APPENDIX H

GARNER CONSULTING ANNUAL REPORTS

First Annual Report To The

Hawaii Employer Union Health Benefits Trust Fund

February 9, 2005

Garner Consulting

Garner
Consulting
35 North Lake Avenue, Suite 720
Pasadena, California 91101
Phone: (626) 440-0399
FAX: (626) 440-0496

February 3, 2005

Board of Trustees
Hawaii Employer-Union Health Benefits Trust Fund
PO Box 2121
Honolulu, HI 96805-2121

RE: First Annual Report as of June 30, 2004

Dear Board Members:

We are pleased to present the First Annual Report of the Hawaii Employer-Union Health Benefits Trust Fund for the 2004 Plan Year. We believe this report will provide valuable information that can serve as a reference tool throughout the year. This information will also serve as baseline data, against which we can make comparisons in the future.

A draft of this report was provided to the Trustees prior to the January Board meeting and Trustees were given 10 days following the Board meeting to respond. All comments made at the Board meeting have been incorporated into this report. Trustee Lewis also requested additional information by bargaining unit, which we have requested and will provide separately as soon as it is available.

We look forward to reviewing the contents of this report with you.

Sincerely

John C. Garner

John C. Garner, CEBS, CLU, CFCI, CMC

JCG:dd

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

FIRST ANNUAL REPORT

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TABLE 1

Table 1 shows the amounts disbursed to insurance carriers for premiums and for Medicare reimbursements. This table shows the disbursements by type of plan and carrier for the plan year ending in 2004.

For all carriers total medical and prescription drug disbursements were $439,438,997. Total disbursements for all insurance premiums were $493,885,170. Total disbursements for insurance premiums and Medicare premium reimbursements were $518,064,076.

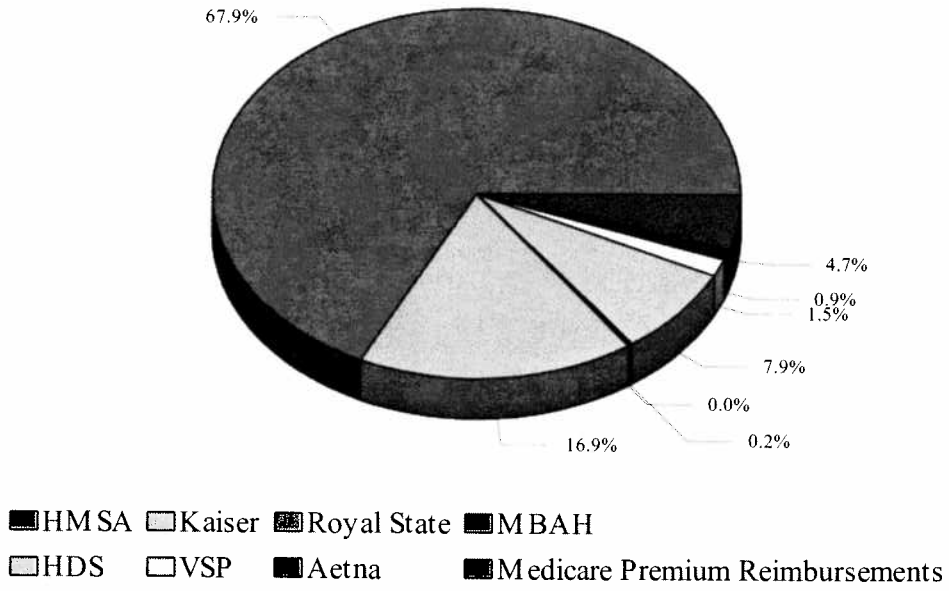


TABLE 1
Hawaii Employer-Union Health Benefits Trust Fund
2004 Plan Year

Disbursements for Carrier Premiums, Employer Contributions and Medicare Reimbursements	2004 Plan Year	Percentage of Grand Total
Disbursments (Premiums and Contributions):		
Medical & Prescription Drug Plan		
Hawaii Medical Service Association (HMSA)	$ 351,922,271	67.9%
Kaiser Foundation Health Plan, Inc. (Kaiser)	87,359,736	16.9%
Royal State National Insurance	156,990	0.0%
Sub-total	$ 439,438,997	84.8%
Chiropractic Plan -		
Mutual Benefit Association of Hawaii	$ 1,084,396	
Sub-total	$ 1,084,396	0.2%
Dental Plan -		
Hawaii Dental Service (HDS)	$ 40,818,481	
Sub-total	$ 40,818,481	7.9%
Vision Care Plan -		
Vision Care Plan (VSP)	$ 7,864,105	
Sub-total	$ 7,864,105	1.5%
Life Insurance Plan -		
Aetna	$ 4,679,191	
Sub-total	$ 4,679,191	0.9%
Total Premiums and Contributions	$ 493,885,170	95.3%
Medicare Premium Reimbursements	24,178,906	4.7%
TOTAL - Premiums, Employer Contributions and Medicare Reimbursements	$ 518,064,076	

TABLE 2

Table 2 shows the average medical plan enrollment by insurance carrier. Note that the total reflects the actual average for the plan year. The Royal State average is based on the five months in which that plan was available.

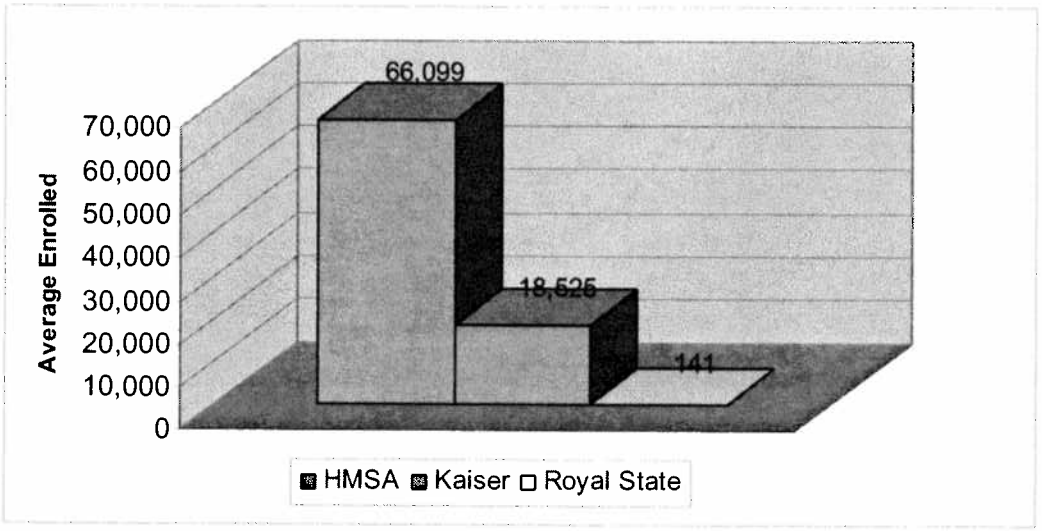


TABLE 2

Monthly Average Medical and Prescription Drug Plan Enrollment History by Carrier

Actives and Retirees

Hawaii Employer-Union Health Benefits Trust Fund [1]

Plan Year Ending	Total	HMSA		Kaiser		Royal State	
	Average Enrolled	Average Enrolled	Percentage of Grand Total	Average Enrolled	Percentage of Grand Total	Average Enrolled[2]	Percentage of Grand Total
2004	84,765	66,099	78.0%	18,525	21.9%	141	0.2%

[1] Totals may not add due to rounding.

[2] Enrollment is only for five months.

TABLE 3

Table 3 shows medical plan enrollment by eligibility class (active versus retired).

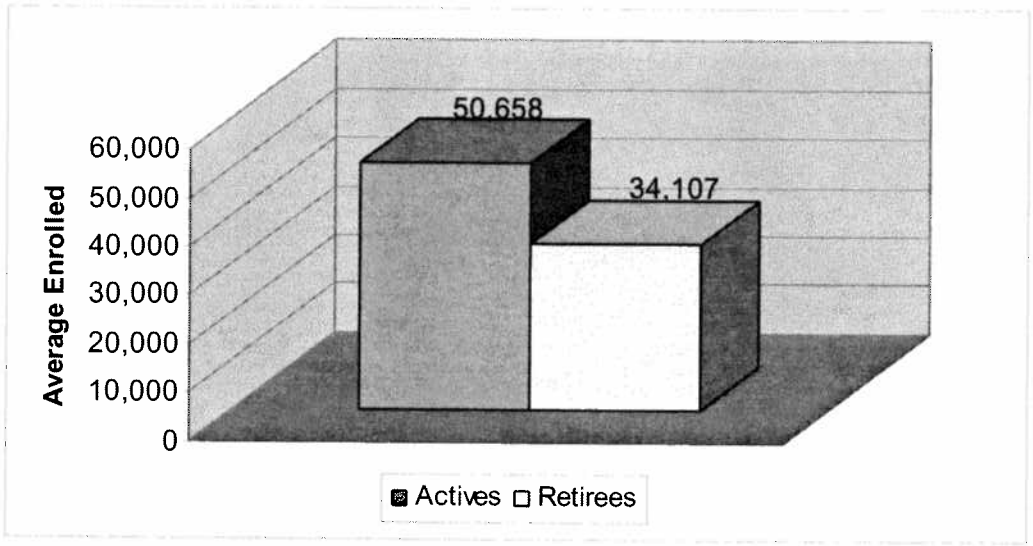


TABLE 3

Monthly Average Medical and Prescription Drug Plan Enrollment History by Eligibility Class

Actives and Retirees

Hawaii Employer-Union Health Benefits Trust Fund[1]

Plan Year Ending	Grand Total	Actives		Retirees	
	Average Enrolled	Average Enrolled	Percentage of Grand Total	Average Enrolled	Percentage of Grand Total
2004	84,765	50,658	59.8%	34,107	40.2%

[1] Totals may not add due to rounding.

TABLE 4

Table 4 shows medical plan enrollment by eligibility class and dependent status for HMSA and Kaiser.

Whereas 52% of the active employees enrolled for self-only coverage, 61% of the retirees with Medicare had self-only coverage and 44% of retirees without Medicare had self-only coverage.

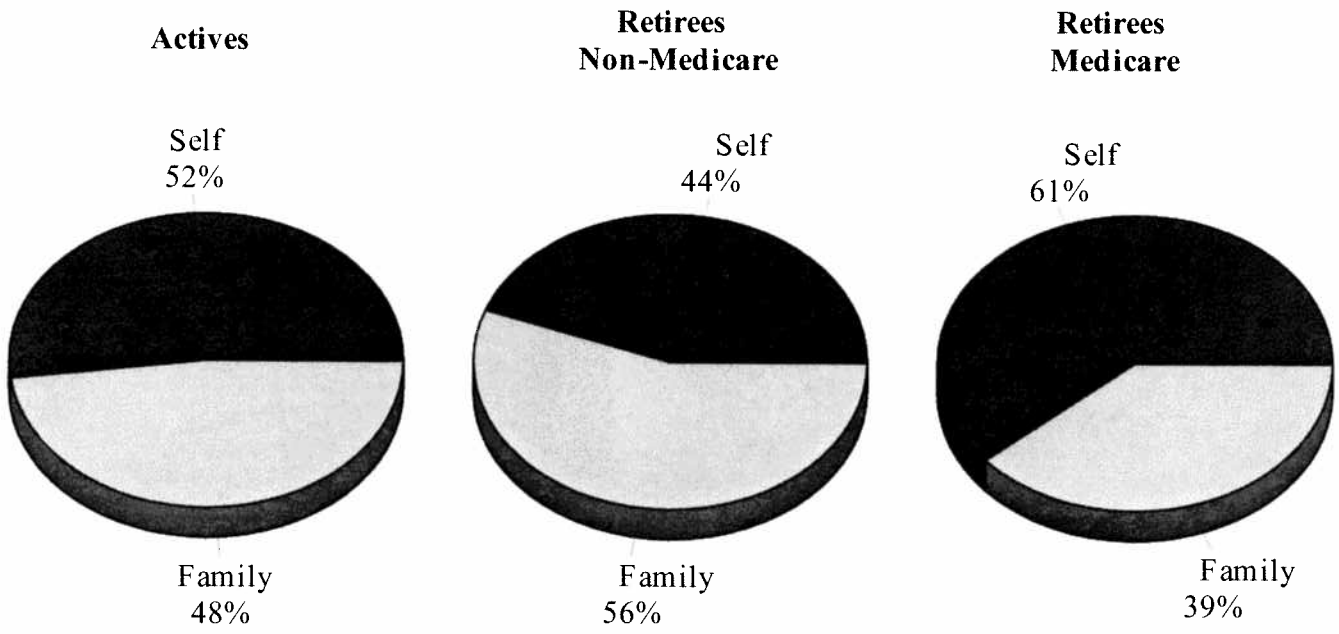


TABLE 4

Monthly Average Medical and Prescription Drug Plan Enrollment by Eligibility Class and Dependent Status

Actives and Retirees

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year[1]

	Grand Total		HMSA		Kaiser	
	Average Enrolled	% of Grand Total	Average Enrolled	% of Grand Total	Average Enrolled	% of Grand Total
Actives						
Self	26,308		19,811		6,497	
Family	24,267		18,672		5,595	
Total	50,575	59.7%	38,483	58.2%	12,092	65.1%
Retirees						
Non-Medicare-						
Self	4,201		3,359		842	
Family	5,246		4,283		963	
Sub-total	9,447	11.2%	7,642	11.6%	1,805	9.7%
Medicare-						
Self	15,134		12,115		3,019	
Family	9,525		7,857		1,668	
Sub-total	24,659	29.1%	19,972	30.2%	4,687	25.2%
Total	34,106	40.3%	27,614	41.8%	6,492	34.9%
Grand Total						
Self	45,643	53.9%	35,285	53.4%	10,358	55.7%
Family	39,038	46.1%	30,812	46.6%	8,226	44.3%
Total	84,681	100.0%	66,097	78.1%	18,584	21.9%

[1] Totals may not add due to rounding.

TABLE 5

Table 5 shows the HMSA enrollment, broken down by union. The numbers shown are accumulated members; in other words, there were 403,079 member months of coverage for HGEA members. That represents an average of 33,590 members per month ("member" is an individual—either an employee or a dependent).

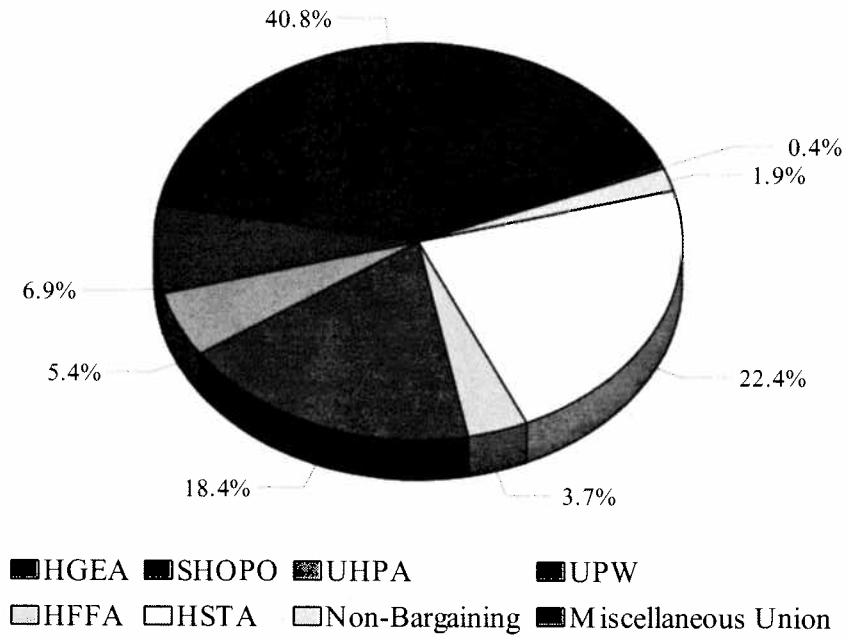


TABLE 5

HMSA Medical and Prescription Drug Plan

Hawaii Employer-Union Health Benefits Trust Fund

Accumulated Membership By Union

Active Employees

2004 Plan Year[1]

Union	Regular Plan	Dual Coverage (Effective 4/1/04)	Total	% of Grand Total
HGEA	403,079	723	403,802	40.8%
SHOPO	67,527	293	67,820	6.9%
UHPA	52,848	99	52,947	5.4%
UPW	182,043	202	182,245	18.4%
HFFA	36,269	162	36,431	3.7%
HSTA	220,893	1,039	221,932	22.4%
Non-Bargaining	19,119	3	19,122	1.9%
Miscellaneous Union[2]	4,298	-	4,298	0.4%
Total	986,076	2,521	988,597	100.0%

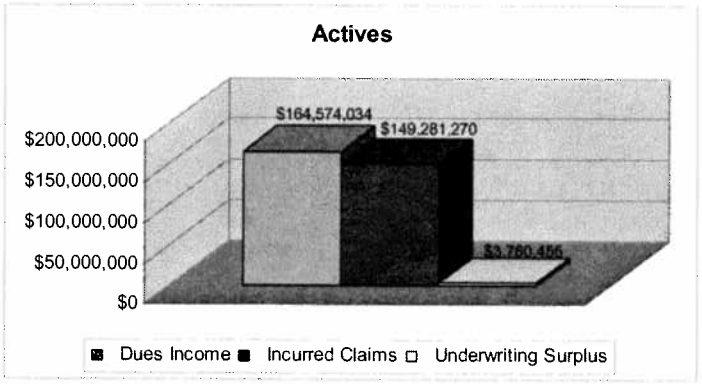
[1] Totals may not add due to rounding.

[2] Category for members who were enrolled in a Union or Health Fund HMSA plan prior to the EUTF, but whose Union designation and status was unknown until the receipt of the EUTF Final Open Enrollment (OE) file in early August 2003. As requested by the EUTF, HMSA did not cancel these memebers until indicated by the Final OE file, and, as a result, benefits were being incurred and paid in the interim. All members were transferred out of or cancelled from the Miscellaneous Union category by the end of August 2003.

TABLE 6

Table 6 shows the HMSA medical plan financial results. The two active plans are combined for experience rating purposes. Therefore, the surplus for active employees was $3,760,455.

All claims for the first plan year must be filed by June 30, 2005 - one year after the date services are rendered. In July, 2005, HMSA will make their final accounting for the first plan year. At that time additional surpluses may be refunded to the EUTF (if the IBNR—incurred-but-not-reported reserve—is greater than the actual claims) or a portion of the amount already refunded may be owed to HMSA (if the claims exceed the reserve).



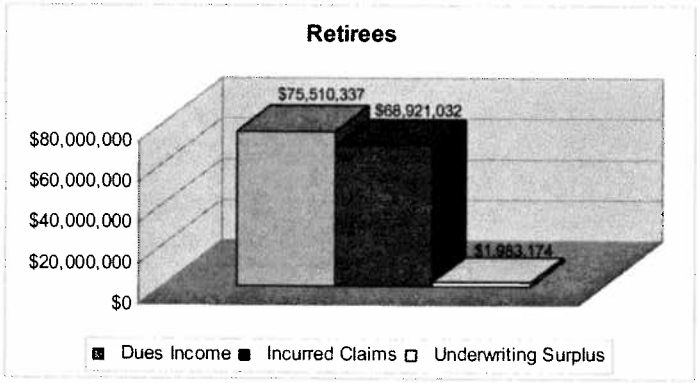


TABLE 6

HMSA Medical Plan Financial Operations

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year[1]

	Actives - Regular		Actives - Dual		Retirees	
Dues Income	$ 164,310,392	100.0%	$ 263,642	100.0%	75,510,337	100.0%
Less:						
Claims	142,424,481	86.7%	238,289	90.4%	64,142,532	84.9%
IBNR	6,594,000	4.0%	24,500	9.3%	4,778,500	6.3%
Incurred Claims	$ 149,018,481	90.7%	$ 262,789	99.7%	$ 68,921,032	91.3%
Less:						
Retention[2]	11,501,727	7.0%	30,583	11.6%	4,606,131	6.1%
Underwriting (Deficit)/Surplus	$ 3,790,184	2.3%	$ (29,729)	-11.3%	$ 1,983,174	2.6%

[1] Totals may not add due to rounding.

[2] Retention is 7.0% of premium for actives-regular, 11.6% of premium for actives-dual and 6.1% of premium for retirees.

Note: HMSA also refunded to the EUTF $21,847 in drug rebates attributable to the medical plan.

TABLE 7

Table 7 shows the Royal State medical plan financial results. The surplus is being held by Royal State, but will be refunded to the EUTF at the request of the Board; however, the EUTF still owed Royal State $59,313 in unpaid premiums at the time of this report.

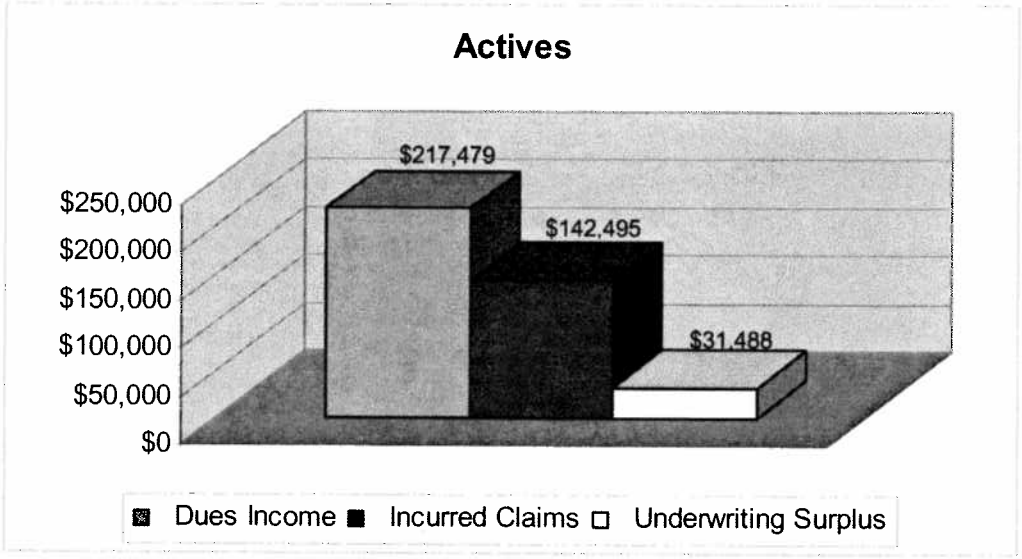


TABLE 7

Royal State National Group Dual-Coverage Medical Plan Financial Operations

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year[1]

	Actives	
Dues Income	$ 217,479	100.0%
Less:		
Claims	109,105	50.2%
IBNR	33,390	15.4%
Incurred Claims	$ 142,495	65.5%
Less:		
Retention	43,496	20.0%
Underwriting (Deficit)/Surplus	$ 31,488	14.5%

[1] Totals may not add due to rounding.

TABLE 8

Table 8 shows the HMSA claims for the regular medical plan, broken down by union.

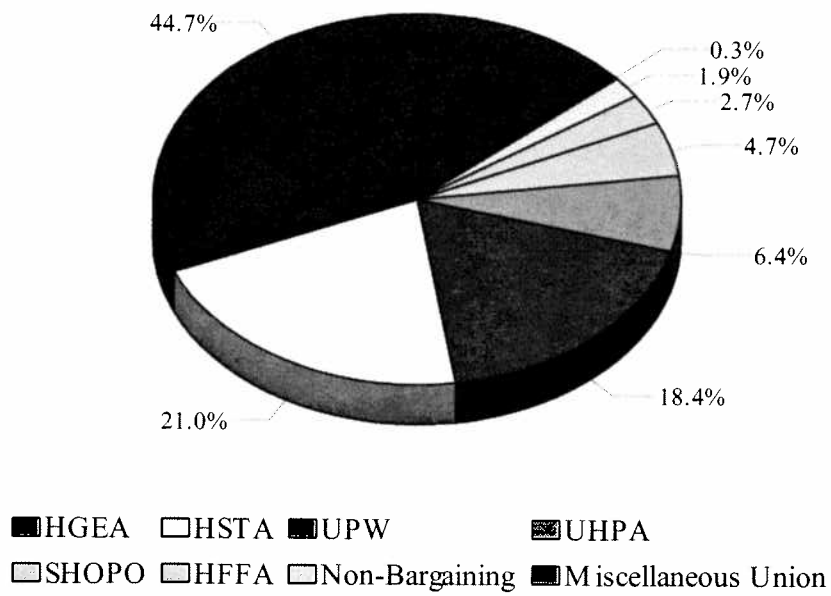


TABLE 8

HMSA Medical Plan Financial Operations

Hawaii Employer-Union Health Benefits Trust Fund

Active Employee Benefits By Union

Regular Plan

2004 Plan Year[1]

Union	Medical Plan Benefits	% of Grand Total
HGEA	$ 63,723,496	44.7%
SHOPO	6,640,080	4.7%
UHPA	9,089,958	6.4%
UPW	26,163,070	18.4%
HFFA	3,881,073	2.7%
HSTA	29,909,529	21.0%
Non-Bargaining	2,642,518	1.9%
Miscellaneous Union[2]	374,758	0.3%
Total Benefits	$ 142,424,481	100.0%

[1] Totals may not add due to rounding.

