 218,098	\$ (83,371)	\$ 1,863,211
Est. Experience Refunds ( <i>self-funded plans</i> )	3,157,739	-	141,727	3,299,466
Experience Refund ( <i>Pacific Guardian Life</i> ) <sup>2</sup>	n/a	n/a	n/a	313,898
<b>Savings &amp; Refunds</b>	<b>\$ 4,886,223</b>	<b>\$ 218,098</b>	<b>\$ 58,356</b>	<b>\$ 5,476,575</b>

<sup>1</sup> Refer to the Attachment A (Summary of Employer Contribution Savings).

<sup>2</sup> Refer to the Accounting Summaries in the binder, Tab 1 sections A - E, & Tab 5.





HSTA VEBA TRUST

Attachment A

**SUMMARY OF EMPLOYER CONTRIBUTION SAVINGS**

	Active Primary	Active Supplemental *	Retirees	Total Savings
<b>3/06 - 6/06 (4 months):</b>				
Based on EUTF Rates <sup>3</sup>	\$15,091,844	\$327,870	\$18,828	\$15,438,542
Based on HSTA Rates <sup>3</sup>	13,983,063	235,727	17,571	14,236,361
Savings	<b>\$1,108,781</b>	<b>\$92,143</b>	<b>\$1,257</b>	<b>\$1,202,181</b>
<b>7/06 - 6/07 (12 months):</b>				
Based on EUTF Rates <sup>4</sup>	\$44,047,377	\$1,160,615	\$5,858,745	\$51,066,737
Based on HSTA Rates <sup>4</sup>	43,427,674	1,034,660	5,943,373	50,405,707
Savings	<b>\$619,703</b>	<b>\$125,955</b>	<b>(\$84,628)</b>	<b>\$661,030</b>
<b>3/06 - 6/07 (16 months):</b>				
Based on EUTF Rates	\$59,139,221	\$1,488,485	\$5,877,573	\$66,505,279
Based on HSTA Rates	57,410,737	1,270,387	5,960,944	64,642,068
Savings	\$1,728,484	\$218,098	(\$83,371)	<b>\$1,863,211</b>

<sup>3</sup> Refer to attached Exhibit I (pages 1-4) on blue paper.

<sup>4</sup> Refer to attached Exhibit II (pages 1-4) on ivory paper.

Note: Contributions do not include administration fees which are the same for EUTF and HSTA VEBA.

\* EUTF contributions for the Supplemental Plan are based on the HMSA dual plan. The HSTA VEBA Supplemental (dual) Plan is more comparable to the EUTF HMSA dual plan than it is to the Royal State Plan.



## Supporting Calculations

### HSTA VEBA TRUST EMPLOYER CONTRIBUTION SAVINGS

3/06 - 6/06 (HSTA Enrollment)

Exhibit I  
(page 1 of 4)

Primary Plans  
(actives)

	HMSA Package (Med/Rx/vs/Chiroplan)		Kaiser Package (Med/Rx/vs/Chiroplan)		HMSA Package (no vision)		Kaiser Package (no vision)		VSP Vision Only		HDS Dental		Rx Only	
	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family
EUTF Rates <sup>1</sup>	\$164.13	\$491.37	\$164.13	\$491.37	\$160.71	\$484.03	\$160.71	\$484.03	\$3.42	\$7.34	\$16.24	\$55.70	\$34.10	\$102.94
HSTA Rates <sup>2</sup>	\$154.08	\$457.04	\$158.44	\$470.24	\$149.48	\$448.00	\$153.84	\$461.20	\$4.60	\$9.04	\$15.78	\$44.08	\$35.23	\$107.93
Rate Savings	\$10.05	\$34.33	\$5.69	\$21.13	\$11.23	\$36.03	\$6.87	\$22.83	(\$1.18)	(\$1.70)	\$0.46	\$11.62	(\$1.13)	(\$4.99)
Avg. # Enrolled	x 4,381	x 4,094	x 1,189	x 818	x 158	x 7	x 32	x 4	x 112	x 872	x 5,509	x 5,622	x 3	x 15
	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.
Amount Saved	\$176,096	\$562,188	\$27,062	\$69,158	\$7,086	\$1,009	\$886	\$320	(\$526)	(\$5,931)	\$10,136	\$261,311	(\$14)	(\$289)

**Grand Total Contributions:**

**Based on EUTF Rates      \$15,091,844**

**Based on HSTA Rates      \$13,983,063**

**GRAND TOTAL SAVINGS      \$1,108,781**

<sup>1</sup> Refer to rates in Article XVIII pages 54-56 of the the agreement between the Hawaii State Teachers Association and the State of Hawaii BOE entered into on July 1, 2005. The EUTF rates above are net of the administration fees in the letter from the State of Hawaii Department of Budget & Finance dated January 30, 2007 (included in the binder).

<sup>2</sup> Refer to rates in the MOU between the State of Hawaii BOE & Hawaii State Teachers Association dated February 2, 2006.

*Note: Rates do not include administration fees which are the same for EUTF and HSTA VEBT.*



**Supporting Calculations**

**HSTA VEBA TRUST**

**Exhibit I**  
(page 2 of 4)

**EMPLOYER CONTRIBUTION SAVINGS**

**Supplemental Plans**

**3/06 - 6/06 (HSTA Enrollment)**

	<u>Med/Rx/vision/chiro</u>		<u>Med/Rx/chiro (no vision)</u>		<u>HDS Dental</u>	
	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>
EUTF Rates * 1	\$102.07	\$309.69	\$100.63	\$306.55	\$9.56	\$27.64
HSTA Rates 2	\$75.23	\$223.62	\$72.66	\$218.58	\$9.55	\$27.61
Rate Savings	\$26.84	\$86.07	\$27.97	\$87.97	\$0.01	\$0.03
Avg. # Enrolled	x 34	x 132	x 39	x 111	x 76	x 469
	<u>x 4 mos.</u>	<u>x 4 mos.</u>	<u>x 4 mos.</u>	<u>x 4 mos.</u>	<u>x 4 mos.</u>	<u>x 4 mos.</u>
<b>Amount Saved</b>	<b>\$3,623</b>	<b>\$45,273</b>	<b>\$4,363</b>	<b>\$38,883</b>	<b>\$3</b>	<b>\$56</b>

**Grand Total Contributions:**

Based on EUTF Rates                      **\$327,870**

Based on HSTA Rates                      **\$235,727**

**GRAND TOTAL SAVINGS                      \$92,143**

<sup>1</sup> Refer to rates in Article XVIII pages 54-56 of the the agreement between the Hawaii State Teachers Association and the State of Hawaii BOE entered into on July 1, 2005. The EUTF rates above are net of the administration fees in the letter from the State of Hawaii Department of Budget & Finance dated January 30, 2007 (included in the binder).