[2] Category for members who were enrolled in a Union or Health Fund HMSA plan prior to the EUTF, but whose Union designation and status was unknown until the receipt of the EUTF Final Open Enrollment (OE) file in early August 2003. As requested by the EUTF, HMSA did not cancel these members until indicated by the Final OE file, and as a result, benefits were being incurred and paid in the interim. All members were transferred out of or cancelled from the Miscellaneous Union category by the end of August 2003.

TABLE 9

Table 9 shows the HMSA claims for the dual-coverage medical plan, broken down by union.

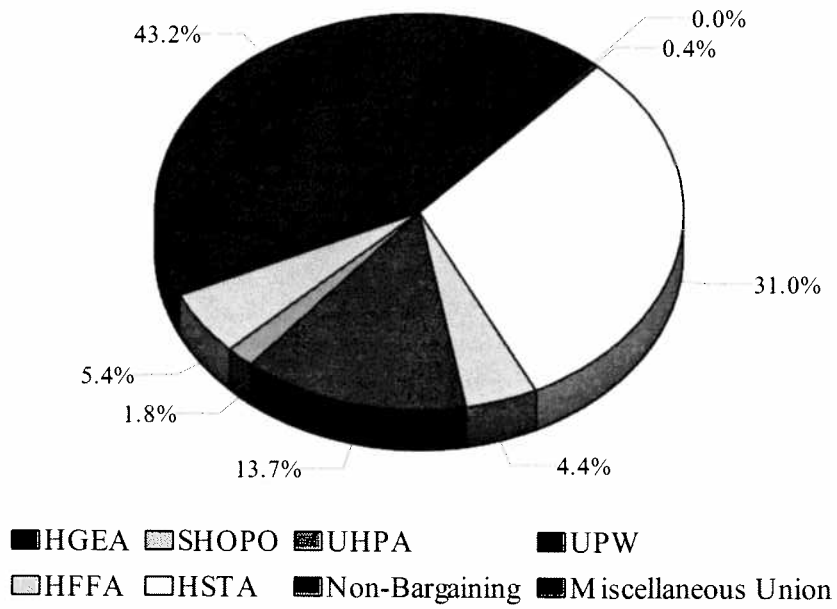


TABLE 9

HMSA Medical Plan Financial Operations

Hawaii Employer-Union Health Benefits Trust Fund

Active Employee Benefits By Union

Dual Coverage

2004 Plan Year[1]

Union	Medical Plan Benefits	% of Grand Total
HGEA	$ 103,057	43.2%
SHOPO	12,966	5.4%
UHPA	4,211	1.8%
UPW	32,632	13.7%
HFFA	10,404	4.4%
HSTA	73,953	31.0%
Non-Bargaining	1,064	0.4%
Miscellaneous Union[2]	-	0.0%
Total Benefits	$ 238,289	100.0%

[1] Totals may not add due to rounding.

[2] Category for members who were enrolled in a Union or Health Fund HMSA plan prior to the EUTF, but whose Union designation and status was unknown until the receipt of the EUTF Final Open Enrollment (OE) file in early August 2003. As requested by the EUTF, HMSA did not cancel these memebers until indicated by the Final OE file, and, as a result, benefits were being incurred and paid in the interim. All members were transferred out of or cancelled from the Miscellaneous Union category by the end of August 2003.

TABLE 10

Table 10 shows HMSA benefit payment distributions between actives and retirees and average monthly benefits paid per participant.

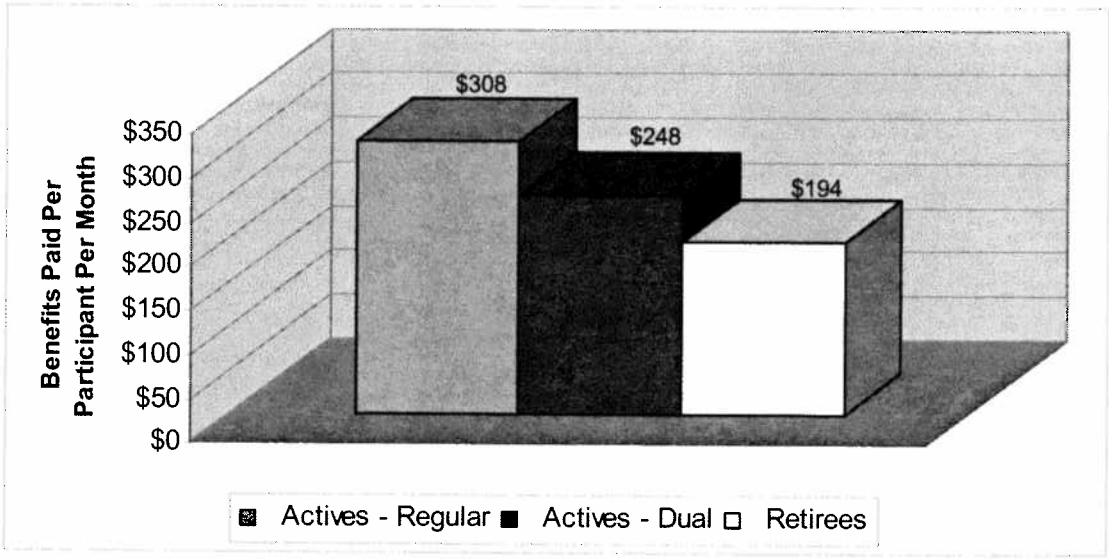


TABLE 10

HMSA Benefit Payment Distribution Between Actives and Retirees
Benefit Payment per Participant per Month

Hawaii Employer-Union Health Benefits Trust Fund

	Grand Total		Actives - Regular			Actives - Dual			Retirees		
Plan Year Ending	Benefits Paid	Total Actives Benefits Paid	Benefits Paid	Percentage of Total	Benefits Paid Per Participant Per Month	Benefits Paid	Percentage of Total	Benefits Paid Per Participant Per Month	Benefit Paid	Percentage of Total	Benefits Paid Per Participant Per Month
2004	$ 206,805,303	$142,662,770	$142,424,481	68.9%	$308.41	$238,289	0.1%	$248.22	$64,142,532	31.0%	$193.57

TABLE 11

Table 11 shows the HMSA medical payments by type of service for active employees enrolled in the regular medical plan. This table also shows the percentage of billed charges paid by type of service for both participating and non-participating providers.

Active employees overwhelmingly used participating providers; 99.2% of the benefits paid were paid for services rendered by participating providers.

Hospital expenses accounted for 43.8% of all benefits paid and medical expenses constituted 31.9% of claims.

Services rendered to employees accounted for 60.0% of all benefits.

Overall, benefits paid were 50.9% of billed charges.

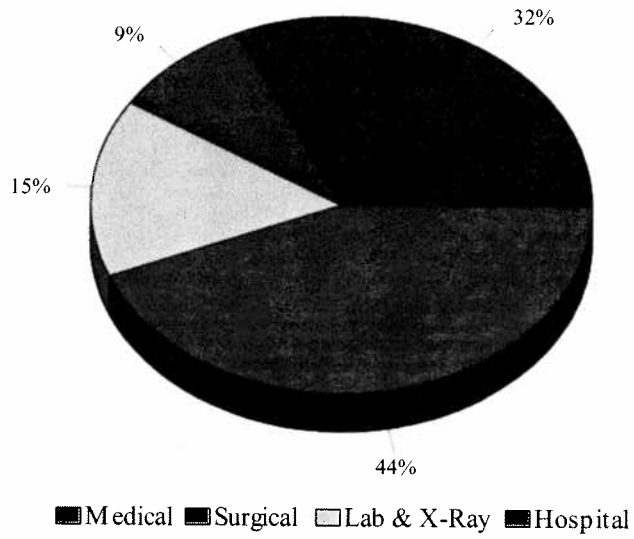


TABLE 11

HMSA Medical Benefit Payments by Type of Service and Plan Performance

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year [1]

Actives - Regular Plan

	Total		Medical		Surgical		Lab & X-Ray		Hospital	
	Benefits Paid	Perf. Ratio	Benefits Paid	Perf. Ratio	Benefits Paid	Perf. Ratio	Benefits Paid	Perf. Ratio	Benefits Paid	Perf. Ratio
Participating Provididers -										
Employees	$ 82,061,652	50.9%	$ 24,718,682	55.0%	$ 8,250,950	42.2%	$ 14,173,554	41.4%	$ 34,918,466	55.8%
Dependents	54,942,924	51.0%	19,078,592	52.2%	4,311,302	40.3%	6,690,064	38.8%	24,862,967	57.6%
Total	$ 137,004,577	50.9%	$ 43,797,273	53.7%	$ 12,562,252	41.5%	$ 20,863,618	40.5%	$ 59,781,434	56.5%
Non-Participating Providers -										
Employees	$ 761,869	55.6%	$ 147,086	43.5%	$ 92,343	32.1%	$ 21,025	29.1%	$ 501,416	74.5%
Dependents	405,046	47.6%	93,214	44.6%	38,564	24.1%	7,237	29.3%	266,031	58.0%
Total	$ 1,166,915	52.5%	$ 240,300	43.9%	$ 130,907	29.3%	$ 28,262	29.1%	$ 767,447	67.8%
All Providers										
Employees	$ 82,823,521	50.9%	$ 24,865,767	54.9%	$ 8,343,293	42.0%	$ 14,194,579	41.4%	$ 35,419,882	56.0%
Dependents	55,347,970	51.0%	19,171,806	52.2%	4,349,865	40.1%	6,697,301	38.8%	25,128,998	57.6%
Total	$ 138,171,491	50.9%	$ 44,037,573	53.7%	$ 12,693,158	41.3%	$ 20,891,880	40.5%	$ 60,548,880	56.6%

Note: Performance ratio equals benefits paid divided by billed charges.

[1] Totals may not add due to rounding.

TABLE 12

Table 12 shows the HMSA medical payments by type of service for active employees enrolled in the dual-coverage plan. This table also shows the percentage of billed charges paid by type of service for both participating and non-participating providers.

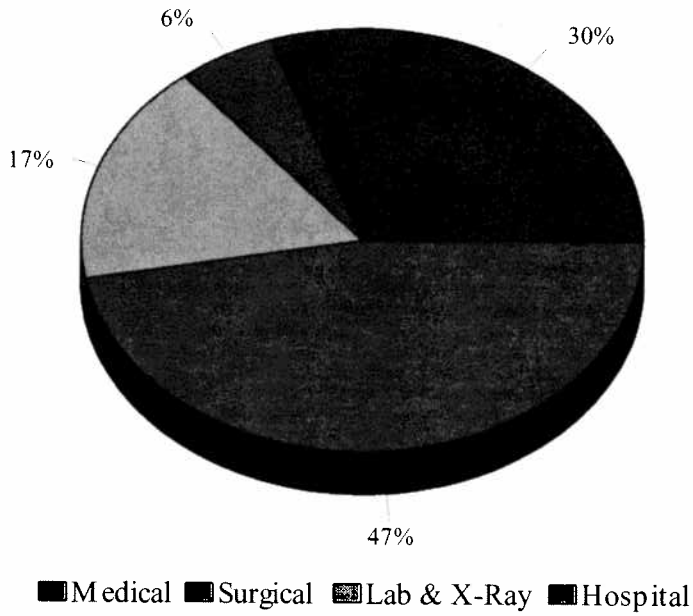


TABLE 12

HMSA Medical Benefit Payments by Type of Service and Plan Performance

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year [1]

Actives - Dual Coverage

	Total		Medical		Surgical		Lab & X-Ray		Hospital	
	Benefits Paid	Perf. Ratio	Benefits Paid	Perf. Ratio	Benefits Paid	Perf. Ratio	Benefits Paid	Perf. Ratio	Benefits Paid	Perf. Ratio
Participating Provididers -										
Employees	$ 168,937	31.0%	$ 47,802	31.4%	$ 9,327	22.0%	$ 33,504	23.3%	$ 78,304	38.0%
Dependents	59,788	22.0%	21,033	19.3%	3,701	12.1%	5,379	13.9%	29,675	31.8%
Total	$ 228,725	28.0%	$ 68,835	26.4%	$ 13,028	17.9%	$ 38,883	21.3%	$ 107,979	36.1%
Non-Participating Providers -										
Employees	$ 64	37.4%	$ 64	37.4%	$ -	0.0%	$ -	0.0%	$ -	0.0%
Dependents	363	34.9%	363	34.9%	-	0.0%	-	0.0%	-	0.0%
Total	$ 427	35.3%	$ 427	35.3%	$ -	0.0%	$ -	0.0%	$ -	0.0%
All Providers										
Employees	$ 169,001	31.0%	$ 47,867	31.4%	$ 9,327	22.0%	$ 33,504	23.3%	$ 78,304	38.0%
Dependents	60,150	22.1%	21,395	19.5%	3,701	12.1%	5,379	13.9%	29,675	31.8%
Total	$ 229,151	28.0%	$ 69,262	26.4%	$ 13,028	17.9%	$ 38,883	21.3%	$ 107,979	36.1%

Note: Performance ratio equals benefits paid divided by billed charges.

[1] Totals may not add due to rounding.

TABLE 13

Table 13 shows the HMSA medical payments by type of service for retirees. This table also shows the percentage of billed charges paid by type of service for both participating and non-participating providers.

Retirees used participating providers much more often than non-participating providers; 98.1% of the benefits paid were paid for services rendered by participating providers.

Hospital expenses accounted for 49.7% of all benefits paid and medical expenses constituted 31.2% of claims.

Services rendered to retirees accounted for 74.0% of all benefits, as opposed to 26.0% for dependents.

Overall, benefits paid were only 29.3% of billed charges, largely because Medicare is primary for most retirees.

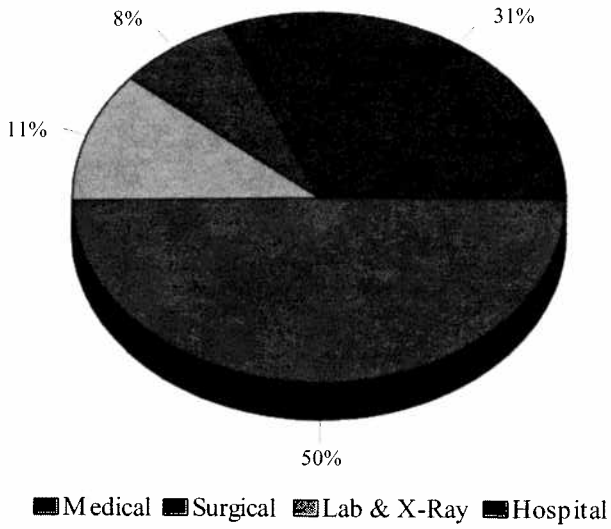


TABLE 13

HMSA Medical Benefit Payments by Type of Service and Plan Performance

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year [1]

Retirees

	Total		Medical		Surgical		Lab & X-Ray		Hospital	
	Benefits Paid	Perf. Ratio	Benefits Paid	Perf. Ratio	Benefits Paid	Perf. Ratio	Benefits Paid	Perf. Ratio	Benefits Paid	Perf. Ratio
Participating Provididers -										
Retirees	$ 44,564,147	29.4%	$ 13,565,312	28.0%	$ 3,391,217	15.1%	$ 4,834,270	28.2%	$ 22,773,348	36.0%
Dependents	15,645,956	29.6%	5,274,507	29.7%	1,276,714	16.7%	2,083,065	29.1%	7,011,669	34.5%
Total	$ 60,210,102	29.5%	$ 18,839,819	28.4%	$ 4,667,931	15.5%	$ 6,917,335	28.4%	$ 29,785,017	35.7%
Non-Participating Providers -										
Retirees	$ 846,230	21.3%	$ 231,157	25.4%	$ 70,544	14.8%	$ 25,605	23.4%	$ 518,924	21.0%
Dependents	295,848	27.9%	71,122	24.6%	27,048	20.4%	10,920	23.3%	186,759	31.6%
Total	$ 1,142,079	22.7%	$ 302,279	25.2%	$ 97,592	16.0%	$ 36,525	23.4%	$ 705,683	23.0%
All Providers										
Retirees	$ 45,410,377	29.2%	$ 13,796,469	27.9%	$ 3,461,761	15.1%	$ 4,859,875	28.1%	$ 23,292,272	35.5%
Dependents	15,941,804	29.5%	5,345,629	29.6%	1,303,762	16.8%	2,093,985	29.0%	7,198,428	34.4%
Total	$ 61,352,181	29.3%	$ 19,142,098	28.4%	$ 4,765,523	15.5%	$ 6,953,860	28.4%	$ 30,490,700	35.2%

Note: Performance ratio equals benefits paid divided by billed charges.

[1] Totals may not add due to rounding.

TABLE 14

Table 14 shows HMSA medical frequency rates and average costs per 1,000 members enrolled in the EUTF.

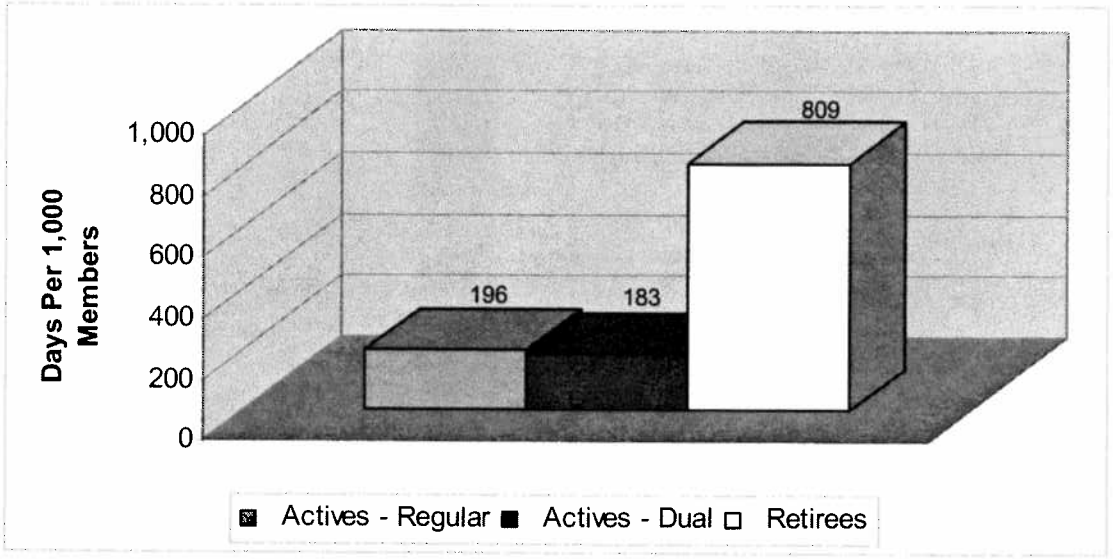


TABLE 14

HMSA Medical Frequency Rates and Average Cost

By Type of Service for Actives or Retirees per 1,000 Members per Year

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year

	2004 Plan Year		
	Actives-Regular (Per 1,000 Employees)	**Actives-Dual (Per 1,000 Employees)**	**Retirees (Per 1,000 Retireed Employees)**
MEDICAL			
Physician Visits	5,825.1	6,461.9	9,174.7
Average Paid Per Visit	$92.00	$51.04	$50.12
SURGICAL			
Cases	710.0	733.3	1,076.2
Average Paid Per Case	$217.55	$84.60	$106.37
LAB AND X-RAY			
Services	7,016.5	6,971.4	6,248.4
Average Paid Per Service	$36.24	$26.56	$26.73
HOSPITAL			
Admissions	61.1	52.4	132.6
Average Length of Stay	3.2	3.5	6.1
Average Days	195.5	183.4	808.9
Average Paid Per Admission	$12,063.93	$9,816.24	$5,523.68

Note: Retiree costs are net of expenses paid by Medicare.

TABLE 15

Table 15 shows Kaiser medical usage and average hospital admissions and days per 1,000 members enrolled in the EUTF.

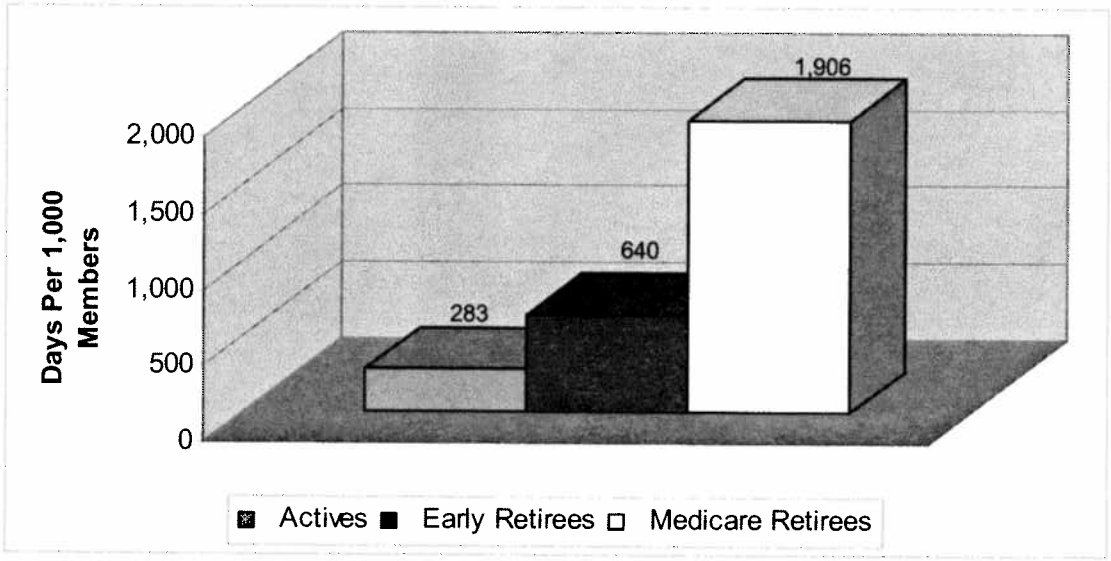


TABLE 15

Kaiser Frequency Rates

By Type of Service for Actives or Retirees per Year

Hawaii Employer-Union Health Benefits Trust Fund

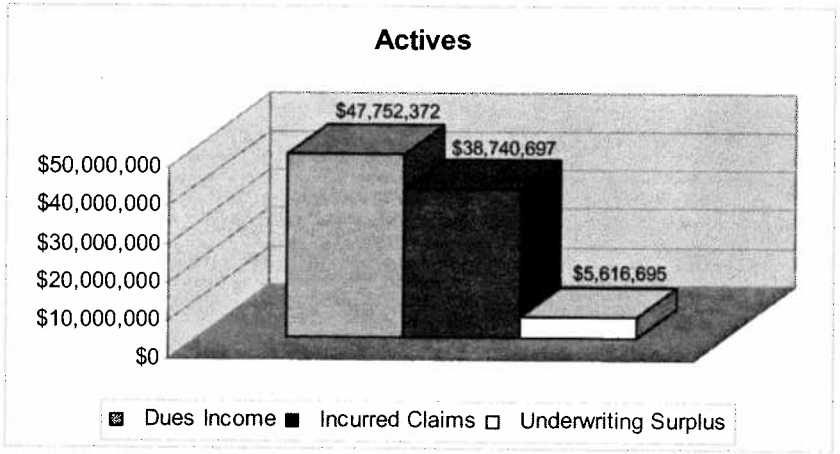
2004 Plan Year

	2004 Plan Year		
	Actives	**Early Retirees**	**Medicare Retirees**
OUTPATIENT			
Physician Visits	90,324	14,243	48,434
Other Provider Visits	27,656	5,130	15,038
Laboratory Procedures	161,822	45,241	183,254
Radiology Procedures	17,820	4,286	14,345
Physical/Occupational Procedures	5,014	1,092	3,479
INPATIENT			
Hospital Cases Per 1,000 Members	66.9	104.1	283.5
Days Per 1,000 Members	283.1	639.5	1,905.5

TABLE 16

Table 16 shows the HMSA prescription drug plan financial results. The two active plans are combined for experience rating purposes. Therefore, the surplus for active employees was $5,616,695.

All claims for the first plan year must be filed by June 30, 2005 - one year after the date services are rendered. In July, 2005, HMSA will make their final accounting for the first plan year. At that time additional surpluses may be refunded to the EUTF (if the IBNR—incurred-but-not-reported reserve—is greater than the actual claims) or a portion of the amount already refunded may be owed to HMSA (if the claims exceed the reserve).



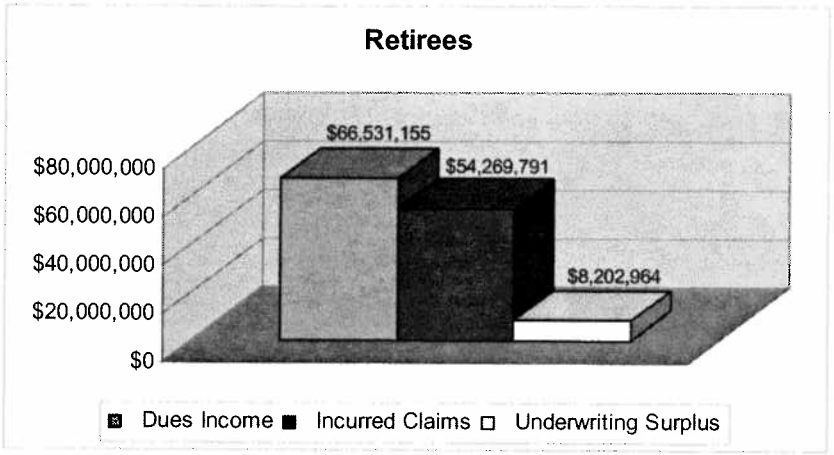


TABLE 16

HMSA Prescription Drug Financial Operations

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year[1]

	Actives - Regular		Actives - Dual		Retirees	
Dues Income	$ 47,694,628	100.0%	$ 57,744	100.0%	$ 66,531,155	100.0%
Less:						
Claims	38,656,792	81.1%	45,105	78.1%	54,215,591	81.5%
Current Period's IBNR	38,700	0.1%	100	0.2%	54,200	0.1%
Incurred Claims	$ 38,695,492	81.1%	$ 45,205	78.3%	$ 54,269,791	81.6%
Less:						
Retention [2]	$ 3,386,319	7.1%	$ 8,662	15.0%	$ 4,058,400	6.1%
Underwriting (Deficit)/Surplus	$ 5,612,818	11.8%	$ 3,877	6.7%	$ 8,202,964	12.3%

[1] Totals may not add due to rounding.

[2] Retention is 7.1% of premium for Actives-Regular, 15.0% of premiums for Actives-Dual and 6.1% of premiums for retirees.

Note: HMSA also refunded to the EUTF $3,372,380 in drug rebates attributable to the actives-regular plan, $4,185 for the dual-coverage plan and $4,430,760 for the retirees.

TABLE 17

Table 17 shows the HMSA prescription drug payments for brand name and generic drugs for active employees in the regular plan. This table also shows the percentage of billed charges paid by category for both participating and non-participating pharmacies and mail-order pharmacy.

Active employees overwhelmingly used participating pharmacies; virtually all of the benefits paid were paid for services rendered by participating pharmacies or mail order.

Brand name drugs accounted for 79.8% of all benefits paid and generics were 20.2%.

Prescriptions for employees accounted for 66.6% of all benefits, as opposed to 33.4% for dependents.

Overall, benefits paid were 79.9% of billed charges.

Actives - Regular Plan

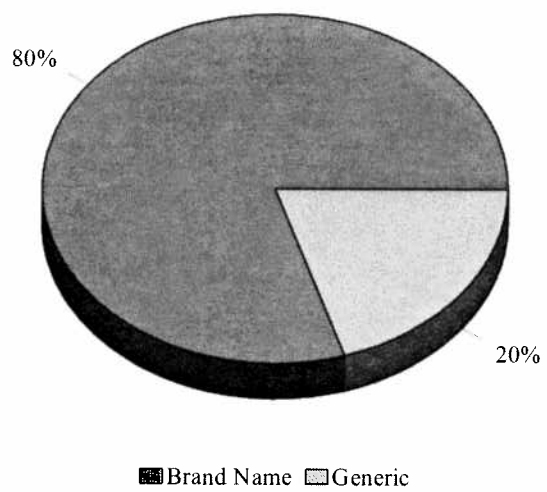


TABLE 17

HMSA Prescription Drug
Payment and Plan Performance by Brand Name and Generic

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year

Actives - Regular Plan

	Total				Brand Name				Generic			
	Number of Rx	% of Total Rx	Amount Paid	Perf. Ratio	Number of Rx	% of Total Rx	Amount Paid	Perf. Ratio	Number of Rx	% of Total Rx	Amount Paid	Perf. Ratio
Participating Pharmacies -												
Employees	447,735		$ 21,395,979	79.1%	246,522		$ 16,924,145	78.7%	201,213		$ 4,471,834	80.5%
Dependents	264,879		11,260,886	80.5%	137,689		8,687,485	80.2%	127,190		2,573,401	81.3%
Total	712,614	95.1%	$ 32,656,865	79.6%	384,211	93.7%	$ 25,611,630	79.2%	328,403	96.9%	$ 7,045,235	80.8%
Non-Participating Pharmacies -												
Employees	213		$ 10,697	55.1%	96		$ 6,646	60.5%	117		$ 4,051	48.1%
Dependents	260		9,007	54.0%	142		5,809	53.5%	118		3,197	12.5%
Total	473	0.1%	$ 19,704	54.6%	238	0.1%	$ 12,455	57.0%	235	0.1%	$ 7,249	50.9%
Mail Order Pharmacy -												
Employees	26,467		$ 3,801,653	81.9%	18,779		$ 3,355,903	81.4%	7,688		$ 445,750	85.3%
Dependents	9,688		1,391,899	82.7%	6,937		1,231,837	82.3%	2,751		160,062	86.0%
Total	36,155	4.8%	$ 5,193,552	82.1%	25,716	6.3%	$ 4,587,740	81.7%	10,439	3.1%	$ 605,812	85.5%
All Pharmacies -												
Employees	474,415		$ 25,208,329	79.5%	265,397		$ 20,286,694	79.1%	209,018		$ 4,921,635	80.8%
Dependents	274,827		12,661,792	80.7%	144,768		9,925,131	80.4%	130,059		2,736,661	81.5%
Total	749,242	100.0%	$ 37,870,121	79.9%	410,165	54.7%	$ 30,211,825	79.6%	339,077	45.3%	$ 7,658,296	81.1%

Note: Performance ratio equals benefits paid divided by billed charges.

TABLE 18

Table 18 shows the HMSA prescription drug payments for brand name and generic drugs for active employees in the dual-coverage plan. This table also shows the percentage of billed charges paid by category for both participating and non-participating pharmacies and mail-order pharmacy.

Actives - Dual Coverage

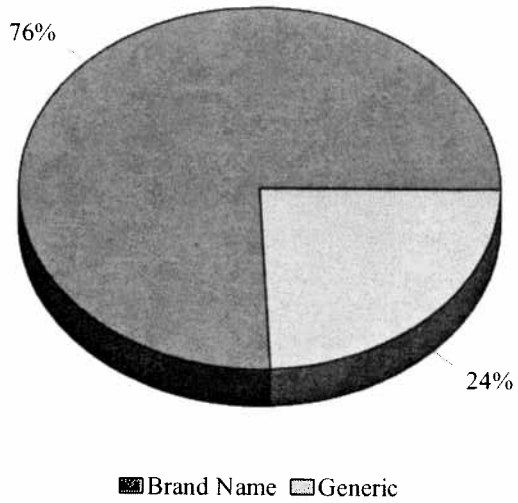


TABLE 18

HMSA Prescription Drug
Payment and Plan Performance by Brand Name and Generic

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year

Actives - Dual Coverage

	Total				Brand Name				Generic			
	Number of Rx	% of Total Rx	Amount Paid	Perf. Ratio	Number of Rx	% of Total Rx	Amount Paid	Perf. Ratio	Number of Rx	% of Total Rx	Amount Paid	Perf. Ratio
Participating Pharmacies -												
Employees	1,230		$ 20,023	24.4%	751		$ 13,198	20.1%	479		$ 6,825	41.1%
Dependents	1,169		20,722	66.5%	712		17,533	65.3%	457		3,189	74.1%
Total	2,399	97.6%	$ 40,745	36.0%	1,463	97.1%	$ 30,731	33.3%	936	98.4%	$ 10,014	47.9%
Non-Participating Pharmacies -												
Employees	-		$ -	0.0%	-		$ -	0.0%	-		$ -	0.0%
Dependents	1		45	37.5%	1		45	37.5%	-		-	0.0%
Total	1	0.0%	$ 45	37.5%	1	0.1%	$ 45	37.5%	-	0.0%	$ -	0.0%
Mail Order Pharmacy -												
Employees	31		$ 879	21.2%	24		$ 710	18.1%	7		$ 169	75.5%
Dependents	26		840	91.3%	18		715	100.0%	8		125	61.0%
Total	57	2.3%	$ 1,719	34.0%	42	2.8%	$ 1,425	30.8%	15	1.6%	$ 294	68.5%
All Pharmacies -												
Employees	1,261		$ 20,902	24.2%	775		$ 13,908	20.0%	486		$ 6,994	41.6%
Dependents	1,196		21,607	67.1%	731		18,293	66.1%	465		3,314	73.5%
Total	2,457	100.0%	$ 42,509	35.9%	1,506	61.3%	$ 32,201	33.1%	951	38.7%	$ 10,308	48.3%

Note: Performance ratio equals benefits paid divided by billed charges.

TABLE 19

Table 19 shows the HMSA prescription drug payments for brand name and generic drugs for retirees. This table also shows the percentage of billed charges paid by category for both participating and non-participating pharmacies and mail-order pharmacy.

Retirees overwhelmingly used participating pharmacies; virtually all of the benefits paid were paid for services rendered by participating pharmacies or mail order.

Brand name drugs accounted for 82.1% of all benefits paid and generics were 17.9%.

Prescriptions for retirees accounted for 75.3% of all benefits.

Overall, benefits paid were 79.9% of billed charges.

Retirees

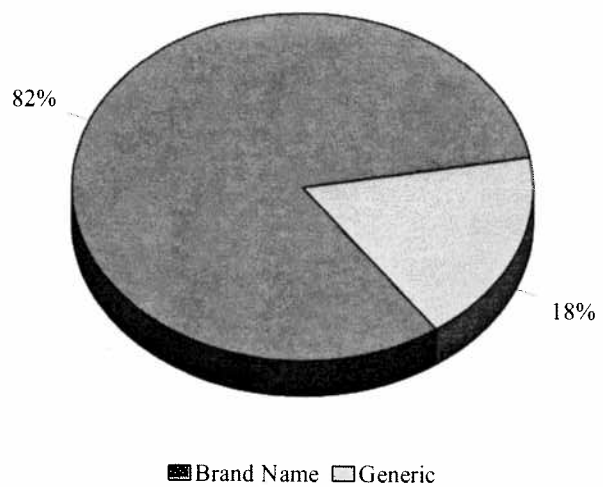


TABLE 19

HMSA Prescription Drug
Payment and Plan Performance by Brand Name and Generic

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year

Retirees

	Total				Brand Name				Generic			
	Number of Rx	% of Total Rx	Amount Paid	Perf. Ratio	Number of Rx	% of Total Rx	Amount Paid	Perf. Ratio	Number of Rx	% of Total Rx	Amount Paid	Perf. Ratio
Participating Pharmacies -												
Retirees	622,266		$ 30,149,407	79.2%	361,141		$ 24,307,949	78.9%	261,125		$ 5,841,458	80.8%
Dependents	244,371		10,050,373	80.7%	144,023		8,133,912	80.5%	100,348		1,916,462	81.5%
Total	866,637	89.3%	$ 40,199,781	79.6%	505,164	87.9%	$ 32,441,861	79.3%	361,473	91.4%	$ 7,757,920	81.0%
Non-Participating Pharmacies -												
Retirees	1,921		$ 68,039	46.2%	1,041		$ 53,271	47.3%	880		$ 14,768	42.8%
Dependents	305		10,193	42.9%	166		8,122	41.3%	139		2,071	50.7%
Total	2,226	0.2%	$ 78,232	45.8%	1,207	0.2%	$ 61,393	46.4%	1,019	0.3%	$ 16,839	43.7%
Mail Order Pharmacy												
Retirees	76,294		$ 9,803,876	81.1%	51,593		$ 8,457,437	80.5%	24,701		$ 1,346,439	84.6%
Dependents	25,214		3,099,744	81.3%	16,854		2,683,915	80.9%	8,360		415,829	84.0%
Total	101,508	10.5%	$ 12,903,621	81.1%	68,447	11.9%	$ 11,141,352	80.6%	33,061	8.4%	$ 1,762,268	84.5%
All Pharmacies -												
Retirees	700,481		$ 40,021,323	79.6%	413,775		$ 32,818,657	79.2%	286,706		$ 7,202,665	81.4%
Dependents	269,890		13,160,311	80.8%	161,043		10,825,948	80.6%	108,847		2,334,362	81.9%
Total	970,371	100.0%	$ 53,181,634	79.9%	574,818	59.2%	$ 43,644,606	79.5%	395,553	40.8%	$ 9,537,028	81.5%

Note: Performance ratio equals benefits paid divided by billed charges.

TABLE 20

Table 20 shows the HMSA claims for the regular prescription drug plan, broken down by union.

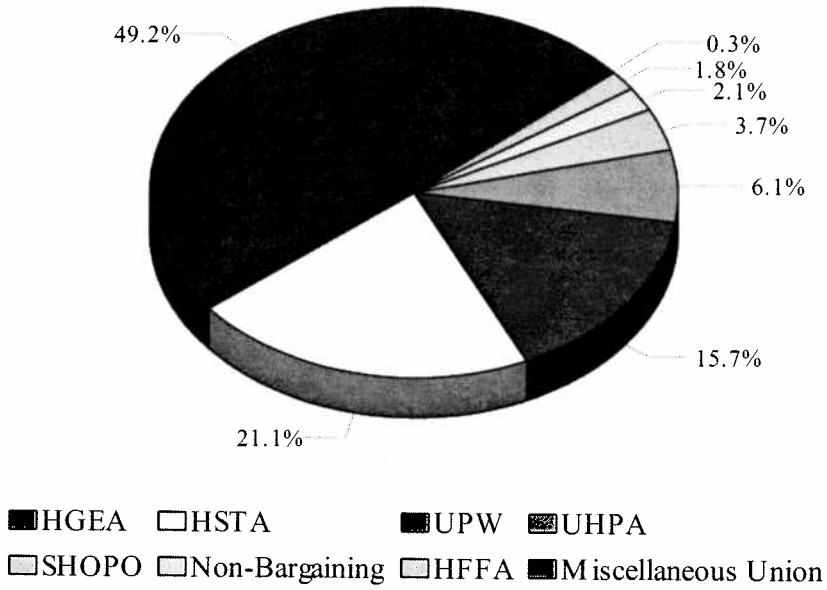


TABLE 20

HMSA Prescription Drug Financial Operations

Hawaii Employer-Union Health Benefits Trust Fund

Active Employee Benefits By Union

Regular Plan

2004 Plan Year[1]

Union	Prescription Drug Plan Benefits	% of Grand Total
HGEA	$ 19,003,022	49.2%
SHOPO	1,446,649	3.7%
UHPA	2,347,536	6.1%
UPW	6,062,033	15.7%
HFFA	712,667	1.8%
HSTA	8,147,595	21.1%
Non-Bargaining	826,551	2.1%
Miscellaneous Union[2]	110,738	0.3%
Total Benefits	$ 38,656,792	100.0%

[1] Totals may not add due to rounding.

[2] Category for members who were enrolled in a Union or Health Fund HMSA plan prior to the EUTF, but whose Union designation and status was unknown until the receipt of the EUTF Final Open Enrollment (OE) file in early August 2003. As requested by the EUTF, HMSA did not cancel these members until indicated by the Final OE file, and as a result, benefits were being incurred and paid in the interim. All members were transferred out of or cancelled from the Miscellaneous Union category by the end of August 2003.

TABLE 21

Table 21 shows the HMSA claims for the dual-coverage prescription drug plan, broken down by union.

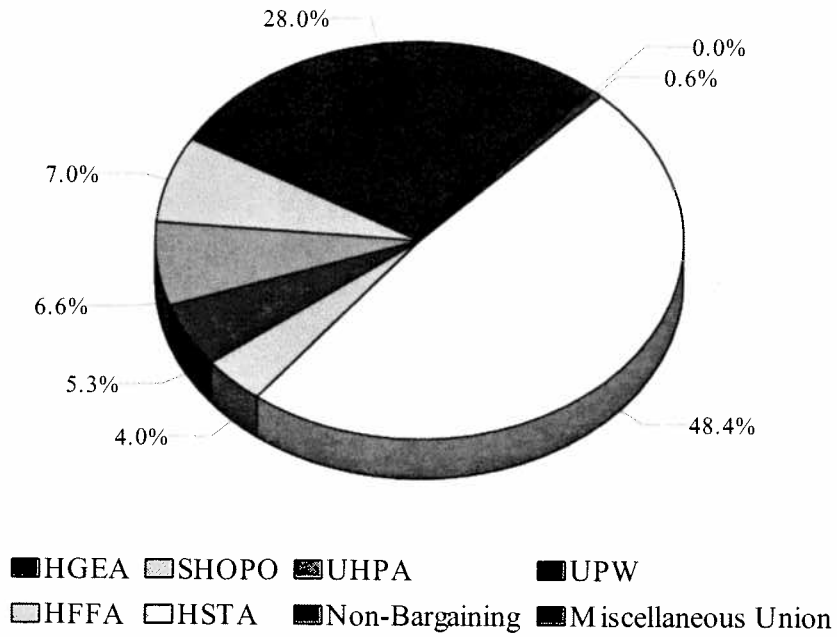


TABLE 21

HMSA Prescription Drug Financial Operations

Hawaii Employer-Union Health Benefits Trust Fund

Active Employee Benefits By Union

Dual Coverage

2004 Plan Year[1]

Union	Prescription Drug Plan Benefits	% of Grand Total
HGEA	$ 12,640	28.0%
SHOPO	3,178	7.0%
UHPA	2,962	6.6%
UPW	2,399	5.3%
HFFA	1,803	4.0%
HSTA	21,833	48.4%
Non-Bargaining	290	0.6%
Miscellaneous Union[2]	-	0.0%
Total Benefits	$ 45,105	100.0%

[1] Totals may not add due to rounding.

[2] Category for members who were enrolled in a Union or Health Fund HMSA plan prior to the EUTF, but whose Union designation and status was unknown until the receipt of the EUTF Final Open Enrollment (OE) file in early August 2003. As requested by the EUTF, HMSA did not cancel these memebers until indicated by the Final OE file, and, as a result, benefits were being incurred and paid in the interim. All members were transferred out of or cancelled from the Miscellaneous Union category by the end of August 2003.

TABLE 22

Table 22 shows the chiropractic plan financial results.

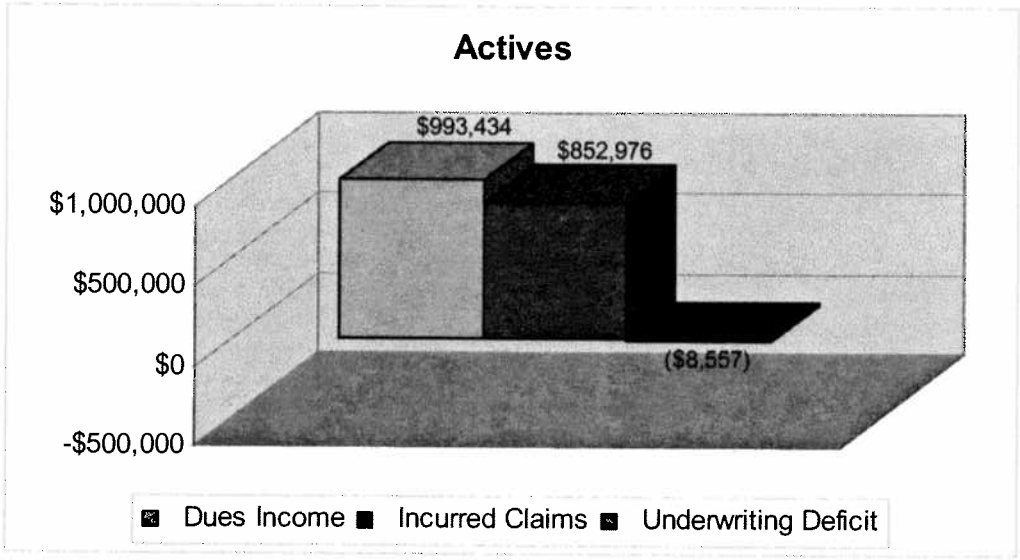


TABLE 22

MBAH Chiropractic Plan Financial Operations

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year[1]

	Actives	
Dues Income	$ 993,434	100.0%
Less:		
Capitation Fees	852,976	85.9%
Less:		
Retention	149,016	15.0%
Underwriting (Deficit)/Surplus	$ (8,557)	-0.9%

[1] Totals may not add due to rounding.

TABLE 23

Table 23 shows the chiropractic capitated fees by bargaining unit.

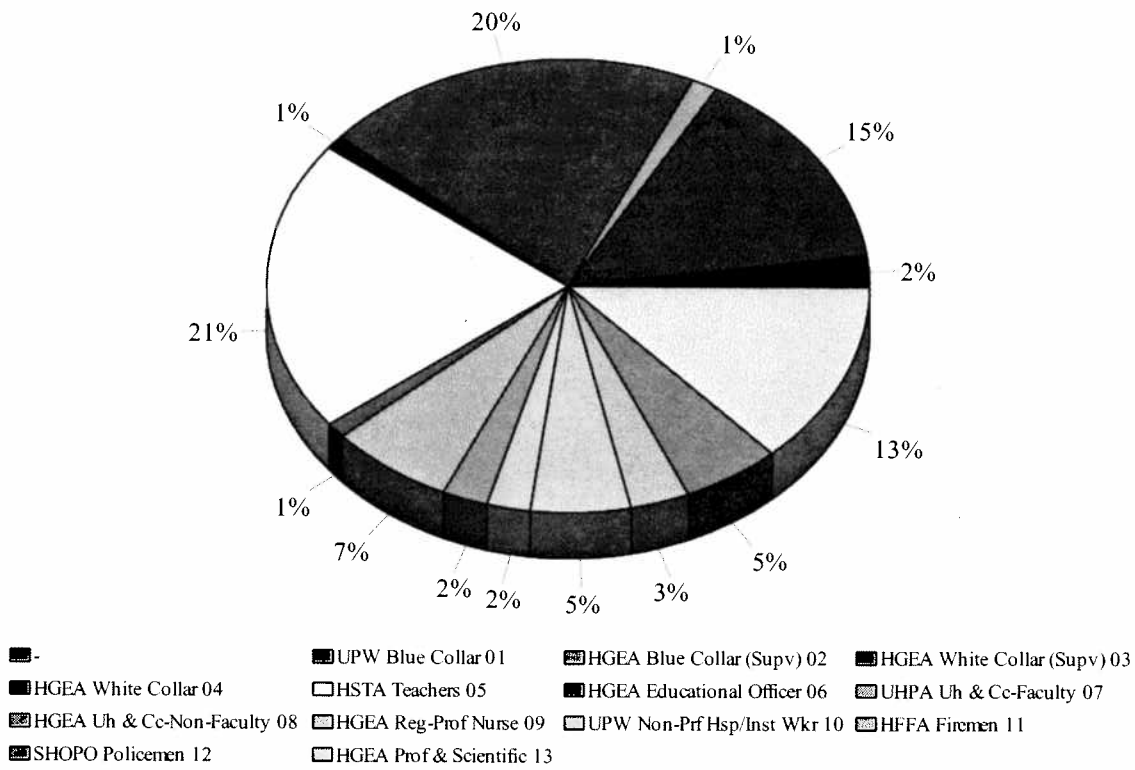


TABLE 23

MBAH Chiropractic Plan Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year

Bargaining Unit	Claims/Cap Fees
-	18,231
UPW Blue Collar 01	126,243
HGEA Blue Collar (Supv) 02	11,786
HGEA White Collar (Supv) 03	173,227
HGEA White Collar 04	8,876
HSTA Teachers 05	177,316
HGEA Educational Officer 06	9,497
UHPA Uh & Cc-Faculty 07	58,035
HGEA Uh & Cc-Non-Faculty 08	21,099
HGEA Reg-Prof Nurse 09	19,402
UPW Non-Prf Hsp/Inst Wkr 10	44,263
HFFA Firemen 11	26,945
SHOPO Policemen 12	45,989
HGEA Prof & Scientific 13	112,067

TABLE 24

Table 24 shows the dental plan enrollment.