<sup>2</sup> Refer to rates in the MOU between the State of Hawaii BOE & Hawaii State Teachers Association dated February 2, 2006.

*Note: Rates do not include administration fees which are the same for EUTF and HSTA VEBA.*

\* EUTF contributions for the Supplemental Plan are based on the HMSA dual plan. The HSTA VEBA Supplemental (dual) Plan is more comparable to the EUTF HMSA dual plan than it is to the Royal State Plan.



**Supporting Calculations  
HSTA VEBA TRUST**

**Exhibit I  
(page 3 of 4)**

**EMPLOYER CONTRIBUTION SAVINGS**

**3/06 - 6/06 (HSTA Enrollment)**

**RETIREEES  
(Non-Medicare)**

	HMSA Package (Med/Rx/Vision)		Kaiser Package (Med/Rx/Vision)		HDS Dental	
	Single	Family	Single	Family	Single	Family
EUTF Rates <sup>1</sup>	\$322.85	\$902.70	\$330.35	\$975.54	\$25.52	\$72.92
HSTA Rates <sup>2</sup>	\$323.80	\$895.58	\$263.01	\$781.21	\$26.65	\$53.30
Rate Variance	(\$0.95)	\$7.12	\$67.34	\$194.33	(\$1.13)	\$19.62
Avg. # Enrolled	x 0	x 4 *	x 0	x 1	x 0	x 5
	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.	x 4 mos.
<b>Variance</b>	<b>\$0</b>	<b>\$107</b>	<b>\$0</b>	<b>\$777</b>	<b>\$0</b>	<b>\$373</b>

**Grand Total Contributions:**

Based on EUTF Rates                      **\$18,828**

Based on HSTA Rates                      **\$17,571**

**Grand Total (amount lower w/EUTF Rates)                      \$1,257**

<sup>1</sup> Refer to rates in Article XVIII pages 54-56 of the the agreement between the Hawaii State Teachers Association and the State of Hawaii BOE entered into on July 1, 2005. The EUTF rates above are net of the administration fees in the letter from the State of Hawaii Department of Budget & Finance dated Janury 30, 2007 (included in the binder).

<sup>2</sup> Refer to rates in the MOU between the State of Hawaii BOE & Hawaii State Teachers Association dated February 2, 2006.

\* Based on 7 enrolled in May and 8 in June.

Note: Rates do not include administration fees which are the same for EUTF and HSTA VEBA TRUST.





**Supporting Calculations**  
**HSTA VEBA TRUST**

**Exhibit I**  
(page 4 of 4)

**EMPLOYER CONTRIBUTION SAVINGS**

**RETIREEES**  
(Medicare)

**3/06 - 6/06 (HSTA Enrollment)**

	HMSA Package (Med/Rx/Vision)		Kaiser Package (Med/Rx/Vision)		HDS Dental	
	Single	Family	Single	Family	Single	Family
EUTF Rates <sup>1</sup>	\$207.35	\$674.22	\$226.82	\$490.38	\$25.52	\$72.92
HSTA Rates <sup>2</sup>	\$213.13	\$693.08	\$154.83	\$456.54	\$26.65	\$53.30
Rate Variance	(\$5.78)	(\$18.86)	\$71.99	\$33.84	(\$1.13)	\$19.62
Avg. # Enrolled	x 0	x 0	x 0	x 0	x 0	x 0
	<u>x 4 mos.</u>	<u>x 4 mos.</u>	<u>x 4 mos.</u>	<u>x 4 mos.</u>	<u>x 4 mos.</u>	<u>x 4 mos.</u>
<b>Variance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Grand Total Contributions:**

Based on EUTF Rates                    **\$0**  
Based on HSTA Rates                    **\$0**

<b>Grand Total (amount lower w/EUTF Rates)</b>	<b><u>\$0</u></b>
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<sup>1</sup> Refer to rates in Article XVIII pages 54-56 of the the agreement between the Hawaii State Teachers Association and the State of Hawaii BOE entered into on July 1, 2005. The EUTF rates above are net of the administration fees in the letter from the State of Hawaii Department of Budget & Finance dated Janury 30, 2007 (included in the binder).

<sup>2</sup> Refer to rates in the MOU between the State of Hawaii BOE & Hawaii State Teachers Association dated February 2, 2006.

**Note: Rates do not include administration fees which are the same for EUTF and HSTA VEBT.**



**Supporting Calculations**

**HSTA VEBA TRUST**

**EMPLOYER CONTRIBUTION SAVINGS**

**7/06 - 6/07 (HSTA Enrollment)**

**Exhibit II**  
(page 1 of 4)

**Primary Plans**  
(actives)

	<b>HMSA Package</b> (Med/Rx/Chiroplan)		<b>Kaiser Package</b> (Med/Rx/Chiroplan)		<b>VSP Vision</b>		<b>HDS Dental</b>	
	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>
EUTF Rates <sup>1</sup>	\$153.73	\$462.79	\$153.73	\$462.79	\$3.41	\$7.33	\$17.21	\$59.03
HSTA Rates <sup>2</sup>	\$152.41	\$460.83	\$158.66	\$477.14	\$4.60	\$9.04	\$16.72	\$46.96
Rate Savings	\$1.32	\$1.96	(\$4.93)	(\$14.35)	(\$1.19)	(\$1.71)	\$0.49	\$12.07
Avg. # Enrolled	x 4,617	x 4,147	x 1,161	x 825	x 5,778	x 4,972	x 5,476	x 5,607
	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>
<b>Amount Saved</b>	\$73,133	\$97,537	(\$68,685)	(\$142,065)	(\$82,510)	(\$102,025)	\$32,199	\$812,118

**Grand Total Contributions:**

Based on EUTF Rates                   **\$44,047,377**

Based on HSTA Rates                   **\$43,427,674**

**GRAND TOTAL SAVINGS                   \$619,703**

<sup>1</sup> Refer to rates in Article XVIII pages 54-56 of the the agreement between the Hawaii State Teachers Association and the State of Hawaii BOE entered into on July 1, 2005. The EUTF rates above are net of the administration fees in the letter from the State of Hawaii Department of Budget & Finance dated Janury 30, 2007 (included in the binder).