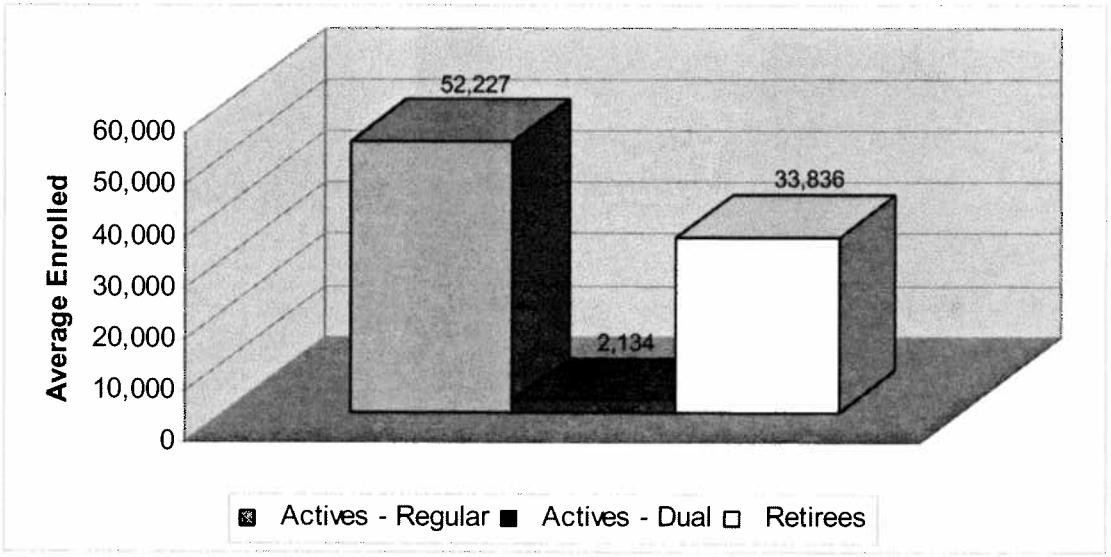


TABLE 24

Monthly Average Dental Plan Enrollment History by Eligibility Class

Actives and Retirees

Hawaii Employer-Union Health Benefits Trust Fund[1]

	Grand Total	Total Actives		Actives - Regular		Actives - Dual		Retirees	
Plan Year Ending	Average Enrolled	Average Enrolled	Percentage of Grand Total	Average Enrolled	Percentage of Grand Total	Average Enrolled	Percentage of Grand Total	Average Enrolled	Percentage of Grand Total
2004	88,197	54,361	61.6%	52,227	59.2%	2,134	2.4%	33,836	38.4%

[1] Totals may not add due to rounding.

TABLE 25

Table 25 shows dental plan enrollment by eligibility class and dependent status.

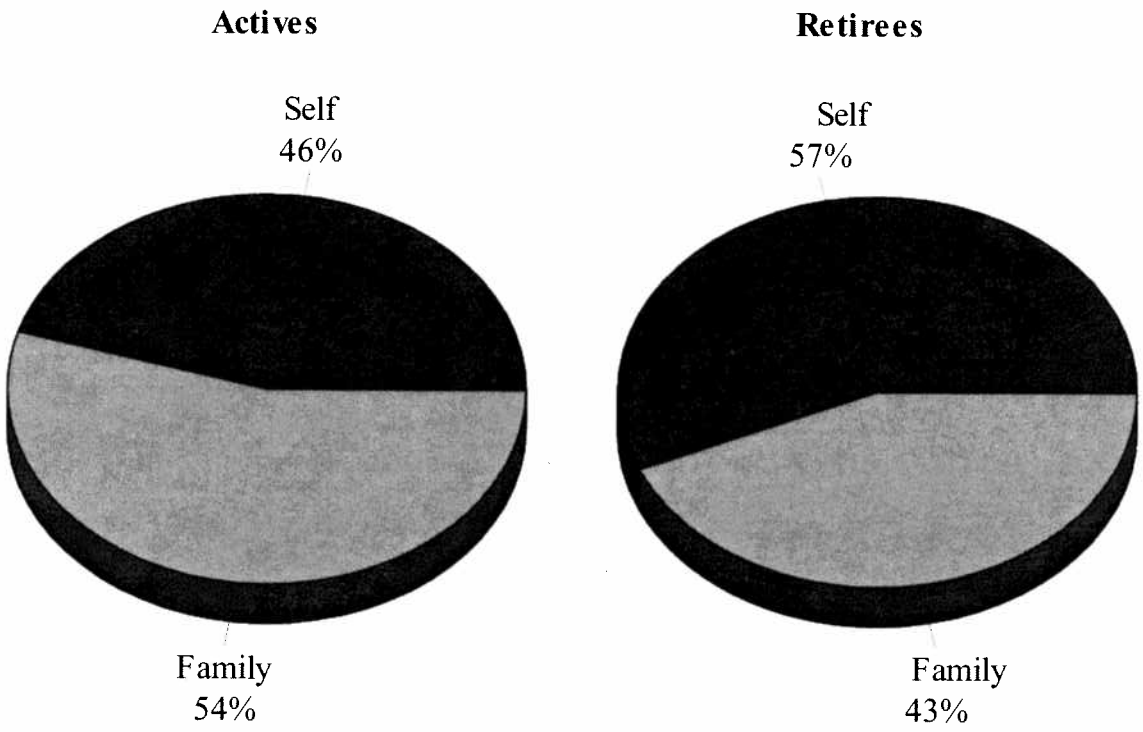


TABLE 25

Monthly Average Dental Plan Enrollment by Eligibility Class and Dependent Status

Actives and Retirees

Hawaii Employer-Union Health Benefits Trust Fund

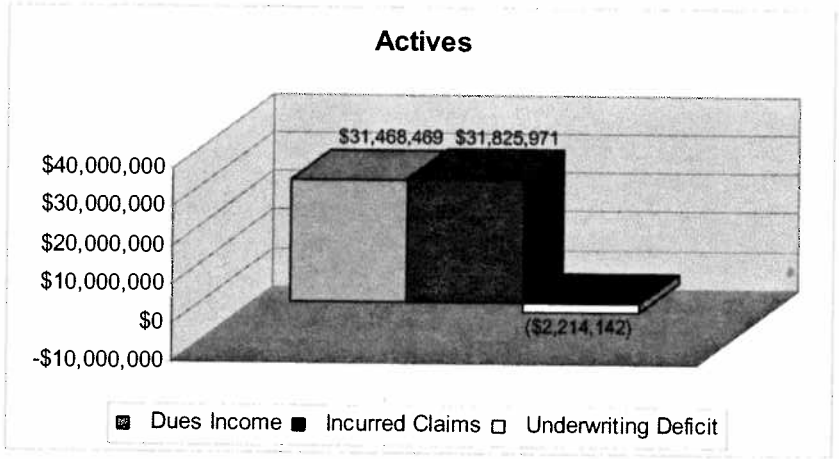
2004 Plan Year[1]

	Grand Total		HDS - Regular		HDS - Dual	
	Average Enrolled	% of Grand Total	Average Enrolled	% of Grand Total	Average Enrolled	% of Grand Total
Actives						
Self	24,753		24,448		305	
Family	29,608		27,779		1,829	
Total	54,361	61.6%	52,227	60.7%	2,134	100.0%
Retirees						
Self	19,120		19,120		-	
Family	14,716		14,716		-	
Sub-total	33,836	38.4%	33,836	39.3%	-	0.0%
Grand Total						
Self	43,873	49.7%	43,568	50.6%	305	14.3%
Family	44,324	50.3%	42,495	49.4%	1,829	85.7%
Total	88,197	100.0%	86,063	97.6%	2,134	2.4%

[1] Totals may not add due to rounding.

TABLE 26

Table 26 shows the HDS dental plan financial results. The two active plans are combined for experience rating purposes, therefore there was a deficit on the active plans. The premiums shown include the retrospective premiums paid after the end of the plan year.



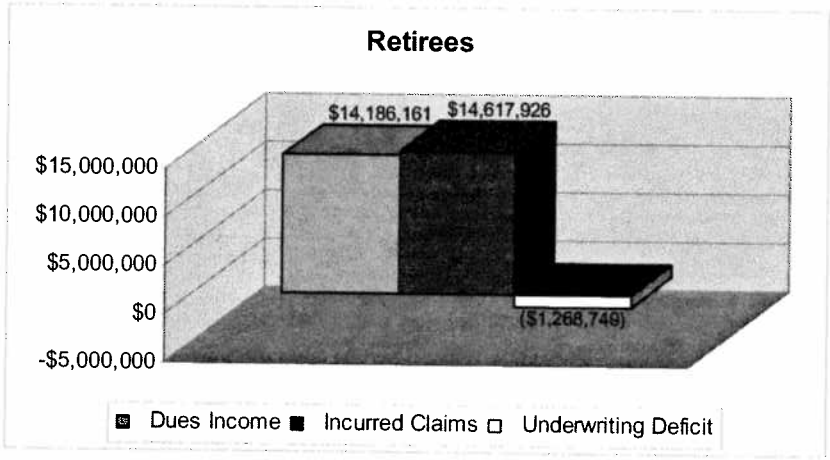


TABLE 26

HDS Dental Plan Financial Operations

Hawaii Employer-Union Health Benefits Trust Fund

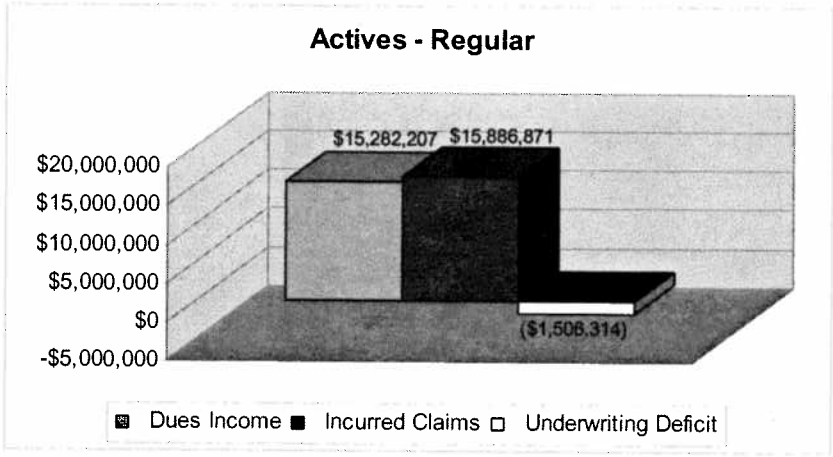
2004 Plan Year[1]

	Actives - Regular		Actives - Dual		Retirees	
Dues Income	$ 30,507,566	100.0%	$ 960,903	100.0%	$ 14,186,161	100.0%
Less:						
Employee and Spouse Claims	30,687,033	100.6%	744,748	77.5%	14,430,110	101.7%
IBNR	385,332	1.3%	8,858	0.9%	187,816	1.3%
Incurred Claims	$ 31,072,365	101.9%	$ 753,606	78.4%	$ 14,617,926	103.0%
Less:						
Retention	1,799,947	5.9%	56,693	5.9%	836,984	5.9%
Underwriting (Deficit)/Surplus	$ (2,364,746)	-7.8%	$ 150,604	15.7%	$ (1,268,749)	-8.9%

[1] Totals may not add due to rounding.

TABLE 27

Table 27 shows the HDS dental plan financial results by bargaining unit for the period January 1, 2004 through June 30, 2004. Each bargaining unit had a deficit.



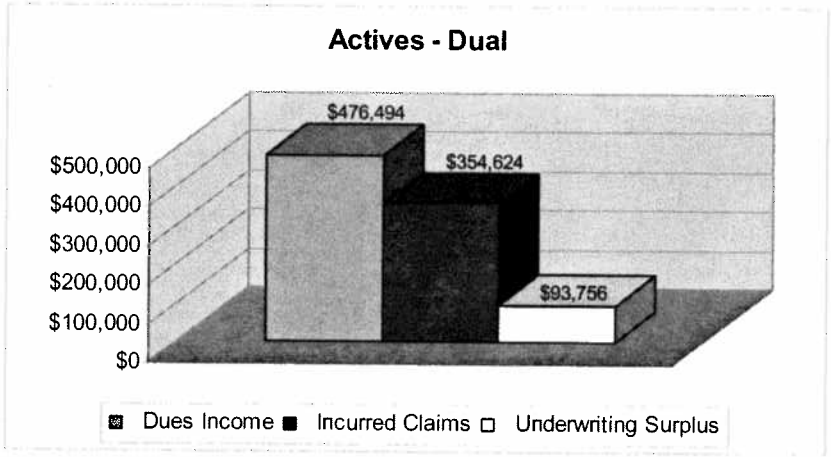


TABLE 27

HDS Dental Plan Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

For the Period January 1, 2004 to June 30, 2004 [1]

	Elected, Appointed & Other 00	UPW Blue Collar 01	HGEA Blue Collar (Supv) 02	HGEA White Collar (Supv) 03	HGEA White Collar 04	HSTA Teachers 05	HGEA Educational Officer 06	UHPA Uh & Cc-Faculty 07	HGEA Uh & Cc-Non-Faculty 08	HGEA Reg-Prof Nurse 09	UPW Non-Prf Hsp/Inst Wkr 10
Actives - Regular											
Dues Income	$ 292,913	$ 2,120,110	$ 189,269	$ 3,324,339	$ 163,706	$ 3,119,790	$ 170,193	$ 1,044,607	$ 403,091	$ 324,386	$ 715,609
Less:											
Employee and Spouse Claims	269,608	2,049,268	225,520	3,345,288	186,339	3,110,984	178,902	1,027,641	383,767	408,329	703,994
IBNR	5,717	42,988	4,758	71,336	3,917	66,820	3,786	21,761	7,838	8,772	14,750
Incurred Claims	$ 275,325	$ 2,092,256	$ 230,278	$ 3,416,624	$ 190,256	$ 3,177,804	$ 182,688	$ 1,049,402	$ 391,605	$ 417,101	$ 718,744
Less:											
Retention	17,282	125,086	11,167	196,136	9,659	184,068	10,041	61,632	23,782	19,139	42,221
Underwriting (Deficit)/Surplus	$ 306	$ (97,232)	$ (52,176)	$ (288,421)	$ (36,209)	$ (242,082)	$ (22,536)	$ (66,427)	$ (12,296)	$ (111,854)	$ (45,356)
Actives - Dual											
Dues Income	$ 3,733	$ 47,782	$ 5,114	$ 125,130	$ 5,674	$ 146,968	$ 5,637	$ 17,844	$ 5,935	$ 8,325	$ 17,844
Less:											
Employee and Spouse Claims	3,507	31,974	3,565	97,648	4,976	93,819	4,337	10,957	4,774	7,607	14,789
IBNR	88	647	66	2,077	104	1,959	92	237	88	181	340
Incurred Claims	$ 3,595	$ 32,621	$ 3,631	$ 99,725	$ 5,080	$ 95,778	$ 4,429	$ 11,194	$ 4,862	$ 7,788	$ 15,129
Less:											
Retention	220	2,819	302	7,383	335	8,671	333	1,053	350	491	1,053
Underwriting (Deficit)/Surplus	$ (82)	$ 12,342	$ 1,181	$ 18,022	$ 259	$ 42,519	$ 875	$ 5,597	$ 723	$ 46	$ 1,662

[1] Totals may not add due to rounding.

[2] Represents a claim payment that was processed and paid under division 0001

[3] Represents net retro premiums received by HDS for the period January through June 2004. The premium reports received from EUTF did not indicate the various EUTF bargaining units for the retro premium payments.

Continued

TABLE 27
(continued)
HDS Dental Plan Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

For the Period January 1, 2004 to June 30, 2004 [1]

	HFFA Firemen 11	SHOPO Policemen 12	HGEA Prof & Scientific 13	COBRA 9001	MISC[2] 0001	Retro Premiums[3]	Total
Actives - Regular							
Dues Income	$ 441,243	$ 724,402	$ 2,078,499	$ 151,310		$ 18,740	$ 15,282,207
Less:							
Employee and Spouse Claims	475,810	790,281	2,224,625	175,894	126		$ 15,556,376
IBNR	10,261	16,640	47,418	3,731	2		$ 330,495
Incurred Claims	$ 486,071	$ 806,921	$ 2,272,043	$ 179,625	$ 128		$ 15,886,871
Less:							
Retention	26,033	42,740	122,631	8,927		1,106	$ 901,650
Underwriting (Deficit)/Surplus	$ (70,861)	$ (125,259)	$ (316,175)	$ (37,242)	$ (128)	$ 17,634	$ (1,506,314)
Actives - Dual							
Dues Income	$ 19,748	$ 20,643	$ 43,153	$ 3,188		$ (224)	$ 476,494
Less:							
Employee and Spouse Claims	12,198	22,767	33,076	1,241			$ 347,235
IBNR	298	462	724	26			$ 7,389
Incurred Claims	$ 12,496	$ 23,229	$ 33,800	$ 1,267			$ 354,624
Less:							
Retention	1,165	1,218	2,546	188		13	$ 28,140
Underwriting (Deficit)/Surplus	$ 6,087	$ (3,804)	$ 6,807	$ 1,733		$ (211)	$ 93,756

[1] Totals may not add due to rounding.

[2] Represents a claim payment that was processed and paid under division 0001

[3] Represents net retro premiums received by HDS for the period January through June 2004. The premium reports received from EUTF did not indicate the various EUTF bargaining units for the retro premium payments.

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TABLE 28

Table 28 shows the HDS regular dental plan by amount paid (by type of service), plan performance and average annual cost for the Health Fund actives.

Overall, benefits paid were 66% of billed charges.

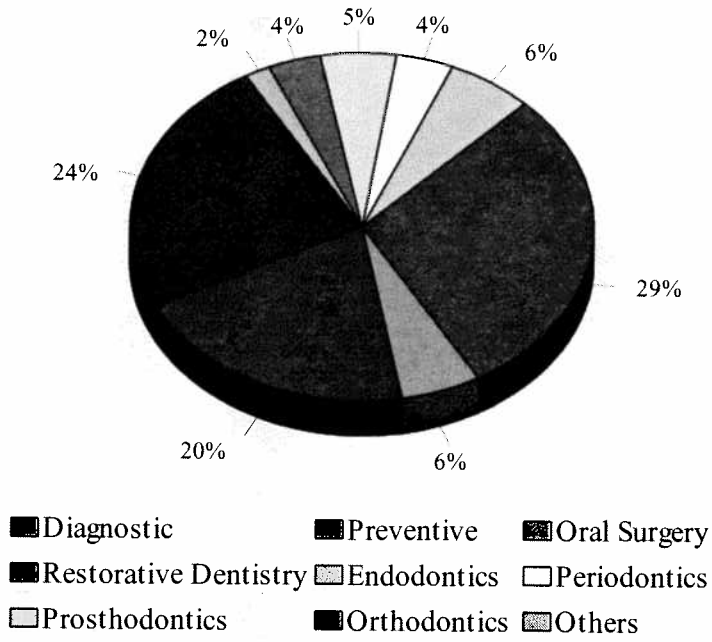


TABLE 28

HDS Dental Plan
Amount Paid by Type of Service, Plan Performance and Average Annual Cost

Hawaii Employer-Union Health Benefits Trust Fund
2004 Plan Year [1]
Actives - Regular Plan

	Amount Paid	Performance Ratio	Average Annual Amount Paid by HDS Per Enrollee
Diagnostic	$ 7,464,706	98%	$ 142.93
Preventive	6,218,477	98%	119.07
Oral Surgery	1,720,311	69%	32.94
Restorative Dentistry	9,015,788	54%	172.63
Endodontics	1,889,564	71%	36.18
Periodontics	1,225,709	70%	23.47
Prosthodontics	1,560,789	51%	29.88
Orthodontics	1,125,729	21%	21.55
Others	556,514	79%	10.66
Total	$ 30,777,587 [2]	66%	$ 589.30
Amount Paid by HDS	$ 30,687,040		$ 587.57

Note: Performance ratio equals benefits paid divided by billed charges.

[1] Totals may not add due to rounding.
[2] Total includes credits and recoveries of $90,546.

TABLE 29

Table 29 shows the HDS dual-coverage dental plan by amount paid (by type of service), plan performance and average annual cost for the Health Fund actives.

Overall, benefits paid were only 35% of billed charges. We believe this is because only people with other coverage were eligible to enroll in the dual-coverage plan and the EUTF plan was secondary for all dependents; furthermore, the plan limits hold down the percentage paid.

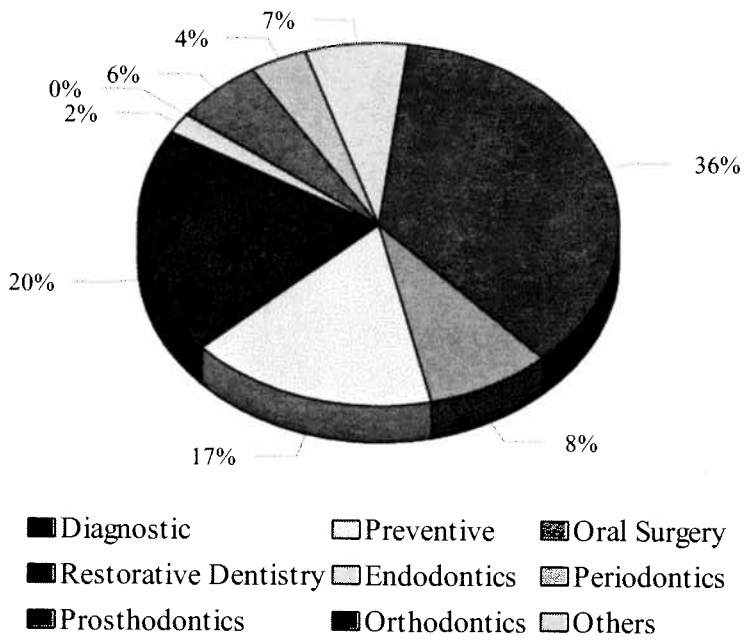


TABLE 29

HDS Dental Plan
Amount Paid by Type of Service, Plan Performance and Average Annual Cost

Hawaii Employer-Union Health Benefits Trust Fund
2004 Plan Year [1]
Actives - Dual Coverage

	Amount Paid	Performance Ratio	Average Annual Amount Paid by HDS Per Enrollee
Diagnostic	$ 151,712	47%	$ 71.09
Preventive	124,177	46%	58.19
Oral Surgery	63,645	35%	29.82
Restorative Dentistry	270,691	28%	126.85
Endodontics	50,414	35%	23.62
Periodontics	29,055	35%	13.62
Prosthodontics	44,926	27%	21.05
Orthodontics	125	29%	0.06
Others	14,429	40%	6.76
Total	$ 749,175 [2]	35%	$ 351.07
Amount Paid by HDS	$ 744,746		$ 348.99

Note: Performance ratio equals benefits paid divided by billed charges.

[1] Totals may not add due to rounding.
[2] Total includes credits and recoveries of $4,429.

TABLE 30

Table 30 shows the HDS retiree dental plan by amount paid (by type of service), plan performance and average annual cost for the Health Fund actives.

Overall, benefits paid were 65% of billed charges.