<sup>2</sup> Refer to rates in the MOU between the State of Hawaii BOE & Hawaii State Teachers Association dated February 2, 2006.

Note: Rates do not include administration fees which are the same for EUTF and HSTA VEBT.



**Supporting Calculations**

**HSTA VEBA TRUST**

**Exhibit II**  
(page 2 of 4)

**EMPLOYER CONTRIBUTION SAVINGS**

**7/06 - 6/07 (HSTA Enrollment)**

**Supplemental Plans**

	<u>Med/Rx/vision/chiro</u>		<u>HDS Dental</u>	
	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>
EUTF Rates * 1	\$87.10	\$263.70	\$10.13	\$29.29
HSTA Rates 2	\$78.98	\$234.79	\$10.13	\$29.28
Rate Savings	\$8.12	\$28.91	\$0.00	\$0.01
Avg. # Enrolled	x 75	x 342	x 65	x 450
	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>
<b>Amount Saved</b>	<b>\$7,308</b>	<b>\$118,647</b>	<b>\$0</b>	<b>\$54</b>

**Grand Total Contributions:**

**Based on EUTF Rates** **\$1,160,615**

**Based on HSTA Rates** **\$1,034,660**

**GRAND TOTAL SAVINGS** **\$125,955**

<sup>1</sup> Refer to rates in Article XVIII pages 54-56 of the the agreement between the Hawaii State Teachers Association and the State of Hawaii BOE entered into on July 1, 2005. The EUTF rates above are net of the administration fees in the letter from the State of Hawaii Department of Budget & Finance dated Janury 30, 2007 (included in the binder).

<sup>2</sup> Refer to rates in the MOU between the State of Hawaii BOE & Hawaii State Teachers Association dated February 2, 2006.

Note: Rates do not include administration fees which are the same for EUTF and HSTA VEBA.

\* EUTF contributions for the Supplemental Plan are based on the HMSA dual plan. The HSTA VEBA Supplemental (dual) Plan is more comparable to the EUTF HMSA dual plan than it is to the Royal State Plan.



**Supporting Calculations**

**HSTA VEBA TRUST**

**EMPLOYER CONTRIBUTION SAVINGS**

**7/06 - 6/07 (HSTA Enrollment)**

**Exhibit II**  
(page 3 of 4)

**RETIREES**  
(Non-Medicare)

	HMSA Package (Med/Rx/Vision)		Kaiser Package (Med/Rx/Vision)		HDS Dental	
	Single	Family	Single	Family	Single	Family
EUTF Rates <sup>1</sup>	\$318.38	\$887.22	\$351.16	\$1,049.50	\$29.03	\$58.09
HSTA Rates <sup>2</sup>	\$332.30	\$917.35	\$272.59	\$809.74	\$28.20	\$56.40
Rate Variance	(\$13.92)	(\$30.13)	\$78.57	\$239.76	\$0.83	\$1.69
Avg. # Enrolled	x 178	x 305	x 13	x 27	x 192	x 318
	x 12 mos.	x 12 mos.	x 12 mos.	x 12 mos.	x 12 mos.	x 12 mos.
<b>Variance</b>	<b>(\$29,719)</b>	<b>(\$110,336)</b>	<b>\$12,571</b>	<b>\$78,641</b>	<b>\$1,912</b>	<b>\$6,449</b>

**Grand Total Contributions:**

Based on EUTF Rates **\$4,617,719**

Based on HSTA Rates **\$4,658,201**

**Grand Total (amount lower w/EUTF Rates) (\$40,481)**

<sup>1</sup> Refer to rates in Article XVIII pages 54-56 of the the agreement between the Hawaii State Teachers Association and the State of Hawaii BOE entered into on July 1, 2005. The EUTF rates above are net of the administration fees in the letter from the State of Hawaii Department of Budget & Finance dated January 30, 2007 (included in the binder).

<sup>2</sup> Refer to rates in the MOU between the State of Hawaii BOE & Hawaii State Teachers Association dated February 2, 2006.

Note: Rates do not include administration fees which are the same for EUTF and HSTA VEBT.





**Supporting Calculations**

**HSTA VEBA TRUST**

**EMPLOYER CONTRIBUTION SAVINGS**

**7/06 - 6/07 (HSTA Enrollment)**

**Exhibit II**  
(page 4 of 4)

**RETIREES**  
(Medicare)

	HMSA Package (Med/Rx/Vision)		Kaiser Package (Med/Rx/Vision)		HDS Dental	
	Single	Family	Single	Family	Single	Family
EUTF Rates <sup>1</sup>	\$204.04	\$662.90	\$167.36	\$498.06	\$29.03	\$58.09
HSTA Rates <sup>2</sup>	\$213.13	\$693.08	\$169.15	\$499.50	\$28.20	\$56.40
Rate Variance	(\$9.09)	(\$30.18)	(\$1.79)	(\$1.44)	\$0.83	\$1.69
Avg. # Enrolled	x 131	x 91	x 10	x 10	x 140	x 99
	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>	<u>x 12 mos.</u>
<b>Variance</b>	<b>(\$14,271)</b>	<b>(\$32,896)</b>	<b>(\$204)</b>	<b>(\$177)</b>	<b>\$1,394</b>	<b>\$2,008</b>

**Grand Total Contributions:**

Based on EUTF Rates	<b>\$1,241,026</b>
Based on HSTA Rates	<b>\$1,285,172</b>

<b>Grand Total (amount lower w/EUTF Rates)</b>	<b>(\$44,147)</b>
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<sup>1</sup> Refer to rates in Article XVIII pages 54-56 of the the agreement between the Hawaii State Teachers Association and the State of Hawaii BOE entered into on July 1, 2005. The EUTF rates above are net of the administration fees in the letter from the State of Hawaii Department of Budget & Finance dated Janury 30, 2007 (included in the binder).

<sup>2</sup> Refer to rates in the MOU between the State of Hawaii BOE & Hawaii State Teachers Association dated February 2, 2006.