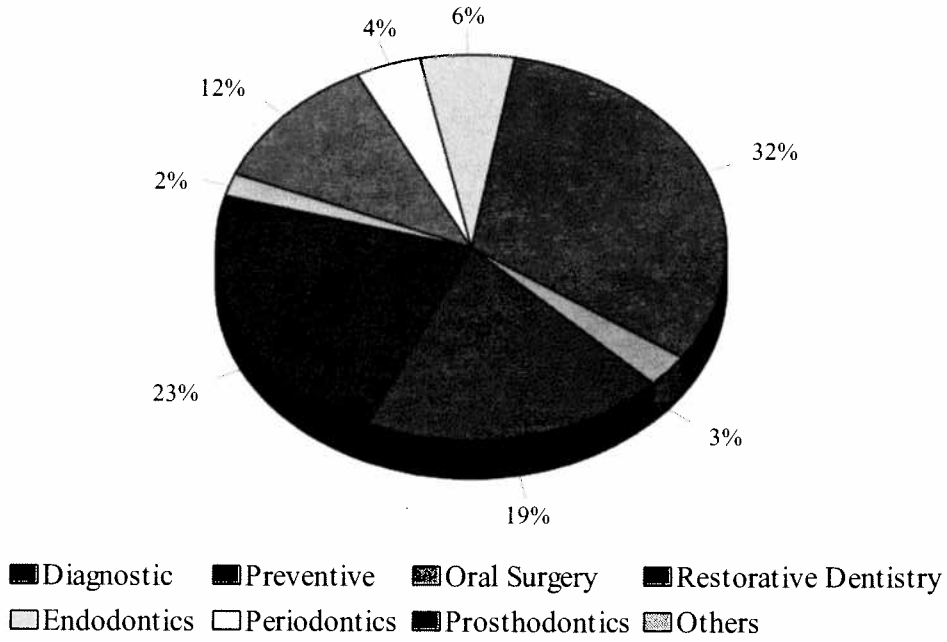


TABLE 30

HDS Dental Plan
Amount Paid by Type of Service, Plan Performance and Average Annual Cost

Hawaii Employer-Union Health Benefits Trust Fund
2004 Plan Year [1]
Retirees

	Amount Paid	Performance Ratio	Average Annual Amount Paid by HDS Per Enrollee
Diagnostic	$ 3,283,880	97%	$ 97.05
Preventive	2,766,263	97%	81.76
Oral Surgery	410,042	55%	12.12
Restorative Dentistry	4,606,644	51%	136.15
Endodontics	840,214	54%	24.83
Periodontics	594,236	55%	17.56
Prosthodontics	1,682,452	49%	49.72
Others	279,987	80%	8.27
Total	$ 14,463,719 [2]	65%	$ 427.47
Amount Paid by HDS	$ 14,430,110		$ 426.47

Note: Performance ratio equals benefits paid divided by billed charges.

[1] Totals may not add due to rounding.
[2] Total includes credits and recoveries of $36,609.

TABLE 31

Table 31 shows enrollment for the vision care plans.

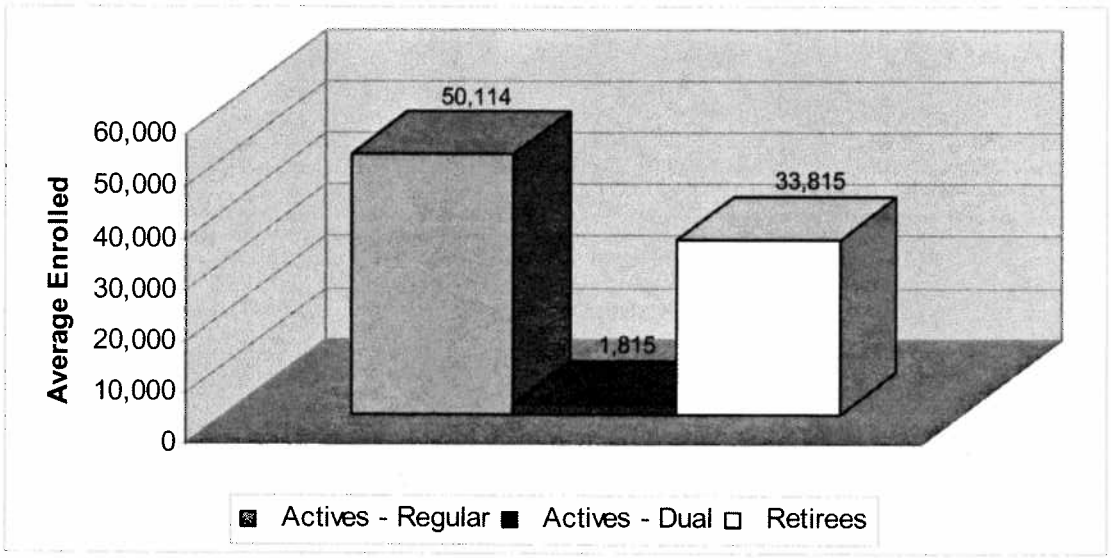


TABLE 31

Monthly Average Vision Care Plan Enrollment History by Eligibility Class

Actives and Retirees

Hawaii Employer-Union Health Benefits Trust Fund[1]

	Grand Total	Total Actives		Actives - Regular		Actives - Dual		Retirees	
Plan Year Ending	Average Enrolled	Average Enrolled	Percentage of Grand Total	Average Enrolled	Percentage of Grand Total	Average Enrolled	Percentage of Grand Total	Average Enrolled	Percentage of Grand Total
2004	83,929	51,929	61.9%	50,114	59.7%	1,815	2.2%	33,815	40.3%

[1] Totals may not add due to rounding.

TABLE 32

Table 32 shows vision care plan enrollment history by eligibility class and dependent status.

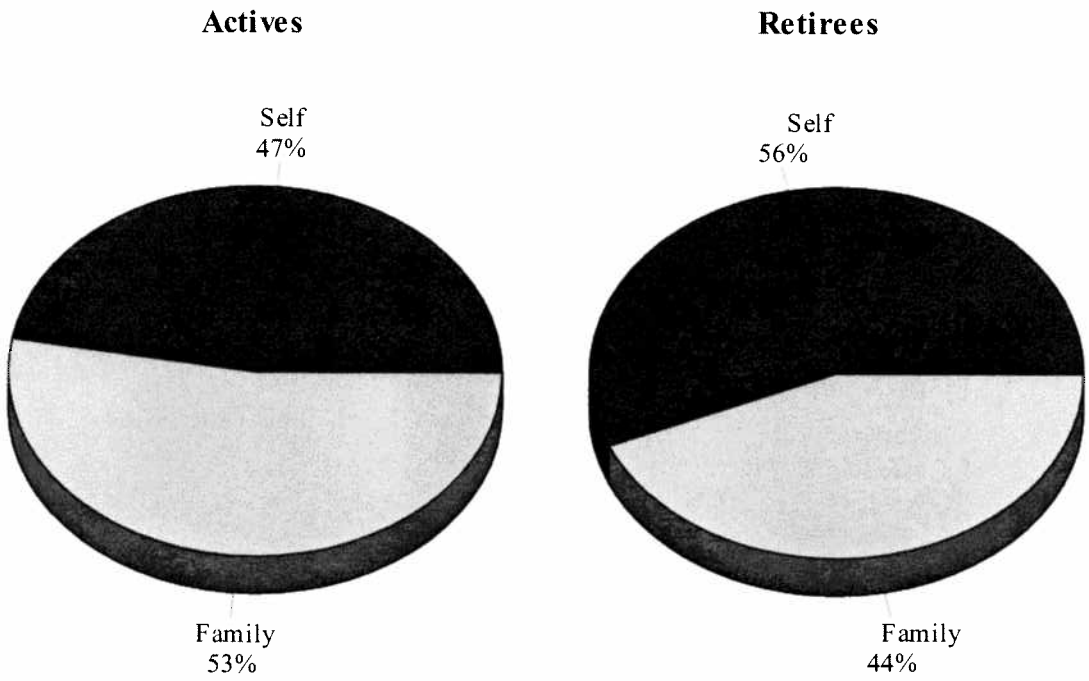


TABLE 32

Monthly Average Vision Care Plan Enrollment by Eligibility Class and Dependent Status

Actives and Retirees

Hawaii Employer-Union Health Benefits Trust Fund

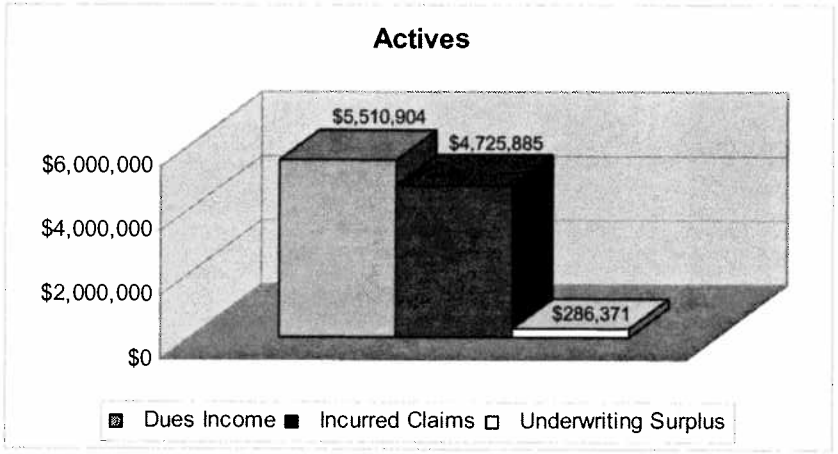
2004 Plan Year[1]

	Health Fund	
	Average Enrolled	% of Grand Total
Actives		
Self	24,551	
Family	27,379	
Total	51,930	60.6%
Retirees		
Self	19,046	
Family	14,769	
Sub-total	33,815	39.4%
Grand Total		
Self	43,597	50.8%
Family	42,148	49.2%
Total	85,745	100.0%

[1] Totals may not add due to rounding.

TABLE 33

Table 33 shows the vision care plan financial results. The two active plans are combined for experience rating purposes. The premiums shown for the retiree plan include retrospective premiums of $123,977. The premiums shown for the active plans include only paid premiums; the EUTF retained another $290,048 that could have been due to VSP had it been needed. Therefore, the true surplus under the active plans was $576,419.



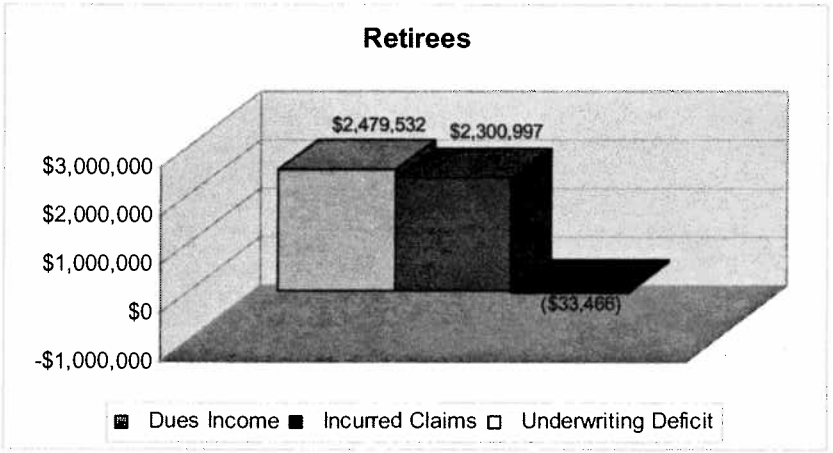


TABLE 33

VSP Vision Care Plan Financial Operations

Hawaii Employer-Union Health Benefits Trust Fund

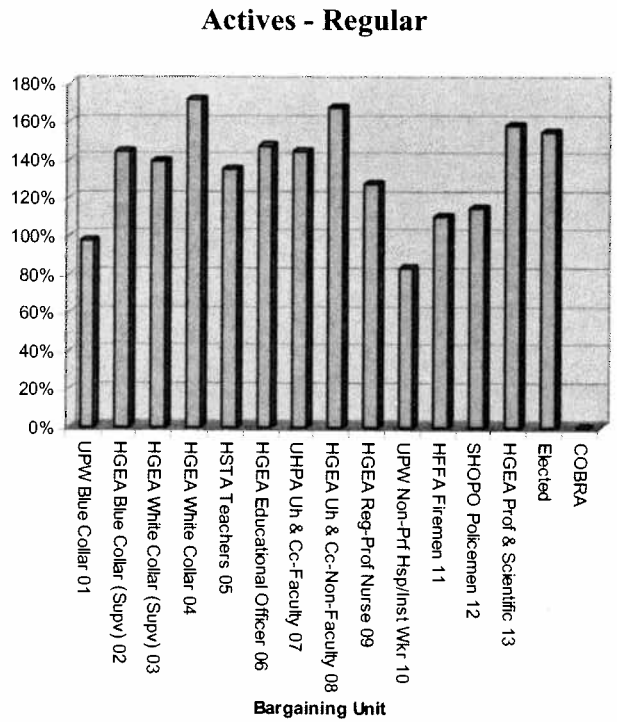
2004 Plan Year[1]

	Actives-Regular		Actives - Dual		Retirees	
Dues Income	$ 5,373,553	100.0%	$ 137,351	100.0%	$ 2,479,532	100.0%
Less:						
Employee and Spouse Claims	4,367,987	81.3%	83,225	60.6%	2,187,846	88.2%
IBNR	267,204	5.0%	7,469	5.4%	113,151	4.6%
Incurred Claims	$ 4,635,191	86.3%	$ 90,694	66.0%	$ 2,300,997	92.8%
Less:						
Retention	483,528	9.0%	15,120	11.0%	212,001	8.6%
Underwriting (Deficit)/Surplus	$ 254,834	4.7%	$ 31,537	23.0%	$ (33,466)	-1.3%

[1] Totals may not add due to rounding.

TABLE 34

Table 34 shows the vision care plan financial results by bargaining unit for the period January 1, 2004 through June 30, 2004. Only units 01 and 10 had premiums in excess of claims for the regular and dual-coverage plans combined.



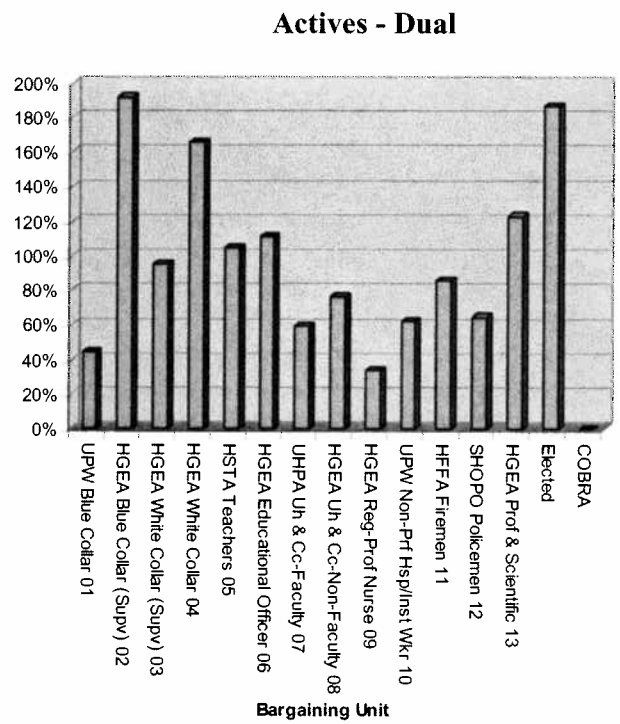


TABLE 34

VSP Vision Care Plan Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

For the Period January 1, 2004 to June 30, 2004[1]

Bargaining Unit	Actives - Regular			Actives - Dual		
	Premiums	Paid Claims	Paid Loss Ratio	Premiums	Paid Claims	Paid Loss Ratio
UPW Blue Collar 01	$ 208,078	$ 202,564	97%	$ 3,342	$ 1,477	44%
HGEA Blue Collar (Supv) 02	19,276	27,807	144%	266	510	192%
HGEA White Collar (Supv) 03	302,551	420,280	139%	9,118	8,667	95%
HGEA White Collar 04	16,355	28,012	171%	439	729	166%
HSTA Teachers 05	288,591	389,881	135%	11,676	12,254	105%
HGEA Educational Officer 06	17,101	25,184	147%	395	439	111%
UHPA Uh & Cc-Faculty 07	88,103	127,177	144%	1,361	808	59%
HGEA Uh & Cc-Non-Faculty 08	35,643	59,512	167%	426	325	76%
HGEA Reg-Prof Nurse 09	31,539	40,069	127%	504	170	34%
UPW Non-Prf Hsp/Inst Wkr 10	72,099	60,211	84%	954	595	62%
HFFA Firemen 11	42,876	47,210	110%	1,880	1,618	86%
SHOPO Policemen 12	75,583	86,840	115%	1,516	979	65%
HGEA Prof & Scientific 13	194,261	306,949	158%	3,393	4,178	123%
Elected	25,155	38,859	154%	233	435	187%
COBRA		48,994			539	

[1] Totals may not add due to rounding.

TABLE 35

Table 35 shows the vision care payments for participating and non-participating for active employees in the regular plan. This table also shows the percentage of billed charges paid by category.

Active employees primarily used participating providers; 86.3% of the benefits paid were paid for services rendered by participating providers.

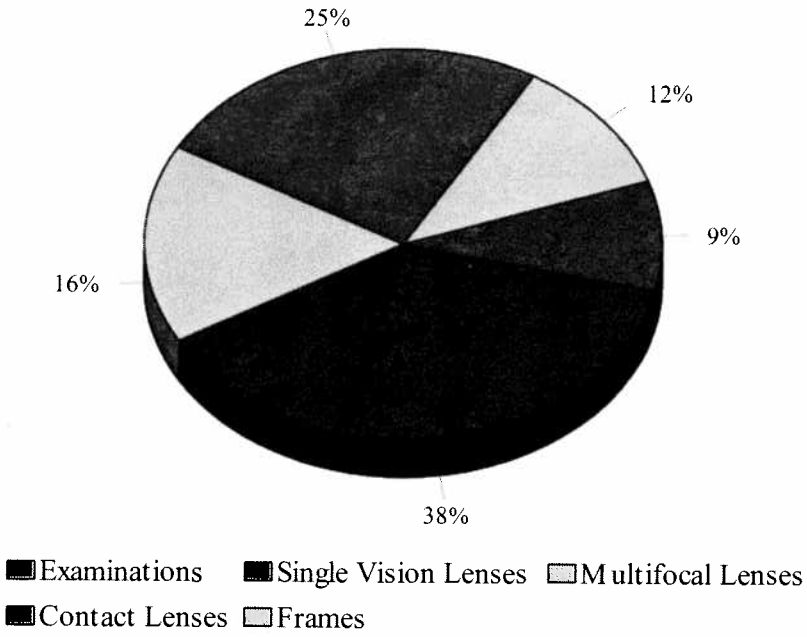


TABLE 35

Vision Care
Payment by Type of Service and Plan Performance

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year

Actives-Regular Plan

	Grand Total			Participating Providers			Non-Participating Providers		
	Number of Services	Amount Paid	Perf. Ratio	Number of Services	Amount Paid	Perf. Ratio	Number of Services	Amount Paid	Perf. Ratio[1]
Examinations -									
Employees	16,649	$ 965,994	86.8%	14,791	$ 895,265	85.9%	1,858	$ 70,728	N/A
Dependents	12,586	712,829	86.9%	11,223	662,288	86.0%	1,363	50,541	N/A
Total	29,235	$ 1,678,823	86.9%	26,014	$ 1,557,554	86.0%	3,221	$ 121,270	N/A
Single Vision Lenses -									
Employees	4,396	$ 203,357	83.5%	3,349	$ 161,833	80.1%	1,047	$ 41,524	N/A
Dependents	4,145	188,619	83.2%	3,182	151,227	79.9%	963	37,392	N/A
Total	8,541	$ 391,976	83.4%	6,531	$ 313,060	80.0%	2,010	$ 78,916	N/A
Multifocal Lenses -									
Employees	4,966	$ 354,493	84.0%	3,693	$ 277,868	80.4%	1,273	$ 76,624	N/A
Dependents	2,176	153,578	84.7%	1,610	119,228	81.2%	566	34,350	N/A
Total	7,142	$ 508,071	84.2%	5,303	$ 397,097	80.6%	1,839	$ 110,974	N/A
Contact Lenses -									
Employees	6,530	$ 642,097	100.0%	5,377	$ 535,446	100.0%	1,153	$ 106,651	N/A
Dependents	4,802	469,435	100.0%	4,036	399,977	100.0%	766	69,458	N/A
Total	11,332	1,111,532	100.0%	9,413	935,423	100.0%	1,919	176,109	N/A
Frames -									
Employees	7,367	$ 436,113	86.3%	5,557	$ 364,697	84.0%	1,810	$ 71,415	N/A
Dependents	4,999	289,560	84.8%	3,809	242,639	82.4%	1,190	46,921	N/A
Total	12,366	$ 725,672	85.7%	9,366	$ 607,336	83.4%	3,000	$ 118,336	N/A

Note: Performance ratio equals benefits paid divided by billed charges.

[1] Due to the method of claims submission, VSP is unable to provide accurate performance ratios for non-participating providers.

TABLE 36

Table 36 shows the vision care payments for participating and non-participating for active employees in the dual-coverage plan. This table also shows the percentage of billed charges paid by category.

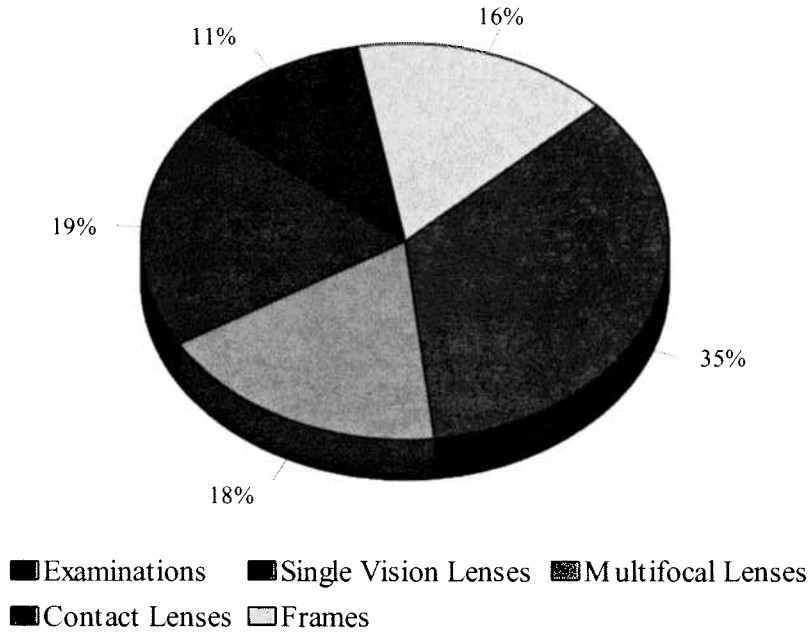


TABLE 36

Vision Care
Payment by Type of Service and Plan Performance

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year

Actives - Dual Coverage

	Grand Total			Participating Providers			Non-Participating Providers		
	Number of Services	Amount Paid	Perf. Ratio[1]	Number of Services	Amount Paid	Perf. Ratio[1]	Number of Services	Amount Paid	Perf. Ratio[1]
Examinations -									
Employees	471	$ 4,727	N/A	413	$ 4,139	N/A	58	$ 588	N/A
Dependents	467	4,772	N/A	401	4,137	N/A	66	636	N/A
Total	938	$ 9,499	N/A	814	$ 8,275	N/A	124	$ 1,223	N/A
Single Vision Lenses -									
Employees	129	$ 6,891	N/A	97	$ 4,491	N/A	32	$ 2,400	N/A
Dependents	177	9,393	N/A	118	5,241	N/A	59	4,153	N/A
Total	306	$ 16,285	N/A	215	$ 9,732	N/A	91	$ 6,553	N/A
Multifocal Lenses -									
Employees	151	$ 9,076	N/A	97	$ 5,063	N/A	54	$ 4,014	N/A
Dependents	104	6,125	N/A	70	3,565	N/A	34	2,560	N/A
Total	255	$ 15,201	N/A	167	$ 8,627	N/A	88	$ 6,574	N/A
Contact Lenses -									
Employees	214	$ 15,729	N/A	163	$ 12,142	N/A	51	$ 3,587	N/A
Dependents	193	13,812	N/A	147	10,564	N/A	46	3,248	N/A
Total	407	29,541	N/A	310	22,706	N/A	97	6,835	N/A
Frames -									
Employees	248	$ 6,759	N/A	166	$ 6,722	N/A	82	$ 38	N/A
Dependents	259	6,453	N/A	169	6,438	N/A	90	15	N/A
Total	507	$ 13,212	N/A	335	$ 13,160	N/A	172	$ 53	N/A

Note: Performance ratio equals benefits paid divided by billed charges.

[1] Due to the method of claims submission, VSP is unable to provide accurate performance ratios for participating and non-participating providers.

TABLE 37

Table 37 shows the vision care payments for participating and non-participating for retirees. This table also shows the percentage of billed charges paid by category.

Retirees primarily used participating providers; 82.9% of the benefits paid were paid for services rendered by participating providers.