*Note: Rates do not include administration fees which are the same for EUTF and HSTA VEBT.*



**K. Professional Development**

1. Department of Education employees on initial appointments shall remain in class for two (2) semesters prior to reclassification.
2. A combination of Professional Development (PD) credits and/or academic credits approved by the Department may be used to change classification.
3. Teachers shall earn fifteen (15) PD and/or academic credits to move from one classification to the next classification. Teachers shall receive no more than one reclassification per semester and may be granted up to two (2) reclassifications per school year. The teacher shall serve one semester time-in-class per reclassification.
4. At least seven (7) of the fifteen (15) PD and/or academic credits applied for reclassification shall be related to the Standards Based Instruction aligned to the school's Strategic Plan.

Note: The following are DOE clarifications:

- These seven (7) credits may be either academic credits or professional development (PD) credits offered by the Professional Development and Educational Research Institute (PDERI).
- Academic credits earned through universities/colleges shall be applicable for reclassification if they are part of coursework requirements for a program of studies leading to an undergraduate or graduate degree, and the course content is in education (excluding education administration) and/or in the teacher's area of preparation and/or in the subject of teaching assignment.

**ARTICLE XVIII – HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**

A. Subject to the applicable provisions of Chapters 87A and 89, Hawaii Revised Statutes, the Employer shall pay monthly contributions which include the cost of the Hawaii Employer-Union Health Benefits Trust Fund (Trust Fund) administrative fees to the Trust Fund effective July 1, 2005, not to exceed the monthly contribution amounts as specified below:

1. For each Employee-Beneficiary with no dependent-beneficiaries enrolled in the following Trust Fund health benefit plans:

**BENEFIT PLAN**

	<b>MONTHLY CONTRIBUTION</b>
a. Medical (PPO or HMO) (drug & chiro)	\$164.06
b. Dental	\$16.58
c. Vision	\$3.48
d. Dual coverage (medical, drug, chiro):	
(1) HMSA	\$103.98
(2) Royal State	\$28.12
e. Dual coverage dental	\$9.90
f. Dual coverage vision	\$1.50
g. Stand-alone Drug Plan	\$34.10

The Employer shall pay the same monthly contribution for each member enrolled in a self-only medical plan (PPO or HMO), regardless of which plan is chosen.

2. For each Employee-Beneficiary with one or more dependent-beneficiaries enrolled in the following Trust Fund health benefit plans:

	<b>MONTHLY CONTRIBUTION</b>
a. Medical (PPO or HMO) (drug & chiro)	\$487.38
b. Dental	\$56.04
c. Vision	\$7.40
d. Dual coverage (medical, drug, chiro):	
(1) HMSA	\$309.90
(2) Royal State	\$79.96
e. Dual coverage dental	\$27.98
f. Dual coverage vision	\$3.20
g. Stand-alone Drug Plan	\$102.94

The Employer shall pay the same monthly contribution for each member enrolled in a family medical plan (PPO or HMO), regardless of which plan is chosen.

3. For each Employee-Beneficiary enrolled in the Trust Fund group life insurance plan, the Employer shall pay \$4.16 per month, which reflects one hundred percent (100%) of the premium and administrative fee.
- B. Effective July 1, 2006, for the plan year 2006 – 2007, with the exception of 2.b., the Employer shall pay an amount equivalent to sixty percent (60%) of the final premium rates established by the Trust Fund for the respective health benefit plan plus one hundred percent (100%) of all administrative fees. Such monthly contribution shall not exceed the amounts specified in subparagraphs 1 and 2.a.

"Health Benefit Plan" shall mean the medical PPO, HMO, dental, vision, dual coverage medical, dual coverage dental, dual coverage vision and stand-alone prescription drug plans.

The amounts paid by the Employer in subparagraphs 2.b. and 3 below shall be based on the plan year 2006-2007 final monthly premium rates established by the Trust Fund.

1. For each Employee-Beneficiary with no dependent-beneficiaries enrolled in the following Trust Fund health plans, the amount shall not exceed:

BENEFIT PLANS	MAXIMUM MONTHLY CONTRIBUTION
a. Medical (PPO or HMO) (drug & chiro)	\$177.96
b. Dental	\$17.52
c. Vision	\$3.64
d. Dual coverage (medical, drug, chiro):	
(1) HMSA	\$112.68
(2) Royal State	\$27.94
e. Dual coverage dental	\$10.44
f. Dual coverage vision	\$1.58
g. Stand-alone Drug Plan	\$38.00

The Employer shall pay the same monthly contribution for each member enrolled in a self-only medical plan (PPO or HMO), regardless of which plan is chosen.

2. a. For each Employee-Beneficiary with one or more dependent-beneficiaries enrolled in the following Trust Fund health benefit plans, the amount shall not exceed:

BENEFIT PLANS	MAXIMUM MONTHLY CONTRIBUTION
a. Medical (PPO or HMO) (drug & chiro)	\$529.88
b. Vision	\$7.74
c. Dual coverage medical (medical, drug, chiro):	
(1) HMSA	\$336.94
(2) Royal State	\$79.80
d. Dual coverage dental	\$29.60
e. Dual coverage vision	\$3.34
f. Stand-Alone Drug Plan	\$115.12

The Employer shall pay the same monthly contribution for each member enrolled in a family medical plan (PPO or HMO), regardless of which plan is chosen.

2. b. For each Employee-Beneficiary with one or more dependent-beneficiaries enrolled in the Trust Fund's Dental Plan, the Employer shall pay an amount equivalent to the Trust Fund's second year Dental Plan final premium rate adjusted as described in Exhibit A, but no more than \$59.34 per month.

3. For each Employee-Beneficiary enrolled in the Trust Fund group life insurance plan, the Employer shall pay no more than \$4.16 per month, which reflects one hundred percent (100%) of the premium and administrative fee.

C. Should legislation be enacted authorizing establishment of Voluntary Employees' Beneficiary Association Trusts (VEBA), employer contributions shall be in accordance with the Appendix XXIV, Memorandum of Understanding between the State of Hawaii Board of Education and Hawaii State Teachers Association.