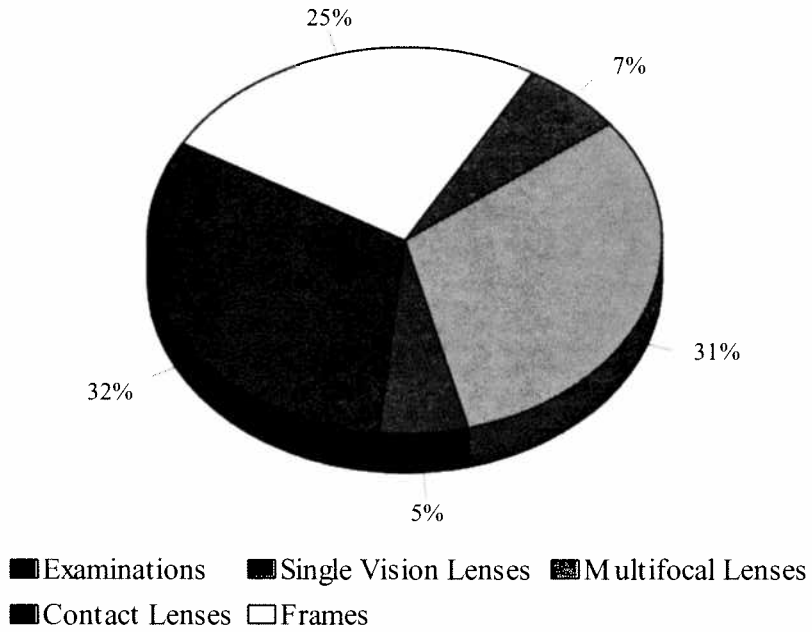


TABLE 37

Vision Care
Payment by Type of Service and Plan Performance

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year

Retirees

	Grand Total			Participating Providers			Non-Participating Providers		
	Number of Services	Amount Paid	Perf. Ratio	Number of Services	Amount Paid	Perf. Ratio	Number of Services	Amount Paid	Perf. Ratio[1]
Examinations -									
Retirees	8,011	$ 465,991	86.6%	7,308	$ 440,421	85.9%	703	$ 25,570	N/A
Dependents	4,070	229,905	86.8%	3,671	215,393	86.0%	399	14,512	N/A
Total	12,081	$ 695,896	86.6%	10,979	$ 655,814	85.9%	1,102	$ 40,082	N/A
Single Vision Lenses -									
Retirees	1,602	$ 73,076	83.2%	1,144	$ 54,823	78.8%	458	$ 18,252	N/A
Dependents	973	44,613	85.1%	721	34,707	81.6%	252	9,906	N/A
Total	2,575	$ 117,689	83.9%	1,865	$ 89,530	79.9%	710	$ 28,159	N/A
Multifocal Lenses -									
Retirees	6,994	$ 490,453	83.1%	4,863	$ 362,436	78.4%	2,131	$ 128,017	N/A
Dependents	2,840	196,960	82.9%	2,039	148,816	78.5%	801	48,144	N/A
Total	9,834	$ 687,414	83.0%	6,902	$ 511,252	78.5%	2,932	$ 176,162	N/A
Contact Lenses -									
Retirees	787	$ 76,563	99.9%	623	$ 61,337	99.9%	164	$ 15,227	N/A
Dependents	681	66,747	99.9%	547	54,293	99.9%	134	12,453	N/A
Total	1,468	143,310	99.9%	1,170	115,630	99.9%	298	27,680	N/A
Frames -									
Retirees	6,156	$ 374,239	91.2%	4,336	$ 302,167	89.3%	1,820	$ 72,072	N/A
Dependents	2,798	169,819	89.8%	2,059	140,540	88.0%	739	29,279	N/A
Total	8,954	$ 544,057	90.7%	6,395	$ 442,707	88.9%	2,559	$ 101,351	N/A

Note: Performance ratio equals benefits paid divided by billed charges.

[1] Due to the method of claims submission, VSP is unable to provide accurate performance ratios for non-participating providers.

TABLE 38

Table 38 shows enrollment for the life insurance plans for both the active employees and retirees.

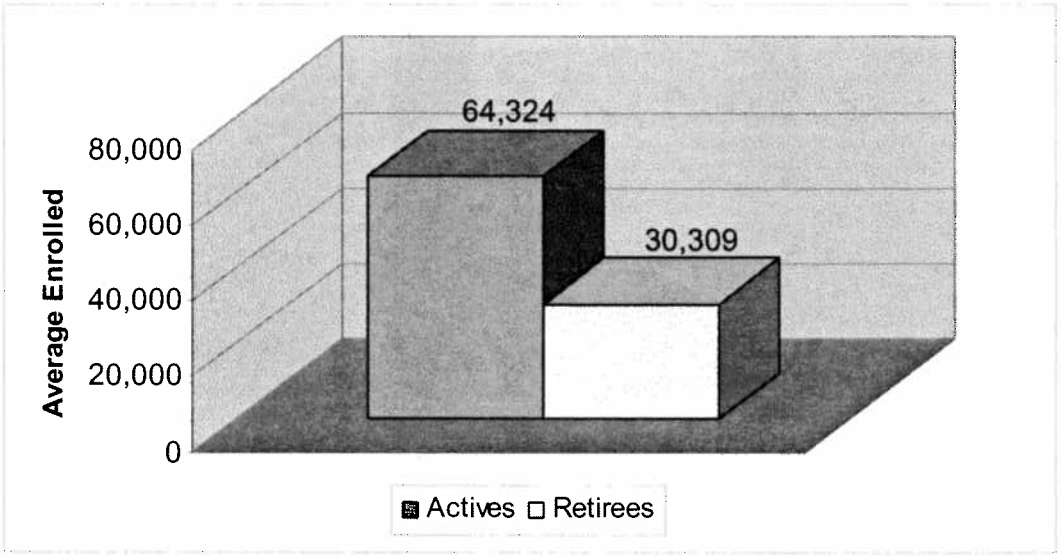


TABLE 38

Monthly Average Life Insurance Enrollment History by Eligibility Class

Actives and Retirees

Hawaii Employer-Union Health Benefits Trust Fund[1]

	Grand Total	Actives		Retirees	
Plan Year Ending	Average Enrolled	Average Enrolled	Percentage of Grand Total	Average Enrolled	Percentage of Grand Total
2004	94,633	64,324	68.0%	30,309	32.0%

[1] Totals may not add due to rounding.

TABLE 39

Table 39 shows the Aetna plan financial results for the life insurance. Under the terms of their proposal, Aetna is entitled to hold the surplus until the end of the contract, but we believe Aetna may be willing to return part of the surplus early, if the Board requests it.

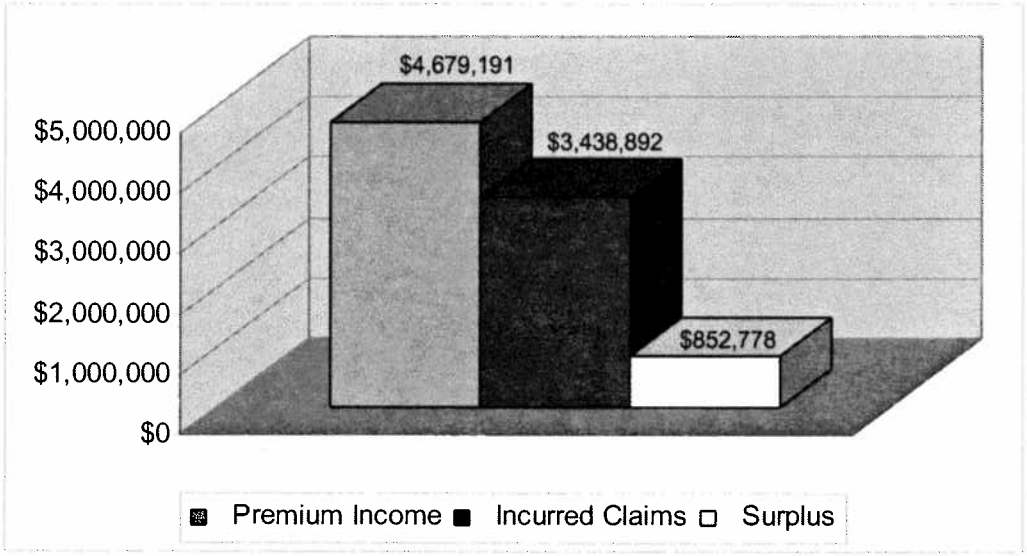


TABLE 39

Aetna Insurance Company

Hawaii Employer-Union Health Benefits Trust Fund
Actives and Retirees
2004 Plan Year

	2004 Policy Year
Premium Income	$ 4,679,191
Less:	
Paid Claims	2,760,424
Claim Reserve	655,087
Interest	23,381
Total Incurred Claims	3,438,892
Less:	
Retention (8.5% of Paid Claims)	387,521
Surplus	$ 852,778

TABLE 40

Table 40 shows Garner Consulting's preliminary estimates of the reserves that would be needed on July 1, 2007 to assume the risk of self-funding the currently insured benefits. There are no hard-and-fast rules on reserve levels. Some experts say 10% of annual premiums are sufficient, while others recommend having five months of claims in reserve. These preliminary estimates are based on two months of claims. These reserve amounts would be supplemented by additional cash-flow savings once the plans are self-funded.

TABLE 40

Preliminary Estimates of Reserves Needed for Self-Funding

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year

Carrier	Plan		Actives	Retirees	Total
HMSA	Medical		$30,700,000	$15,800,000	$46,500,000
HMSA	Prescription Drugs		8,600,000	11,900,000	$20,500,000
HMSA		Total	39,300,000	27,700,000	$67,000,000
HDS	Dental		4,700,000	2,000,000	$6,700,000
VSP	Vision		1,000,000	400,000	$1,400,000
MBAH	Chiropractic		200,000		$200,000
Royal State	Dual Coverage		100,000		$100,000
		Total	$45,300,000	$30,100,000	$75,400,000

TABLE 41

Table 41 shows Garner Consulting's estimates of reserves that will be available on July 1, 2007. The total is more than enough to meet the two-months-of-claims rule-of-thumb described above, but note the following:

- The amount of the second-year surplus is highly speculative and subject to change
- The employers, rather than the EUTF, may be entitled to the Medicare drug subsidy.

Even without these amounts, Garner Consulting anticipates that the EUTF will have enough in reserves to self-fund most benefits as of July 1, 2007.

TABLE 41

Estimate of Reserves on July 1, 2007

Hawaii Employer-Union Health Benefits Trust Fund

2004 Plan Year

	Known	Anticipated	Speculative	Rounded Total Estimate
Cash Reserves as of 11/30/2004	$36,653,588			
Aetna First Year Surplus	852,778			
Additional HMSA First Year Surplus		$3,700,000		
Second-Year Surpluses			$32,500,000	
Second Year Drug Rebate		$7,500,000		
Third-Year Surplus		500,000		
Third Year Drug Rebate		7,500,000		
Fourth-Year Surplus		500,000		
Fourth Year Drug Rebate		7,500,000		
Sub Total	$37,506,366	$27,200,000	$32,500,000	$97,200,000
2006 Medicare Drug Subsidy		7,000,000		7,000,000
Grand Total	$37,506,366	$34,200,000	$32,500,000	$104,200,000

TABLE 42

Table 42 shows premium rates for medical, prescription drug, chiropractic, dental, vision and life insurance, for self and family for the plan years ending in 2004, 2005 and 2006.

TABLE 42
Page 1 of 3
Premium Rates for Self and Family

Hawaii Employer Union Health Benefits Trust Fund

2004, 2005 and 2006 Plan Years

Benefit Providers	2004	2005	Percentage Change	2006	Percentage Change
HMSA -					
Medical and Prescription Plan					
Actives					
Self	$229.38	$248.06	8.1%	$265.54	7.0%
Family	692.20	748.44	8.1%	804.04	7.4%
Retirees					
Medicare-					
Self	$186.14	$214.80	15.4%	$207.92	-3.2%
Family	610.10	703.92	15.4%	681.38	-3.2%
Non-Medicare -					
Self	$310.14	$347.70	12.1%	$336.58	-3.2%
Family	867.10	972.24	12.1%	941.14	-3.2%
HMSA - Dual					
Actives -					
Self	$134.15	$155.02	15.6%	$166.42	7.4%
Family	411.34	473.46	15.1%	508.24	7.3%
HMSA - Prescription Plan Only					
Actives -					
Self	N/A	$52.94	N/A	$55.22	4.3%
Family	N/A	162.96	N/A	169.96	4.3%

TABLE 42
Page 2 of 3
Premium Rates for Self and Family

Hawaii Employer-Union Health Benefits Trust Fund

2004, 2005 and 2006 Plan Years

Benefit Providers	2004	2005	Percentage Change	2006	Percentage Change
Royal State-Dual (Units 1and 10)					
Actives -					
Self	$125.00	$138.00	10.4%	$138.00	0.0%
Family	292.00	329.00	12.7%	329.00	0.0%
Royal State-Dual (All other units)					
Actives -					
Self	$40.00	$40.00	0.0%	$40.00	0.0%
Family	125.00	125.00	0.0%	125.00	0.0%
Kaiser -					
Medical and Prescription Plan					
Actives -					
Self	$216.44	$249.56	15.3%	$267.92	7.4%
Family	649.28	748.64	15.3%	803.68	7.4%
Retirees -					
Medicare -					
Self	$144.84	$167.80	15.9%	$189.04	12.7%
Family	446.08	503.40	12.8%	567.08	12.6%
Non-Medicare -					
Self	$308.16	$326.80	6.0%	$348.72	6.7%
Family	835.08	980.36	17.4%	1,046.08	6.7%
MBAH					
Chiropractic Plans					
Actives -					
Self	$1.17	$1.25	6.8%	$1.30	4.0%
Family	2.44	2.58	5.7%	2.69	4.3%

TABLE 42

Page 3 of 3

Premium Rates for Self and Family

Hawaii Employer-Union Health Benefits Trust Fund

2004, 2005 and 2006 Plan Years

Benefit Providers	2004	2005	Percentage Change	2006	Percentage Change
Dental Plans					
HDS					
Actives-Regular -					
Self	$24.08	$25.52	6.0%	$27.04	6.0%
Family	68.92	72.92	5.8%	77.32	6.0%
Actives-Dual -					
Self	$14.09	$15.01	6.5%	$15.92	6.1%
Family	40.99	43.45	6.0%	46.04	6.0%
Retirees					
Self	$24.36	$25.84	6.1%	$27.40	6.0%
Family	48.72	51.68	6.1%	54.80	6.0%
Vision Care					
VSP					
Actives -					
Self	$5.89	$5.89	0.0%	$5.68	-3.6%
Family	12.67	12.67	0.0%	12.21	-3.6%
Actives-Dual -					
Self	$3.32	$3.32	0.0%	$2.42	-27.1%
Family	7.16	7.16	0.0%	5.21	-27.2%
Retirees					
Self	$4.07	$4.07	0.0%	$4.71	15.7%
Family	8.75	8.75	0.0%	10.12	15.7%
Life Insurance[1]					
Aetna					
Actives	$4.12	$4.12	0.0%	$4.12	0.0%
Retirees	4.12	$4.12	0.0%	$4.12	0.0%

[1] There is no dependent life insurance coverage.

Annual Report To The

Hawaii Employer-Union Health Benefits Trust Fund

February 17, 2006

Garner Consulting

Garner
Consulting
35 North Lake Avenue, Suite 720
Pasadena, California 91101
Phone: (626) 440-0399
FAX: (626) 440-0496

February 17, 2006

Board of Trustees
Hawaii Employer-Union Health Benefits Trust Fund
PO Box 2121
Honolulu, HI 96805-2121

RE: Second Annual Report as of June 30, 2005

Dear Board Members:

We are pleased to present this draft of the Second Annual Report of the Hawaii Employer-Union Health Benefits Trust Fund for the 2005 Plan Year. We believe this report will provide valuable information that can serve as a reference tool throughout the year. This information will also serve as baseline data, against which we can make comparisons in the future.

We look forward to receiving your comments on this draft at the January Board meeting.

Sincerely

John C. Garner

John C. Garner, CEBS, CLU, CFCI, CMC

JCG:as

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

SECOND ANNUAL REPORT

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TABLE 1

Table 1 shows the amounts disbursed to insurance carriers for premiums and for Medicare reimbursements. This table shows the disbursements by type of plan and carrier for the plan year ending in 2005. The table also shows the total change in premiums from the 2004 plan year to the 2005 plan year and breaks down the components of the change into three categories. The first reflects the change in premium rates. Another reflects the change in the number of people enrolled. The "Other Changes" category includes such things as employees moving from active to retired, family coverage to self-only coverage, regular plan to dual-coverage, etc.

For all carriers total medical and prescription drug premiums were $499,306,057. Total insurance premiums were $562,510,465. Total disbursements for insurance premiums and Medicare premium reimbursements were $591,265,556.

Note: 2004 plan year amounts are different than reported previously. Last year's report showed amounts on a cash basis, whereas this year's report is on an accrual basis.

We have examined which plans have high total costs versus low total costs and which plans have high rates of increase in total costs, versus low rates of increase in total costs. Our focus should be on plans with high total costs and high rates of increase. Two plans fall in that category: HMSA and Kaiser. Under the terms of the contract, Kaiser shares very little information with the EUTF. Even though the HMSA plans have generated surpluses and rates have come down, the EUTF is still spending a very large amount on HMSA premiums and we propose to research opportunities for further reductions in cost.

TABLE 1
Hawaii Employer-Union Health Benefits Trust Fund
2005 Plan Year

Disbursements for Carrier Premiums and Medicare Reimbursements	2005 Plan Year	2004 Plan Year	Percentage Change	Percentage Change Breakdown: Number Eligible	Premium Rate	Other Changes
Premiums:						
Medical & Prescription Drug Plan						
Hawaii Medical Service Association (HMSA)	$ 402,115,786	$ 354,367,898	13.5%	3.3%	8.1%	2.1%
Kaiser Foundation Health Plan, Inc. (Kaiser)	$96,469,479	$87,359,736	10.4%	-2.4%	15.3%	-2.5%
Royal State National Insurance	$720,792	$217,479	231.4%	248.2%	0.0%	-16.8%
Sub-total	$ 499,306,057	$ 441,945,113	13.0%			
Chiropractic Plan -						
Mutual Benefit Association of Hawaii	$ 1,168,268	$ 993,434	17.6%	2.5%	6.8%	8.3%
Dental Plan -						
Hawaii Dental Service (HDS)	$ 49,262,500	$ 45,654,630	7.9%	1.9%	6.0%	0.0%
Vision Care Plan -						
Vision Care Plan (VSP)	$ 8,440,479	$ 8,280,484	1.9%	1.7%	0.0%	-1.1%
Life Insurance Plan -						
Aetna	$ 4,735,088	$ 4,679,191	1.2%	1.2%	0.0%	0.0%
Total Premiums and Contributions	$ 562,912,392	$ 501,552,852	12.2%			
Medicare Premium Reimbursements	28,755,091	24,178,906	18.9%			
TOTAL - Premiums and Medicare Reimbursements	$ 591,667,483	$ 525,731,758	12.5%			

TABLE 2

Table 2 shows the employer and employee contributions by type of plan from each of the participating employers.

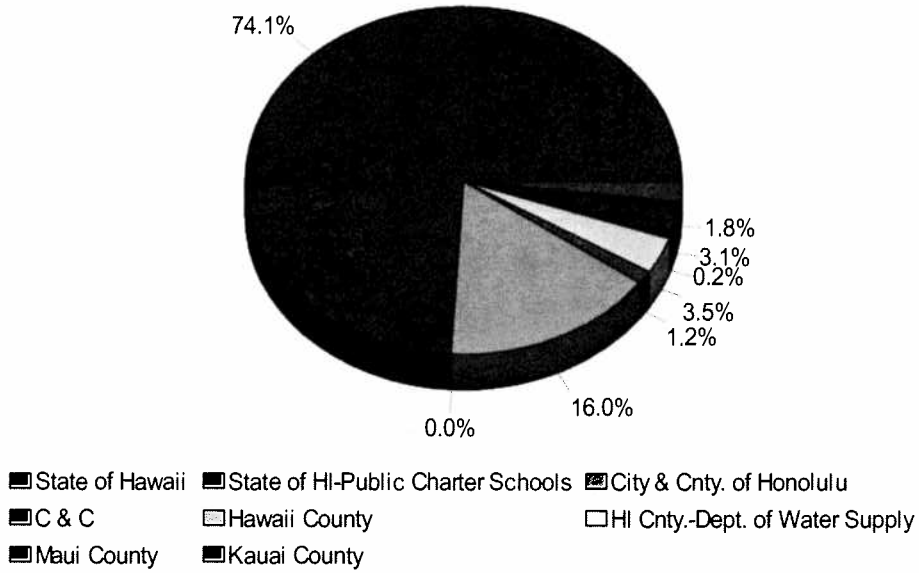

TABLE 2

Employer and Employee Contributions

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year[1]

	State of Hawaii			State of HI - Hawaii Public Charter Schools		
Employer Contributions	**Active**	**Retired**	**Total**	**Active**	**Retired**	**Total**
Medical/Drug/Chiro	$ 145,407,271	$ 141,393,303	$ 286,800,575	$ 9,959	-	$ 9,959
Medicare	-	$ 21,961,160	$ 21,961,160	-	-	-
Sub-Total Medical	$ 145,407,271	$ 163,354,463	$ 308,761,734	$ 9,959	-	$ 9,959
Dental	$ 17,851,090	$ 11,295,884	$ 29,146,974	$ 1,680	-	$ 1,680
Vision	$ 2,706,104	$ 1,863,663	$ 4,569,767	$ 275	-	$ 275
Life Insurance	$ 2,514,695	$ 1,177,234	$ 3,691,929	$ 189	-	$ 189
Total Employer Contributions	**$ 168,479,160**	**$ 177,691,245**	**$ 346,170,405**	**$ 12,103**	-	**$ 12,103**
Total Employee Contributions	**$ 93,494,223**	**$ 483,281**	**$ 93,977,504**	**$ 6,479**	-	**$ 6,479**
Grand Total Contributions	**$ 261,973,383**	**$ 178,174,526**	**$ 440,147,909**	**$ 18,582**	-	**$ 18,582**

[1] Totals may not add due to rounding.

TABLE 2
(continued)

Employer and Employee Contributions

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year[1]

	City & County of Honolulu			C & C - Board of Water Supply		
Employer Contributions	**Active**	**Retired**	**Total**	**Active**	**Retired**	**Total**
Medical/Drug/Chiro	$ 25,820,799	$ 36,990,275	$ 62,811,074	$ 1,787,506	$ 2,883,974	$ 4,671,480
Medicare	-	$ 4,215,012	$ 4,215,012	$ -	$ 512,769	$ 512,769
Sub-Total Medical	$ 25,820,799	$ 41,205,287	$ 67,026,086	$ 1,787,506	$ 3,396,743	$ 5,184,249
Dental	$ 3,217,119	$ 2,722,016	$ 5,939,135	$ 221,358	$ 237,765	$ 459,123
Vision	$ 480,416	$ 452,985	$ 933,401	$ 32,785	$ 39,357	$ 72,142
Life Insurance	$ 413,421	$ 239,945	$ 653,365	$ 28,631	$ 21,143	$ 49,774
Total Employer Contributions	**$ 29,931,755**	**$ 44,620,232**	**$ 74,551,988**	**$ 2,070,280**	**$ 3,695,008**	$ 5,765,288
Total Employee Contributions	**$ 17,473,804**	**$ 50,883**	**$ 17,524,687**	**$ 1,137,239**	**$ 1,668**	**$ 1,138,907**
Grand Total Contributions	**$ 47,405,559**	**$ 44,671,116**	**$ 92,076,675**	**$ 3,207,519**	**$ 3,696,676**	**$ 6,904,195**

[1] Totals may not add due to rounding.

TABLE 2
(continued)

Employer and Employee Contributions

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year[1]

	Hawaii County			HI County - Dept. of Water Supply		
Employer Contributions	**Active**	**Retired**	**Total**	**Active**	**Retired**	**Total**
Medical/Drug/Chiro	$ 6,541,573	$ 7,224,374	$ 13,765,948	$ 498,193	$ 417,528	$ 915,721
Medicare	$ -	$ 767,806	$ 767,806	$ -	$ 60,286	$ 60,286
Sub-Total Medical	$ 6,541,573	$ 7,992,180	$ 14,533,754	$ 498,193	$ 477,814	$ 976,007
Dental	$ 774,297	$ 514,111	$ 1,288,408	$ 58,162	$ 32,299	$ 90,461
Vision	$ 116,595	$ 85,731	$ 202,327	$ 8,783	$ 5,269	$ 14,052
Life Insurance	$ 98,835	$ 44,572	$ 143,408	$ 7,991	$ 2,850	$ 10,841
Total Employer Contributions	**$ 7,531,301**	**$ 8,636,595**	**$ 16,167,896**	**$ 573,130**	**$ 518,231**	**$ 1,091,362**
Total Employee Contributions	**$ 4,459,911**	**$ 2,971**	**$ 4,462,881**	**$ 313,880**	**$ 2,615**	**$ 316,495**
Grand Total Contributions	**$ 11,991,212**	**$ 8,639,566**	**$ 20,630,778**	**$ 887,011**	**$ 520,846**	**$ 1,407,857**

[1] Totals may not add due to rounding.