D. Whenever the Employer's monthly contribution to the Hawaii Employer-Union Health Benefits Trust Fund is less than one hundred percent (100%) of the monthly premium amount, such monthly contribution shall be rounded to the nearest cent as provided below:

1. When rounding to the nearest cent results in an even amount, such even amount shall be the Employer's monthly contribution. For example:

- a.  $\$11.397 = \$11.40 = \$11.40$  (Employer's monthly contribution)
- b.  $\$11.382 = \$11.38 = \$11.38$  (Employer's monthly contribution)

2. When rounding to the nearest cent results in an odd amount, round to the lower even cent, and such even amount shall be the Employer's monthly contribution. For example:

- a.  $\$11.392 = \$11.39 = \$11.38$  (Employer's monthly contribution)
- b.  $\$11.386 = \$11.39 = \$11.38$  (Employer's monthly contribution)

LINDA LINGLE  
GOVERNORGEORGINA K. KAWAMURA  
DIRECTORROBERT N. E. PIPER  
DEPUTY DIRECTOREMPLOYEES' PENSION SYSTEM  
HAWAII EMPLOYER UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER  
PUBLIC UTILITIES COMMISSIONSTATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE  
P. O. BOX 150  
HONOLULU, HAWAII 96810-0150ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION

January 30, 2007

Mr. Ray Sodetani, President  
HSTA Member Benefits Corporation  
1350 South King Street, Suite 230  
Honolulu, Hawaii 96814

Attn: Rodney Shinno

Dear Mr. Sodetani:

This is in follow-up of the January 17, 2007 telephone call with Mr. Rodney Shinno of your staff, regarding billing for administrative costs of the HSTA VEBA. Attached as requested are the administrative fees (monthly) for the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) for FY 2006 and FY 2007. As discussed, the EUTF's fees reflect cost per employee-beneficiary per plan per month and are included in the premium amounts the employer is billed for each month. We request that Member Benefits Corporation (MBC) comply with the following in billing for administrative costs to ensure adherence to the collective bargaining agreement and given the time that has elapsed since plan inception. These requirements are based on one-time payments for FY 2006 and July 1, 2006 to February 28, 2007. For the period March 1, 2007 through June 30, 2007, the billing rates should be updated to include approved cost per employee-beneficiary per plan per month.

1. FY 2006 (March 1, 2006 to June 30, 2006)

MBC's bill for collection for the period March 1, 2006 to June 30, 2006 should be based on a cost per employee-beneficiary per plan per month and actual enrollees for whom the employer made contributions. The amounts cannot exceed the administrative fees of the EUTF for respective fiscal years.

Please submit documentation (e.g. financial statements/reports, reports to the Board of Trustees, annual reports, federal report filings etc.) to validate 1) the actual administrative costs attributed to the HSTA VEBA plans including the basis for allocating administrative costs between the HSTA VEBA plans and any other activities/plans of the HSTA not funded by employer contributions; and 2) how the cost per employee-beneficiary per plan per month for the HSTA VEBA was derived including at minimum the total actual administrative cost, the number of enrollees per plan, and any other factors used in the computation.

-2-

2. FY 2007 (July 1, 2006 to February 2007)  
Same as item number 1 above for the period July 1, 2006 to February 2007.
  
3. FY 2007 (March 1, 2007 to June 30, 2007)  
The rates included in the March 2007 billing file should be updated to include the agreed upon cost per employee-beneficiary per plan per month. Bills for collection should detail the requested administrative fees by plan for actives and retirees.
  
4. Please note that the EUTF employer contribution rates for both actives and retirees include administrative fees. The employer contribution rates the HSTA VEBA is using for the retirees that transferred from the EUTF to the HSTA VEBA effective January 1, 2007 are the EUTF employer contribution rates. Therefore, no additional administrative fees should be added to the EUTF rates.
  
5. Please include a certification statement with the information provided in items 1 and 2, as follows:

"I certify to the best of my knowledge that the information provided on administrative costs accurately reflects administrative costs of the HSTA VEBA plans and the cost per employee-beneficiary per plan."

If you have any questions, please contact Mrs. Wanda Kimura of our Office at 586-1596.

Sincerely,



LENORA N. WEE  
Administrative Services Officer

Attachment

01/18/07

**MONTHLY EUTF ADMIN FEES – Per Employee Beneficiary by Plan**

	<u>Medical</u>	<u>Drug</u>	<u>Chiro</u>	<u>Dental</u>	<u>Vision</u>	<u>Life</u>
<b>FY 2006</b>	\$ 2.37	\$ 0.97	\$ 0.01	\$ 0.34	\$ 0.06	\$ 0.04
<b>FY 2007</b>						
Self	\$ 1.22	\$ 0.46	\$ 0.01	\$ 0.17	\$ 0.03	\$ 0.04
Family	\$ 3.66	\$ 1.37	\$ 0.02	\$ 0.47	\$ 0.07	\$ 0.04





**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
STATE OF HAWAII  
BOARD OF EDUCATION  
AND  
HAWAII STATE TEACHERS ASSOCIATION  
(VEBA TRUST FUND)**

This Memorandum of Understanding is entered into this 28th day of February 2006, by and between the State of Hawaii, Board of Education and the Hawaii State Teachers Association.

In recognition of the need for a quality health plan that will attract and retain teachers, the parties have agreed that upon the establishment of a Voluntary Employees' Beneficiary Association Trust, the Employer will contribute through the Department of Budget and Finance, the monthly contribution equal to the amount described below for Bargaining Unit 5 members who have been certified as eligible, hereinafter referred to as Bargaining Unit 5 employee, Bargaining Unit 5 retirees, and their eligible dependents.

The Trust will provide health coverage for each Bargaining Unit 5 employee, qualifying Unit 5 retirees and their eligible dependents who have enrolled in the Trust benefit plan and for whom the appropriate contribution has been received by the Trust. Eligible dependents include the employee's spouse and any unmarried child under 19 years of age. The term "child" includes the employee's child, an adopted child, a stepchild, or a foster child who is dependent on the employee for financial support. Dependent children who are full-time students at an accredited school, college or university will continue to be eligible for benefits from age 19 through age 23. Dependents also include those domestic partners that received benefits under the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) and transferred to the Trust on March 1, 2006. No other domestic partners shall receive benefits through the Trust. Qualifying retirees include any retiree who, immediately prior to retirement was a member of Unit 5 and future retirees retiring from Bargaining Unit 5. Eligibility under Trust benefit plans will also be based on rules and guidelines set forth in the Summary Plan Description of the Trust. Changes in the eligibility criteria will require agreement in writing by the collective bargaining parties.

The Employer will make a good faith effort to have the EUTF transfer all health plan enrollment information and files for all Bargaining Unit 5 employees and retirees for coverage effective March 1, 2006.

All benefits offered through the Trust and the plan design will be determined by Board of Trustees of the VEBA Trust. The Employer contributions will not exceed a) the stated monthly contribution or b) 60% of the final premium rate for the VEBA plan in which the employee is enrolled, whichever is less. The Employer agrees to pay the actual

administrative fees of the VEBA Trust not to exceed 100% of all administrative fees under the Hawaii Employer-Union Health Benefits Trust Fund for the Period March 1, 2006 through June 30, 2007.

HSTA or VEBA will provide the Employer the certifications and invoices by the first of each month. Contributions shall be made by the Employer to the designated VEBA Trust as follows:

1. Active Bargaining Unit 5

- a. For primary plan coverage effective March 1, 2006 through June 30, 2006, monthly contributions will be payable no later than March 10, 2006 and monthly thereafter per employee at a contribution rate not to exceed:

- \$154.08 for single coverage Self-Funded Medical, Drug, Vision and Chiro
  - \$457.04 for family coverage Self-Funded Medical, Drug, Vision and Chiro
  - \$149.48 for single coverage Self-Funded Medical, Drug and Chiro
  - \$448.00 for family coverage Self-Funded Medical, Drug and Chiro
  - \$158.44 for single coverage Kaiser Medical, Drug, Vision and Chiro
  - \$470.24 for family coverage Kaiser Medical, Drug, Vision and Chiro
  - \$153.84 for single coverage Kaiser Medical, Drug and Chiro
  - \$461.20 for family coverage Kaiser Medical, Drug and Chiro
  - \$15.78 for single coverage Dental
  - \$44.08 for family coverage Dental

- b. For supplemental plan coverage effective March 1, 2006 through June 30, 2006, monthly contributions will be payable no later than March 10, 2006 and monthly thereafter per employee at a contribution rate not to exceed:

- \$75.23 for single coverage Self-Funded Medical, Drug, Vision and Chiro
  - \$223.62 for family coverage Self-Funded Medical, Drug, Vision and Chiro
  - \$72.66 for single coverage Self-Funded Medical, Drug and Chiro
  - \$218.58 for family coverage Self-Funded Medical, Drug and Chiro
  - \$9.55 for single coverage Dental
  - \$27.61 for family coverage Dental

- c. For stand-alone plan coverage effective March 1, 2006 through June 30, 2006, monthly contributions will be payable no later than March 10, 2006 and monthly thereafter per employee at a contribution rate not to exceed:

- \$35.23 for single coverage Self-Funded Drug
  - \$107.93 for family coverage Self-Funded Drug
  - \$4.60 for single coverage Vision
  - \$9.04 for family coverage Vision

- d. For coverage effective July 1, 2006 through June 30, 2007, monthly contributions will be payable no later than July 10, 2006 and monthly thereafter per employee at a contribution rate not to exceed:

\$168.42 for single coverage Self-Funded\_Medical, Drug, Vision and Chiro

\$502.06 for family coverage Self-Funded\_Medical, Drug, Vision and Chiro

\$180.30 for single coverage Kaiser Medical, Drug, Vision and Chiro

\$535.64 for family coverage Kaiser Medical, Drug, Vision and Chiro

\$16.72 for single coverage Dental

\$46.96 for family coverage Dental

2. The Employer agrees to allow payroll deductions for employees' health benefit plan contributions to be processed through the State's payroll system on a pretax basis provided that such pretax deductions are allowable under the Internal Revenue Code and the Employer's Premium Conversion Plan (PCP) Administrative Rules, and further provided that the Union complies with the Employer's reporting, certification, and other requirements under the Employer's PCP Administrative Rules.
3. In addition, the Employer agrees to remit any applicable contribution for the employee taken through payroll deduction when applicable. By ratification of this agreement, all affected employees agree to the authorization for payroll deduction for any applicable contribution as required by the Trust.
4. Bargaining Unit 5 employees retiring on or after March 1, 2006 not eligible for Medicare.
  - a. For coverage effective March 1, 2006 through June 30, 2006, monthly contributions will be payable no later than March 10, 2006 and monthly thereafter per retiree at a contribution rate not to exceed:  

\$323.80 for single coverage Self-Funded Medical, Drug and Vision

\$895.58 for family coverage Self-Funded\_Medical, Drug and Vision

\$333.34 for single coverage Kaiser Medical, Drug and Vision

\$980.54 for family coverage Kaiser Medical, Drug and Vision

\$26.65 for single coverage Dental

\$53.30 for family coverage Dental
  - b. For coverage effective July 1, 2006 through June 30, 2007, monthly contributions will be payable no later than July 10, 2006 and monthly thereafter per retiree at a contribution rate not to exceed:

\$332.30 for single coverage Self-Funded Medical, Drug and Vision  
\$917.35 for family coverage Self-Funded Medical, Drug and Vision  
\$369.16 for single coverage Kaiser Medical, Drug and Vision  
\$1,086.75 for family coverage Kaiser Medical, Drug and Vision  
\$28.20 for single coverage Dental  
\$56.40 for family coverage Dental

5. Bargaining Unit 5 Employees retiring on or after March 1, 2006 eligible for Medicare

- a. For coverage effective March 1, 2006 through June 30, 2006, monthly contributions will be payable no later than March 10, 2006 and monthly thereafter per retiree at a contribution rate not to exceed:

\$213.13 for single coverage Self-Funded Medical, Drug and Vision  
\$693.08 for family coverage Self-Funded Medical, Drug and Vision  
\$229.81 for single coverage Kaiser Medical, Drug and Vision  
\$495.38 for family coverage Kaiser Medical, Drug and Vision  
\$26.65 for single coverage Dental  
\$53.30 for family coverage Dental

- b. For coverage effective July 1, 2006 through June 30, 2007, monthly contributions will be payable no later than July 10, 2006 and monthly thereafter per retiree at a contribution rate not to exceed:

\$213.13 for single coverage Self-Funded Medical, Drug and Vision  
\$693.08 for family coverage Self-Funded Medical, Drug and Vision  
\$247.58 for single coverage Kaiser Medical, Drug and Vision  
\$518.87 for family coverage Kaiser Medical, Drug and Vision  
\$28.20 for single coverage Dental  
\$56.45 for family coverage Dental

6. For each Employee and eligible retiree enrolled in the VEBA Trust group life insurance plan, the employer shall pay \$4.16 per month.