TABLE 2
(continued)

Employer and Employee Contributions

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year[1]

	Maui County			Kauai County			Grand Total		
Employer Contributions	**Active**	**Retired**	**Total**	**Active**	**Retired**	**Total**	**Active**	**Retired**	**Total**
Medical/Drug/Chiro	$ 6,674,665	$ 5,753,556	$ 12,428,221	$ 3,335,394	$ 3,786,071	$ 7,121,465	$ 190,075,360	$ 198,449,082	$ 388,524,442
Medicare	$ -	$ 674,342	$ 674,342	$ -	$ 490,871	$ 490,871	$ -	$ 28,682,246	$ 28,682,246
Sub-Total Medical	$ 6,674,665	$ 6,427,898	$ 13,102,563	$ 3,335,394	$ 4,276,942	$ 7,612,336	$ 190,075,360	$ 227,131,328	$ 417,206,688
Dental	$ 821,907	$ 433,534	$ 1,255,440	$ 401,971	$ 283,907	$ 685,878	$ 23,347,585	$ 15,519,516	$ 38,867,101
Vision	$ 119,170	$ 72,071	$ 191,241	$ 60,937	$ 47,039	$ 107,975	$ 3,525,066	$ 2,566,115	$ 6,091,181
Life Insurance	$ 102,544	$ 36,604	$ 139,148	$ 53,756	$ 23,945	$ 77,700	$ 3,220,063	$ 1,546,293	$ 4,766,355
Total Employer Contributions	**$ 7,718,286**	**$ 6,970,107**	**$ 14,688,392**	**$ 3,852,057**	**$ 4,631,833**	**$ 8,483,890**	**$ 220,168,073**	**$ 246,763,251**	**$ 466,931,325**
Total Employee Contributions	**$ 4,489,710**	**$ 12,264**	**$ 4,501,974**	**$ 2,189,401**	**$ 9,059**	**$ 2,198,460**	**$ 123,564,646**	**$ 562,741**	**$ 124,127,387**
Grand Total Contributions	**$ 12,207,996**	**$ 6,982,370**	**$ 19,190,366**	**$ 6,041,458**	**$ 4,640,892**	**$ 10,682,350**	**$ 343,732,720**	**$ 247,325,992**	**$ 591,058,712**

[1] Totals may not add due to rounding.

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TABLE 3

Table 3 shows the enrollment as of June 30, 2005, by type of plan by employer.

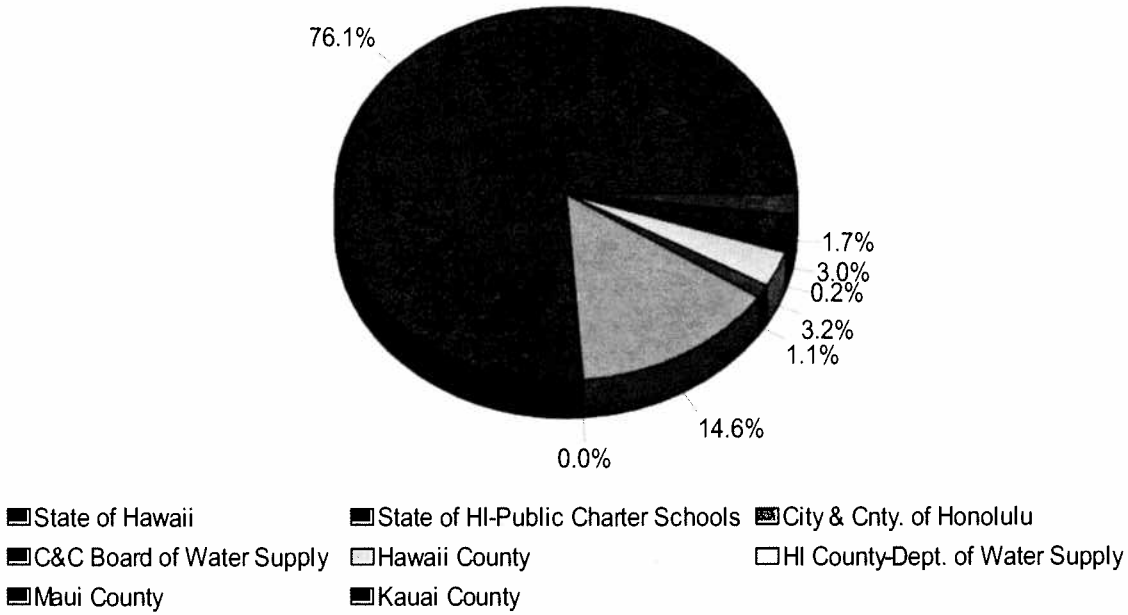


TABLE 3

Enrollment Count As of June 30, 2005

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year

	State of Hawaii			State of HI - Hawaii Public Charter Schools			City & County of Honolulu		
	Active	Retired	Total	Active	Retired	Total	Active	Retired	Total
Medical/Drug/Chiro Plan	40,253	26,107	66,360	3	-	3	6,801	5,923	12,724
Medicare Reimbursements	-	19,926	19,926	-	-	-	-	3,799	3,799
Dental Plan	42,871	25,912	68,783	4	-	4	7,212	5,842	13,054
Vision Plan	40,680	25,953	66,633	4	-	4	6,872	5,873	12,745
Life Insurance	50,531	23,870	74,401	4	-	4	8,321	4,869	13,190

TABLE 3
(continued)

Enrollment Count As of June 30, 2005

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year

	C&C Board of Water Supply			Hawaii County			HI County - Dept. of Water Supply		
	Active	Retired	Total	Active	Retired	Total	Active	Retired	Total
Medical/Drug/Chiro Plan	467	534	1,001	1,637	1,141	2,778	129	72	201
Medicare Reimbursements	-	435	435	-	708	708	-	56	56
Dental Plan	497	529	1,026	1,681	1,124	2,805	134	72	206
Vision Plan	472	529	1,001	1,631	1,132	2,763	129	71	200
Life Insurance	577	423	1,000	1,994	909	2,903	160	59	219

TABLE 3
(continued)

Enrollment Count As of June 30, 2005

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year

	Maui County			Kauai County			Grand Total		
	Active	Retired	Total	Active	Retired	Total	Active	Retired	Total
Medical/Drug/Chiro Plan	1,691	927	2,618	856	642	1,498	51,837	35,346	87,183
Medicare Reimbursements	-	613	613	-	436	436	-	25,973	25,973
Dental Plan	1,797	926	2,723	891	636	1,527	55,087	35,041	90,128
Vision Plan	1,673	927	2,600	874	637	1,511	52,335	35,122	87,457
Life Insurance	2,084	745	2,829	1,080	482	1,562	64,751	31,357	96,108

TABLE 4

Table 4 shows the average medical plan enrollment by insurance carrier. Note that the total reflects the actual average for the plan year. The Royal State 2004 average is based on the five months in which that plan was available.

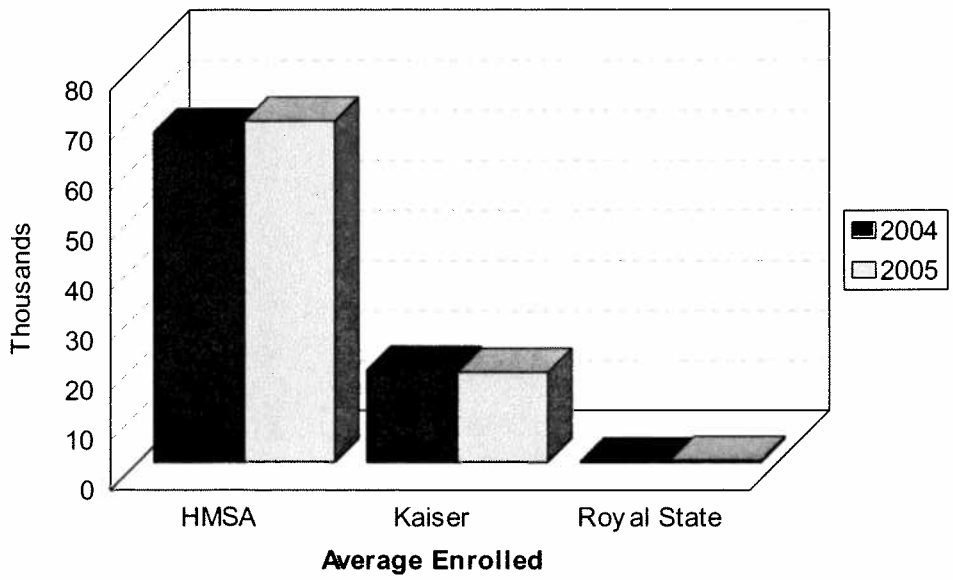


TABLE 4

Monthly Average Medical and Prescription Drug Plan Enrollment History by Carrier

Actives and Retirees

Hawaii Employer-Union Health Benefits Trust Fund [1]

Plan Year Ending	Total		HMSA		Kaiser		Royal State	
	Actual Enrolled	Percentage Change From Prior Year	Average Enrolled	Percentage Change From Prior Year	Average Enrolled	Percentage Change From Prior Year	Average Enrolled	Percentage Change From Prior Year
2004	84,765	N/A	66,099	N/A	18,525	N/A	141 [2]	N/A
2005	86,877	2.5%	68,301	3.3%	18,085	-2.4%	491	248.2%

[1] Totals may not add due to rounding.

[2] Enrollment is only for five months.

TABLE 5

Table 5 shows medical plan enrollment by eligibility class (active versus retired).

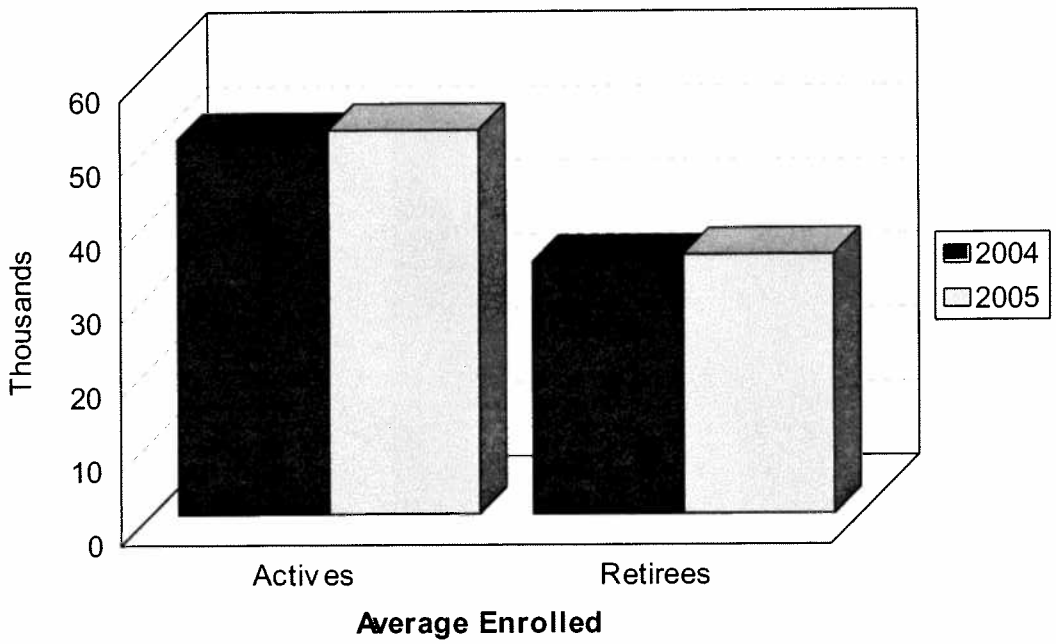


TABLE 5

Monthly Average Medical and Prescription Drug Plan Enrollment History by Eligibility Class

Actives and Retirees

Hawaii Employer-Union Health Benefits Trust Fund[1]

Plan Year Ending	Grand Total		Actives			Retirees		
	Actual Enrolled	Percentage Change From Prior Year	Average Enrolled	Percentage Change From Prior Year	Percentage of Grand Total	Average Enrolled	Percentage Change From Prior Year	Percentage of Grand Total
2004	84,765	N/A	50,658	N/A	59.8%	34,107	N/A	40.2%
2005	86,877	2.5%	51,881	2.4%	59.7%	34,996	2.6%	40.3%

[1] Totals may not add due to rounding.

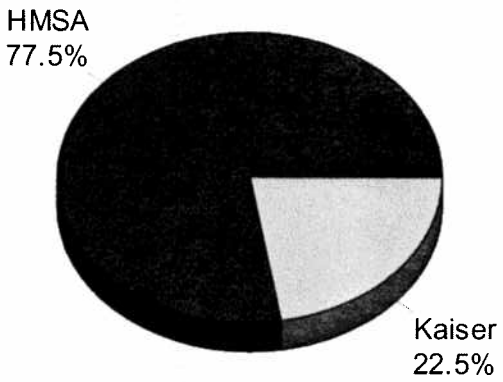
TABLE 6

Table 6 shows medical plan enrollment by eligibility class and dependent status for HMSA, Kaiser and Royal State.

Whereas 51.9% of the active employees enrolled for self-only coverage, 62% of the retirees with Medicare had self-only coverage and 43.7% of retirees without Medicare had self-only coverage.

The number of active employees covered by HMSA increased by 3.5%. The number of active employees covered by Kaiser fell by 4.5%.

The number of retirees covered by HMSA rose by 3.0%, while the number covered by Kaiser increased by 0.7%.



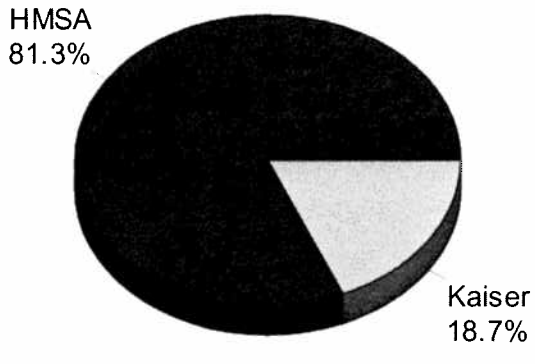


TABLE 6

Monthly Average Medical and Prescription Drug Plan Enrollment by Eligibility Class and Dependent Status

Actives and Retirees

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year[1]

	All Carriers		HMSA		Kaiser		Royal State	
	Average Enrolled	% of Grand Total	Average Enrolled	% of Carrier Total	Average Enrolled	% of Carrier Total	Average Enrolled	% of Carrier Total
Actives								
Self	26,935		20,518		6,295		122	
Family	24,945		19,327		5,249		369	
Total	51,880	59.7%	39,845	58.3%	11,544	63.8%	491	100.0%
Retirees								
Non-Medicare-								
Self	4,347		3,499		848			
Family	5,606		4,610		996			
Sub-total	9,953	11.5%	8,109	11.9%	1,844	10.2%	-	0.0%
Medicare-								
Self	15,518		12,456		3,062			
Family	9,524		7,890		1,634			
Sub-total	25,042	28.8%	20,346	29.8%	4,696	26.0%	-	0.0%
Total	34,995	40.3%	28,455	41.7%	6,540	36.2%	-	0.0%
Total								
Self	46,800	53.9%	36,473	53.4%	10,205	56.4%	122	24.8%
Family	40,075	46.1%	31,827	46.6%	7,879	43.6%	369	75.2%
Total	86,875	100.0%	68,300	100.0%	18,084	100.0%	491	100.0%

[1] Totals may not add due to rounding.

TABLE 7

Table 7 shows the HMSA enrollment, broken down by union. The numbers shown are accumulated members; in other words, there were 409,006 member months of coverage for HGEA members. That represents an average of 34,084 members per month ("member" is an individual—either an employee or a dependent).

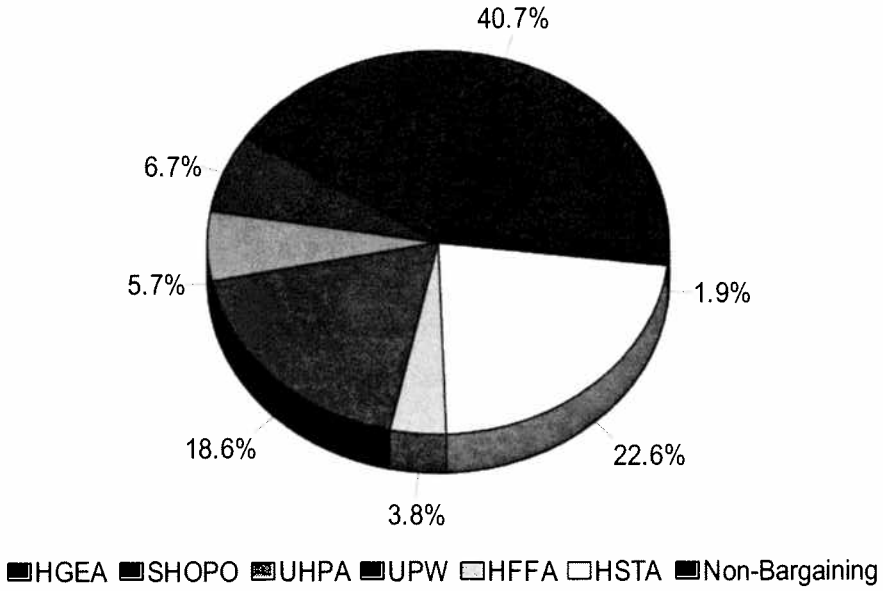


TABLE 7

HMSA Medical and Prescription Drug Plan

Hawaii Employer-Union Health Benefits Trust Fund

Average Subscribers By Union

Active Employees

2005 Plan Year[1]

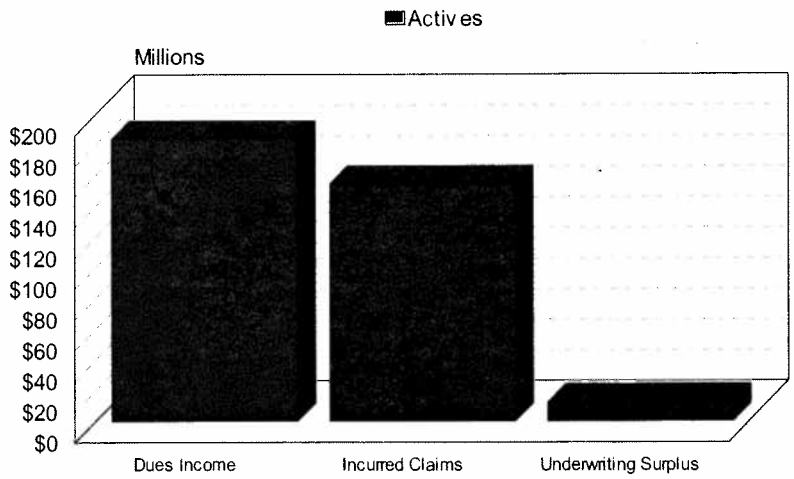
Union	Regular Plan	Dual Coverage (Effective 4/1/04)	Drug Only Coverage	Total	% of Grand Total
HGEA	17,758	240	75	18,073	45.4%
SHOPO	1,981	38	2	2,021	5.1%
UHPA	2,025	27	4	2,056	5.2%
UPW	6,841	85	15	6,941	17.4%
HFFA	1,153	20	2	1,175	2.9%
HSTA	8,546	243	12	8,801	22.1%
Non-Bargaining	773	5	4	782	2.0%
Total	39,077	658	114	39,849	100.0%

[1] Totals may not add due to rounding.

TABLE 8

Table 8 shows the HMSA medical plan financial results. The two active plans are combined for experience rating purposes. Therefore, the surplus for active employees was $11,955,706.

All claims must be filed within one year after the date services are rendered. In July, 2006, HMSA will make their final accounting for the plan year ended June 30, 2005. At that time additional surpluses may be refunded to the EUTF (if the IBNR—incurred –but-not-reported reserve—is greater than the actual claims) or a portion of the amount already refunded may be owed to HMSA (if the claims exceed the reserve).



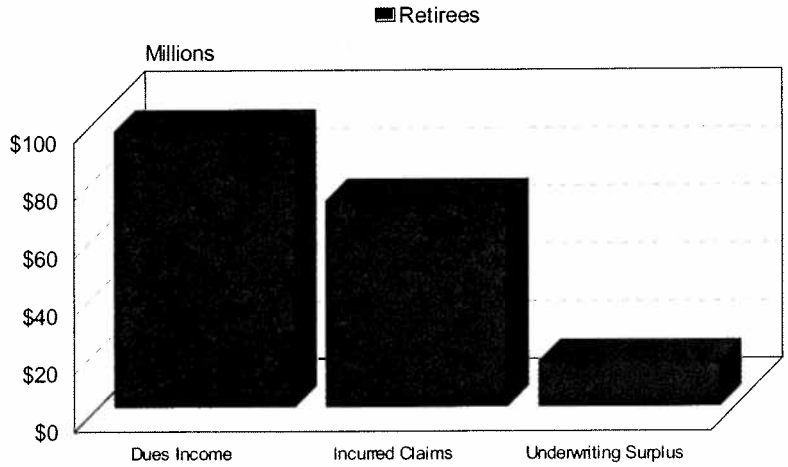


TABLE 8

HMSA Medical Plan Financial Operations

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year[1]

	Actives - Regular		Actives - Dual		Retirees	
Dues Income	$ 181,682,226	100.0%	$ 2,223,236	100.0%	$ 95,125,051	100.0%
Less:						
Claims	$ 148,583,013	81.8%	$ 1,651,876	74.3%	$ 67,830,663	71.3%
IBNR	$ 4,050,800	2.2%	$ 44,000	2.0%	$ 3,278,800	3.4%
Incurred Claims	$ 152,633,813	84.0%	$ 1,695,876	76.3%	$ 71,109,463	74.8%
Less:						
Retention[2]	$ 17,310,349	9.5%	$ 331,539	14.9%	$ 8,715,729	9.2%
Plus:						
Drug Rebate	$ 21,438	0.0%	$ 383	0.0%	$ 14,996	0.0%
Underwriting (Deficit)/Surplus	$ 11,759,502	6.5%	$ 196,204	8.8%	$ 15,314,855	16.1%

[1] Totals may not add due to rounding.

[2] Retention is 7.0% of premium for actives-regular, 11.6% of premium for actives-dual and 6.1% of premium for retirees. Retention also includes fees for wellness, case management and disease management services.

TABLE 9

Table 9 shows the HMSA medical plan financial results by bargaining unit.