7. Bargaining Unit 5 retiree who opts to transfer from the EUTF to the HSTA VEBA Trust the monthly contribution shall be equal to the contribution paid on behalf of a similarly situated retiree under the Hawaii Employer-Union Health Benefits Trust Fund in accordance with the State of Hawaii Act Relating To Voluntary Employees' Beneficiary Association Trust.

8. Medicare part B reimbursement established pursuant to section 87A-23 (2) shall be directly disbursed to those retirees and their beneficiaries who qualify and are covered by the VEBA Trust to the same extent retirees and their beneficiary un-

der the Hawaii Employer-Union Health Benefits Trust Fund receive those reimbursements. The VEBA Trust will provide Budget and Finance or its agent the necessary information and files (electronic), including evidence of Medicare Part B enrollment so that the Medicare Part B reimbursements can be processed and issued to eligible VEBA Trust plan participants in accordance with Act 245, SLH 2005.

9. The HSTA agrees to comply with all requirements of the State of Hawaii Act relating to Voluntary Employees' Beneficiary Association Trust, without regard to whether or not the trust is deemed a governmental plan under federal law.
10. HSTA or VEBA shall be responsible for obtaining certification from the appropriate agencies. Monthly requests for Employer contributions for employees and retirees enrolled in VEBA shall be accompanied by the following certifications:

Active Employees:

Certification of active employees in Bargaining Unit 5 shall be provided by the Board of Education. HSTA or VEBA shall certify the enrollment of these employees and their eligible dependents in VEBA.

Employees that retire on or after March 1, 2006:

The Employees' Retirement System (ERS) shall certify that an employee has retired from Bargaining Unit 5. HSTA or VEBA shall certify that said retirees and their eligible dependents are enrolled in VEBA.

Retirees That Opt Into VEBA from the Hawaii Employer-Union Health Benefits Trust Fund:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) will certify the existing list of retirees transferring to the VEBA. HSTA or VEBA will certify the enrollment of these retirees and their eligible dependents upon transfer to the VEBA.

11. The HSTA or VEBA shall submit to the Employer through Budget of Finance semi-annual and annual benefit financial reports, and plan-year-end utilization reports for benefit plans that are not community rated. HSTA or VEBA and the Employer shall make a good faith effort to respond to requests for other reports.

This Memorandum of Understanding will replace Article XVIII with the implementation of the VEBA Trust.

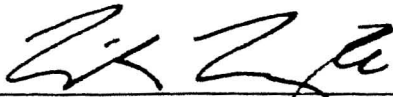
This Memorandum of Understanding shall expire on June 30, 2007.

Agreement between the Hawaii State Teachers Association (HSTA) and the State of Hawaii, Board of Education, and Department of Education March 1, 2006 to and including June 30, 2007.

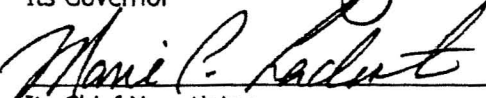
IN WITNESS WHEREOF, the parties hereto, by their authorized representatives, have executed this Agreement this 28th day of February, 2006.

STATE OF HAWAII

HAWAII STATE TEACHERS ASSOCIATION

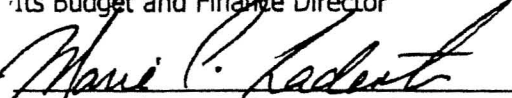
By:   
Its Governor

By:   
Its Chief Negotiator

  
Its Chief Negotiator

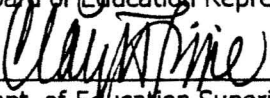
  
Its Deputy Chief Negotiator

  
Its Budget and Finance Director

  
Its Dept. of Human Resources Director

  
Its Board of Education Representative

  
Its Board of Education Representative

  
Its Dept. of Education Superintendent



# HSTA Member Benefits Corporation

1350 S King St., Suite 230  
Honolulu, Hawaii 96814-2008  
(808) 591-2823/1-800-637-4928  
Fax No. (808) 591-2652  
E-mail: mbc@hstambc.net

February 6, 2008

Ms. Georgina K. Kawamura  
Director of Finance  
Department of Budget and Finance  
State of Hawaii  
P.O. Box 150  
Honolulu, HI 96810-0150

**RECEIVED**

*L. Naito 2/6/2008*

Dear Ms. Kawamura:

Please find enclosed a check for \$313,897.60 which represents the surplus from the HSTA Voluntary Employees Beneficiary Trust group life policy for the period 03/01/06 to 06/30/07. Also included is a copy of the transmittal letter from Pacific Guardian Life.

Should your staff have any questions, please contact me at 591-2823.

Sincerely,

A handwritten signature in cursive script that reads 'Raymond Sodetani'.

Raymond Sodetani  
President/CEO

Enclosures

cc: Roger Takabayashi, HSTA President  
Michael McCartney, HSTA Executive Director  
VEBA Trustees  
Paul A. Tom, BPS



**HSTA VOLUNTARY EMPLOYEES**  
BENEFICIARY ASSOCIATION TRUST  
1350 S. KING ST. STE. 230 (808) 591-2823  
HONOLULU, HI 96814-2008

FIRST HAWAIIAN BANK  
MOANALUA BRANCH  
HONOLULU, HAWAII 96819  
59-101-1213

2/6/2008

PAY TO THE ORDER OF DEPARTMENT OF BUDGET & FINANCE

\$\*\*313,897.60

Three Hundred Thirteen Thousand Eight Hundred Ninety-Seven and 60/100\*\*\*\*\* DOLLAR

DEPARTMENT OF BUDGET & FINANCE  
ADMINISTRATIVE & RESEARCH OFFICE  
ATTN: LENORA WEE  
P.O. BOX 150

MEMO HONOLULU, HI 96810

LIFE INSURANCE SURPLUS FOR PERIOD 03/01/0

*Sam T. Kamao*  
*Raymond T. Soloman*

⑈00⑆670⑈ ⑆⑆2⑆30⑆0⑆5⑆ 98⑈0690⑆⑆⑈

**HSTA VOLUNTARY EMPLOYEES**

167

BENEFICIARY ASSOCIATION TRUST  
DEPARTMENT OF BUDGET & FINANCE

2/6/2008

LIFE INSURANCE SURPLUS FOR PERIOD 03/01/0

313,897.60

OPERATING CHECK# LIFE INSURANCE SURPLUS FOR PERIOD 03/

313,897.60

**HSTA VOLUNTARY EMPLOYEES**

167

BENEFICIARY ASSOCIATION TRUST  
DEPARTMENT OF BUDGET & FINANCE

2/6/2008

LIFE INSURANCE SURPLUS FOR PERIOD 03/01/0

313,897.60

OPERATING CHECK# LIFE INSURANCE SURPLUS FOR PERIOD 03/

313,897.60





# HSTA Member Benefits Corporation

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1350 S King St., Suite 230  
Honolulu, Hawaii 96814-2008  
(808) 591-2823/1-800-637-4926  
Fax No. (808) 591-2652  
E-mail: [mbc@hstambc.net](mailto:mbc@hstambc.net)

January 23, 2008

Ms. Georgina K. Kawamura  
Director of Finance  
Department of Budget and Finance  
State of Hawaii  
PO Box 150  
Honolulu HI 96810-0150

Dear Ms. Kawamura:

It has recently been brought to my attention that the check in the amount of \$944,924.61 which was sent to you was incorrect. Instead of the amount mentioned above it should have been \$944,942.61.

Please find attached a check in the amount of \$18.00 to make up the difference.

I apologize for this inconvenience. Please feel free to call.

Sincerely,

Raymond Sodetani  
President/CEO

Enclosure

**HSTA VOLUNTARY EMPLOYEES**

BENEFICIARY ASSOCIATION TRUST  
1350 S. KING ST. STE. 230 (808) 591-2823  
HONOLULU, HI 96814-2008

FIRST HAWAIIAN BANK  
MOANALUA BRANCH  
HONOLULU, HAWAII 96819  
59-101-1213

1/23/2008

PAY TO THE ORDER OF DEPARTMENT OF BUDGET & FINANCE

\$ \*\*18.00

Eighteen and 00/100\*\*\*\*\* DOLLARS

DEPARTMENT OF BUDGET & FINANCE  
ADMINISTRATIVE & RESEARCH OFFICE  
ATTN: LENORA WEE  
P.O. BOX 150

*Lenora T. Kamehaha*  
*Raymond T. Soltana*

~~MEMO HONOLULU, HI 96810~~

CORRECTION TO CHECK #1646

⑈001651⑈ ⑆121301015⑆ 98⑈069011⑈

**STA VOLUNTARY EMPLOYEES**

BENEFICIARY ASSOCIATION TRUST  
DEPARTMENT OF BUDGET & FINANCE

1/23/2008

CORRECTION TO CHECK #1646

18.00

OPERATING CHECKI CORRECTION TO CHECK #1646

18.00

**TA VOLUNTARY EMPLOYEES**

BENEFICIARY ASSOCIATION TRUST  
DEPARTMENT OF BUDGET & FINANCE

1/23/2008

CORRECTION TO CHECK #1646

18.00

OPERATING CHECKI CORRECTION TO CHECK #1646

18.00



# HSTA Member Benefits Corporation

1350 S King St., Suite 230  
Honolulu, Hawaii 96814-2008  
(808) 591-2823/1-800-637-4926  
Fax No. (808) 591-2652  
E-mail: mbc@hstambc.net

January 11, 2008

Ms. Georgina K. Kawamura  
Director of Finance  
Department of Budget and Finance  
State of Hawaii  
P.O. Box 150  
Honolulu, HI 96810-0150

Dear Ms. Kawamura:

Please find enclosed a check for \$944,942.61 which represents the employer's 60% share of the self funded medical and prescription drug surplus, for the period March 1, 2006 through June 30, 2006. Also, included is the supporting documentation. The enclosures are as follows for the self funded plans:

1. Copy of HMSA's letter for the Final Accounting.
2. Exhibit 1 – Final Accounting Summary for the Primary Plans including premiums collected (employer and employee), benefit and claims administration costs incurred, prescription drug rebate credit, and the resulting surplus.
3. Exhibit 2 – Final Accounting Summary for the Supplemental Plans including premium collected, benefit and claims administration costs incurred, prescription drug rebate credit, and the resulting deficit.
4. Exhibit 2-A – Reconciliation of total premiums collected for the Supplemental Plans based on the monthly enrollment, the CBA rates for the employer, and the employee's monthly premium share.

Should your staff have any questions, please contact me at 591-2823.

Sincerely,

Raymond Sodetani  
President/CEO

Enclosures

cc: Roger Takabayashi, HSTA President  
Michael McCartney, HSTA Executive Director  
VEBA Trustees  
Paul A. Tom, BPS

**HSTA VOLUNTARY EMPLOYEES**  
BENEFICIARY ASSOCIATION TRUST  
1350 S. KING ST. STE. 230 (808) 591-2823  
HONOLULU, HI 96814-2008

FIRST HAWAIIAN BANK  
MOANALUA BRANCH  
HONOLULU, HAWAII 96819  
59-101-1213

1/11/2008

PAY TO THE ORDER OF DEPARTMENT OF BUDGET & FINANCE

\$ \*\*944,924.61

Nine Hundred Forty-Four Thousand Nine Hundred Twenty-Four and 61/100\*\*\*\*\* DOLLARS

DEPARTMENT OF BUDGET & FINANCE  
ADMINISTRATIVE & RESEARCH OFFICE  
ATTN: LENORA WEE  
P.O. BOX 150  
HONOLULU, HI 96810  
MEMO FINAL ACCOUNTING FOR PERIOD MARCH 1, 200

*Len T. Kameh*  
*Raymond J. Suleterai*

⑈001646⑈ ⑆121301015⑆ 98⑈06901⑈

1646

**STA VOLUNTARY EMPLOYEES**

BENEFICIARY ASSOCIATION TRUST  
DEPARTMENT OF BUDGET & FINANCE

1/11/2008

FINAL ACCOUNTING FOR PERIOD MARCH 1, 200

944,924.61

OPERATING CHECK#1 FINAL ACCOUNTING FOR PERIOD MARCH 1,

944,924.61

**TA VOLUNTARY EMPLOYEES**

BENEFICIARY ASSOCIATION TRUST  
DEPARTMENT OF BUDGET & FINANCE

1/11/2008

FINAL ACCOUNTING FOR PERIOD MARCH 1, 200

944,924.61

OPERATING CHECK#1 FINAL ACCOUNTING FOR PERIOD MARCH 1,

944,924.61