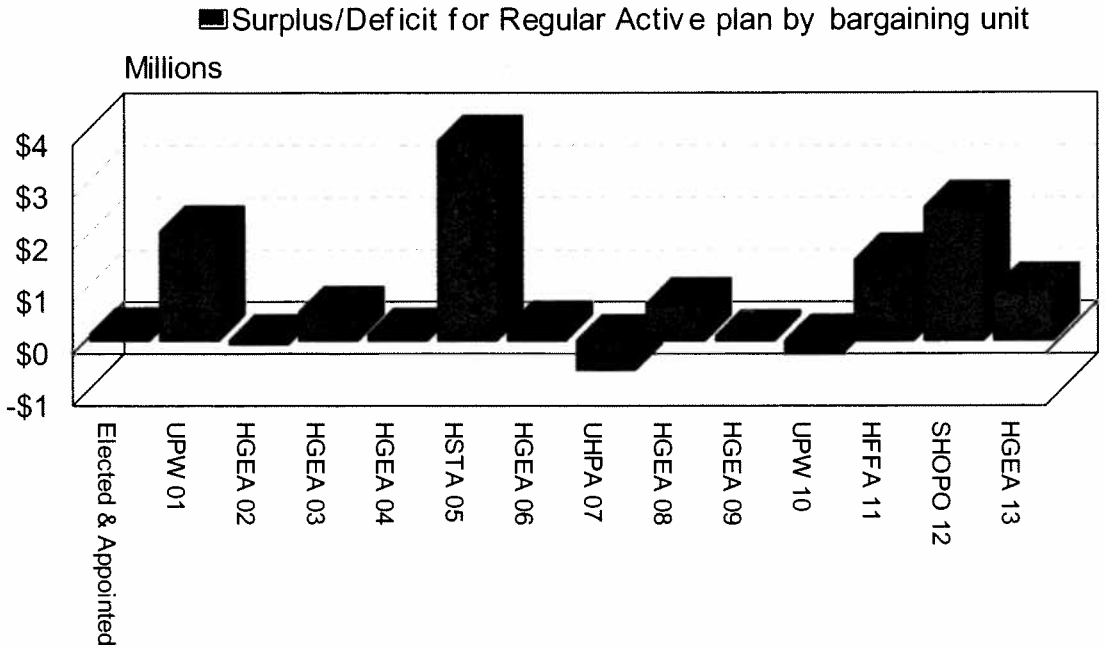


TABLE 9

HMSA Medical Plan Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

Active Employees

For the Period July 1, 2004 to June 30, 2005[1]

	Elected, Appointed & Other 00	UPW 01	HGEA 02	HGEA 03	HGEA 04	HSTA 05	HGEA 06	UHPA 07	HGEA 08	HGEA 09	UPW 10
Actives - Regular											
Dues Income	$ 3,329,604	$ 24,848,913	$ 2,483,704	$ 35,913,703	$ 1,933,541	$ 39,381,751	$ 2,478,815	$ 9,716,359	$ 5,580,289	$ 4,056,035	$ 8,105,232
Less:											
Claims	$ 2,797,449	$ 19,848,019	$ 2,251,925	$ 31,127,802	$ 1,584,546	$ 30,977,803	$ 1,928,714	$ 9,111,615	$ 4,229,019	$ 3,490,184	$ 7,333,323
IBNR	$ 76,267	$ 541,114	$ 61,394	$ 848,633	$ 43,199	$ 844,544	$ 52,582	$ 248,409	$ 115,295	$ 95,152	$ 199,927
Incurred Claims	$ 2,873,716	$ 20,389,133	$ 2,313,319	$ 31,976,435	$ 1,627,746	$ 31,822,347	$ 1,981,297	$ 9,360,024	$ 4,344,314	$ 3,585,337	$ 7,533,251
Less:											
Retention	$ 316,252	$ 2,364,603	$ 235,723	$ 3,387,725	$ 181,618	$ 3,755,514	$ 234,174	$ 912,839	$ 524,937	$ 383,576	$ 790,042
Plus Medical Plan Drug Rebate	$ -	$ 638	$ -	$ 4,023	$ -	$ 13,492	$ -	$ 606	$ -	$ -	$ -
Underwriting (Deficit)/Surplus	$ 139,636	$ 2,095,816	$ (65,338)	$ 553,566	$ 124,177	$ 3,817,382	$ 263,344	$ (555,897)	$ 711,038	$ 87,123	$ (218,061)
Percent Deficit/Surplus	4%	8%	-3%	2%	6%	10%	11%	-6%	13%	2%	-3%
Actives - Dual											
Dues Income	$ 12,064	$ 192,458	$ 16,314	$ 442,137	$ 31,911	$ 895,665	$ 40,079	$ 91,574	$ 10,530	$ 26,443	$ 43,550
Less:											
Claims	$ 14,618	$ 163,179	$ 62,971	$ 382,474	$ 37,960	$ 558,695	$ 16,790	$ 59,726	$ 1,315	$ 26,518	$ 47,844
IBNR	$ 389	$ 4,346	$ 1,677	$ 10,188	$ 1,011	$ 14,882	$ 447	$ 1,591	$ 35	$ 706	$ 1,274
Incurred Claims	$ 15,008	$ 167,525	$ 64,648	$ 392,662	$ 38,972	$ 573,576	$ 17,237	$ 61,316	$ 1,350	$ 27,225	$ 49,118
Less:											
Retention	$ 1,866	$ 28,273	$ 2,396	$ 64,942	$ 4,697	$ 134,540	$ 5,853	$ 13,438	$ 1,575	$ 3,899	$ 6,478
Plus Medical Plan Drug Rebate	$ -	$ -	$ -	$ -	$ -	$ 192	$ -	$ -	$ -	$ -	$ -
Underwriting (Deficit)/Surplus	$ (4,810)	$ (3,341)	$ (50,730)	$ (15,467)	$ (11,758)	$ 187,741	$ 16,989	$ 16,819	$ 7,606	$ (4,681)	$ (12,046)
Percent Deficit/Surplus	-40%	-2%	-311%	-3%	-37%	21%	42%	18%	72%	-18%	-28%

[1] Totals may not add due to rounding.

Continued

TABLE 9
(continued)
HMSA Medical Plan Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

Active Employees

For the Period July 1, 2004 to June 30, 2005[1]

	HFFA 11	SHOPO 12	HGEA 13	COBRA	Retro Premiums[2]	Total
Actives - Regular						
Dues Income	$ 6,067,511	$ 10,564,057	$ 25,217,300	$ 1,920,437	$ 84,973	$ 181,682,226
Less:						
Claims	$ 3,811,284	$ 6,780,040	$ 21,256,309	$ 2,054,980	$ -	$ 148,583,013
IBNR	$ 103,907	$ 184,843	$ 579,508	$ 56,025	$ -	$ 4,050,800
Incurred Claims	$ 3,915,191	$ 6,964,884	$ 21,835,817	$ 2,111,005	$ -	$ 152,633,813
Less:						
Retention	$ 598,715	$ 1,044,074	$ 2,392,043	$ 182,566	$ 5,948	$ 17,310,349
Plus Medical Plan Drug Rebate	$ -	$ 2,678	$ -	$ -	$ -	$ 21,438
Underwriting (Deficit)/Surplus	$ 1,553,606	$ 2,557,777	$ 989,441	$ (373,133)	$ 79,025	$ 11,759,502
Percent Deficit/Surplus	26%	24%	4%	-19%	93%	6%
Actives - Dual						
Dues Income	$ 81,245	$ 151,791	$ 170,973	$ 1,993	$ 14,509	$ 2,223,236
Less:						
Claims	$ 60,301	$ 63,130	$ 156,069	$ 286	$ -	$ 1,651,876
IBNR	$ 1,606	$ 1,682	$ 4,157	$ 8	$ -	$ 44,000
Incurred Claims	$ 61,908	$ 64,811	$ 160,226	$ 293	$ -	$ 1,695,876
Less:						
Retention	$ 12,736	$ 23,097	$ 25,767	$ 300	$ 1,683	$ 331,539
Plus Medical Plan Drug Rebate	$ 192	$ -	$ -	$ -	$ -	$ 383
Underwriting (Deficit)/Surplus	$ 6,793	$ 63,883	$ (15,020)	$ 1,400	$ 12,826	$ 196,204
Percent Deficit/Surplus	8%	42%	-9%	70%	88%	9%

[1] Totals may not add due to rounding.

[2] Retro premiums received by HMSA from July 1, 2004 through June 30, 2005. The premium reports received from the EUTF do not indicate the associated bargaining unit for these retro premiums.

Continued

TABLE 9
(continued)
HMSA Medical Plan Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

Retirees

For the Period July 1, 2004 to June 30, 2005[1]

	Elected, Appointed & Other 00	UPW 01	HGEA 02	HGEA 03	HGEA 04	HSTA 05	HGEA 06	UHPA 07	HGEA 08	HGEA 09	UPW 10
Retirees Without Medicare											
Dues Income	$ 5,175,018	$ 4,793,858	$ 1,020,030	$ 7,246,444	$ 797,100	$ 12,229,662	$ 1,371,841	$ 1,205,596	$ 463,996	$ 696,382	$ 1,242,507
Less:											
Claims	$ 2,814,223	$ 4,110,933	$ 796,284	$ 5,589,095	$ 949,226	$ 8,048,079	$ 1,172,928	$ 920,994	$ 227,799	$ 639,580	$ 961,537
IBNR	$ 80,067	$ 116,960	$ 22,655	$ 159,015	$ 27,006	$ 228,976	$ 33,371	$ 26,203	$ 6,481	$ 18,197	$ 27,357
Incurred Claims	$ 2,894,291	$ 4,227,893	$ 818,939	$ 5,748,110	$ 976,232	$ 8,277,055	$ 1,206,299	$ 947,197	$ 234,280	$ 657,777	$ 988,894
Less:											
Retention	$ 464,853	$ 421,064	$ 88,782	$ 630,265	$ 69,383	$ 1,066,507	$ 119,513	$ 106,566	$ 40,513	$ 60,394	$ 110,477
Plus Medical Plan Drug Rebate	$ 479	$ -	$ -	$ 999	$ -	$ 319	$ -	$ 319	$ -	$ -	$ -
Underwriting (Deficit)/Surplus	$ 1,816,353	$ 144,901	$ 112,308	$ 869,068	$ (248,515)	$ 2,886,420	$ 46,030	$ 152,152	$ 189,203	$ (21,789)	$ 143,136
Percent Deficit/Surplus	35%	3%	11%	12%	-31%	24%	3%	13%	41%	-3%	12%
Retirees With Medicare											
Dues Income	$ 7,933,441	$ 8,029,902	$ 1,431,831	$ 9,001,939	$ 950,993	$ 6,438,226	$ 881,187	$ 2,127,933	$ 339,503	$ 828,002	$ 1,177,619
Less:											
Claims	$ 6,399,624	$ 5,920,915	$ 1,126,797	$ 5,960,439	$ 695,935	$ 4,273,456	$ 634,463	$ 1,725,029	$ 326,812	$ 555,684	$ 898,465
IBNR	$ 447,874	$ 414,372	$ 78,858	$ 417,138	$ 48,705	$ 299,075	$ 44,403	$ 120,725	$ 22,872	$ 38,889	$ 62,879
Incurred Claims	$ 6,847,499	$ 6,335,288	$ 1,205,655	$ 6,377,577	$ 744,639	$ 4,572,531	$ 678,865	$ 1,845,754	$ 349,684	$ 594,574	$ 961,344
Less:											
Retention	$ 791,009	$ 755,241	$ 133,160	$ 852,224	$ 88,627	$ 616,794	$ 84,662	$ 199,550	$ 32,160	$ 79,638	$ 112,271
Plus Medical Plan Drug Rebate	$ 1,660	$ 734	$ -	$ 6,208	$ -	$ 3,000	$ -	$ -	$ -	$ -	$ -
Underwriting (Deficit)/Surplus	$ 296,593	$ 940,108	$ 93,016	$ 1,778,347	$ 117,727	$ 1,251,902	$ 117,660	$ 82,629	$ (42,341)	$ 153,790	$ 104,004
Percent Deficit/Surplus	4%	12%	6%	20%	12%	19%	13%	4%	-12%	19%	9%

[1] Totals may not add due to rounding.

Continued

TABLE 9
(continued)
HMSA Medical Plan Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

Retirees

For the Period July 1, 2004 to June 30, 2005 [1]

	HFFA 11	SHOPO 12	HGEA 13	COBRA	Retro Premiums[2]	Total
Retirees Without Medicare						
Dues Income	$ 3,787,702	$ 5,133,558	$ 4,959,871	$ 82,605	$ (9,678)	$ 50,196,492
Less:						
Claims	$ 2,577,081	$ 3,419,462	$ 3,043,518	$ 81,283	$ -	$ 35,352,020
IBNR	$ 73,321	$ 97,287	$ 86,591	$ 2,313	$ -	$ 1,005,800
Incurred Claims	$ 2,650,401	$ 3,516,749	$ 3,130,109	$ 83,595	$ -	$ 36,357,820
Less:						
Retention	$ 339,094	$ 464,498	$ 435,545	$ 7,462	$ (590)	$ 4,424,327
Plus Medical Plan Drug Rebate	$ 511	$ -	$ -	$ -	$ -	$ 2,627
Underwriting (Deficit)/Surplus	$ 798,718	$ 1,152,311	$ 1,394,217	$ (8,452)	$ (9,088)	$ 9,416,972
Percent Deficit/Surplus	21%	22%	28%	-10%	94%	19%
Retirees With Medicare						
Dues Income	$ 681,854	$ 624,441	$ 4,533,216	$ 15,187	$ (66,715)	$ 44,928,559
Less:						
Claims	$ 452,946	$ 502,064	$ 2,996,561	$ 9,452	$ -	$ 32,478,643
IBNR	$ 31,699	$ 35,137	$ 209,713	$ 661	$ -	$ 2,273,000
Incurred Claims	$ 484,646	$ 537,201	$ 3,206,274	$ 10,113	$ -	$ 34,751,643
Less:						
Retention	$ 63,426	$ 58,135	$ 426,969	$ 1,606	$ (4,070)	$ 4,291,402
Plus Medical Plan Drug Rebate	$ -	$ 766	$ -	$ -	$ -	$ 12,369
Underwriting (Deficit)/Surplus	$ 133,783	$ 29,871	$ 899,973	$ 3,468	$ (62,645)	$ 5,897,884
Percent Deficit/Surplus	20%	5%	20%	23%	94%	13%

[1] Totals may not add due to rounding.

[2] Retro premiums received by HMSA from July 1, 2004 through June 30, 2005. The premium reports received from the EUTF do not indicate the associated bargaining unit for these retro premiums.

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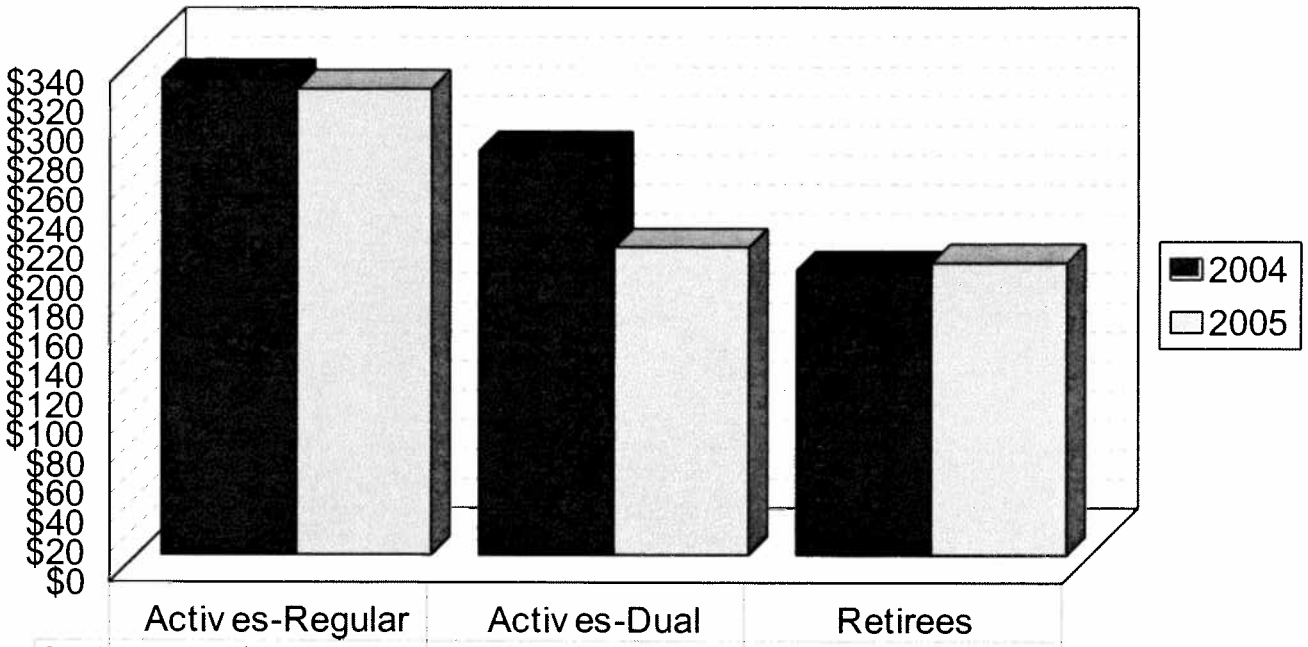
TABLE 10

Table 10 shows HMSA benefit payment distributions between actives and retirees and average monthly benefits paid per participant.



	Activ es-Regular	Activ es-Dual	Retirees
2004	$324	$275	$194
2005	$317	$209	$199

Benefits Paid Per Participant Per Month

TABLE 10

HMSA Benefit Payment Distribution Between Actives and Retirees
Benefit Payment per Subscriber per Month

Hawaii Employer-Union Health Benefits Trust Fund

	Grand Total		Actives - Regular			Actives - Dual			Retirees		
Plan Year Ending	Benefits Paid	Total Actives Benefits Paid	Benefits Paid	Percentage of Total	Benefits Paid Per Participant Per Month	Benefits Paid	Percentage of Total	Benefits Paid Per Participant Per Month	Benefit Paid	Percentage of Total	Benefits Paid Per Participant Per Month
2004	$ 206,805,302	$142,662,770	$142,424,481	68.9%	$324.01	$238,289	0.1%	$274.84	$64,142,532	31.0%	$193.57
2005	$ 218,065,552	$150,234,889	$148,583,013	68.1%	$316.86	$1,651,876	0.8%	$209.20	$67,830,663	31.1%	$198.65

TABLE 11

Table 11 shows the HMSA medical payments by type of service for active employees enrolled in the regular medical plan. This table also shows the percentage of billed charges paid by type of service for both participating and non-participating providers.

Active employees overwhelmingly used participating providers; 99.3% of the benefits paid were paid for services rendered by participating providers. The amount paid to non-participating providers declined by 7.9%.

Hospital expenses accounted for 42.2% of all benefits paid and medical expenses constituted 33.0% of claims. Hospital expenses only rose by 3.5% from the prior year, which means hospital expenses per employee were flat. Medical expenses climbed by 11.4%, surgical by 10.9% and lab/x-ray by 9.2%.

Services rendered to employees accounted for 58.7% of all benefits.

Overall, benefits paid were 49.8% of billed charges, down from 50.9% the prior year.

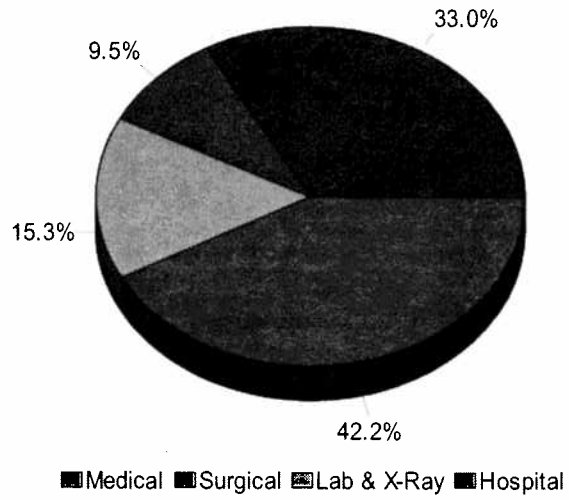


TABLE 11

HMSA Medical Benefit Payments by Type of Service and Plan Performance

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year [1]

Actives - Regular Plan

	Total Benefits Paid	Medical Benefits Paid	Surgical Benefits Paid	Lab & X-Ray Benefits Paid	Hospital Benefits Paid
Participating Provididers -					
Employees	$ 86,632,513	$ 27,507,178	$ 9,070,685	$ 15,300,256	$ 34,754,394
Dependents	$ 60,875,263	$ 21,296,967	$ 4,868,575	$ 7,476,869	$ 27,232,852
Total	$ 147,507,776	$ 48,804,145	$ 13,939,260	$ 22,777,124	$ 61,987,247
Non-Participating Providers -					
Employees	$ 611,085	$ 148,114	$ 93,047	$ 18,305	$ 351,618
Dependents	$ 464,151	$ 94,350	$ 46,547	$ 10,151	$ 313,104
Total	$ 1,075,236	$ 242,464	$ 139,594	$ 28,456	$ 664,722
All Providers					
Employees	$ 87,243,598	$ 27,655,292	$ 9,163,732	$ 15,318,561	$ 35,106,013
Dependents	$ 61,339,415	$ 21,391,317	$ 4,915,122	$ 7,487,019	$ 27,545,956
Total	$ 148,583,013	$ 49,046,609	$ 14,078,855	$ 22,805,580	$ 62,651,969

[1] Totals may not add due to rounding.

TABLE 12

Table 12 shows the HMSA medical payments by type of service for active employees enrolled in the dual-coverage plan. This table also shows the percentage of billed charges paid by type of service for both participating and non-participating providers.

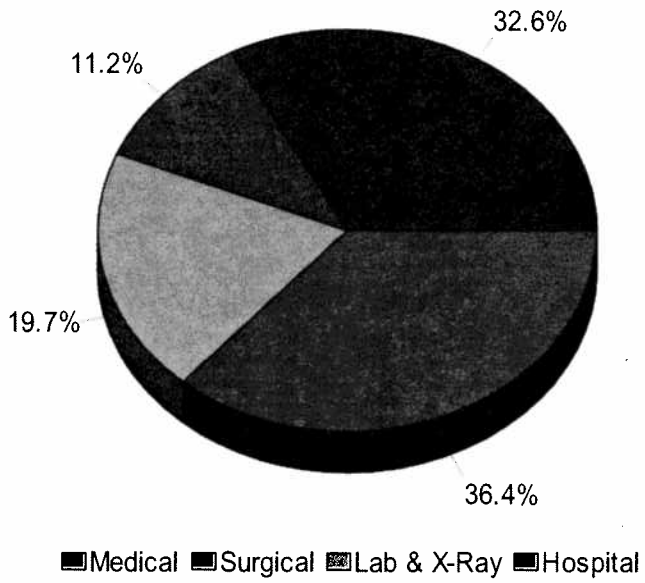


TABLE 12

HMSA Medical Benefit Payments by Type of Service and Plan Performance

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year [1]

Actives - Dual Coverage

	Total Benefits Paid	Medical Benefits Paid	Surgical Benefits Paid	Lab & X-Ray Benefits Paid	Hospital Benefits Paid
Participating Provididers -					
Employees	$ 1,291,433	$ 349,243	$ 158,610	$ 283,198	$ 500,382
Dependents	$ 356,663	$ 186,799	$ 26,600	$ 42,859	$ 100,406
Total	$ 1,648,096	$ 536,042	$ 185,210	$ 326,057	$ 600,787
Non-Participating Providers -					
Employees	$ 1,812	$ 1,167	$ 523	$ 17	$ 105
Dependents	$ 1,968	$ 1,704	$ 102	$ 6	$ 156
Total	$ 3,780	$ 2,871	$ 626	$ 23	$ 261
All Providers					
Employees	$ 1,293,245	$ 350,410	$ 159,133	$ 283,215	$ 500,486
Dependents	$ 358,631	$ 188,503	$ 26,702	$ 42,865	$ 100,562
Total	$ 1,651,876	$ 538,913	$ 185,836	$ 326,080	$ 601,048

[1] Totals may not add due to rounding.

TABLE 13

Table 13 shows the HMSA medical payments by type of service for retirees with Medicare. This table also shows the percentage of billed charges paid by type of service for both participating and non-participating providers.

Retirees with Medicare used participating providers much more often than non-participating providers; 97.3% of the benefits paid were paid for services rendered by participating providers.

Hospital expenses accounted for 51.5% of all benefits paid and medical expenses constituted 35.1% of claims.

Services rendered to retirees accounted for 70.3% of all benefits, as opposed to 29.7% for dependents.

Overall, benefits paid were only 20.7% of billed charges, largely because Medicare is primary for these retirees and most of their dependents.

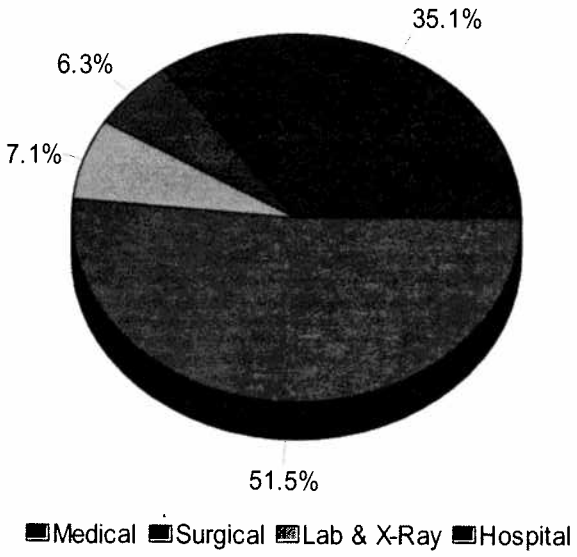


TABLE 13

HMSA Medical Benefit Payments by Type of Service and Plan Performance

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year [1]

Retirees With Medicare

	Total Benefits Paid	Medical Benefits Paid	Surgical Benefits Paid	Lab & X-Ray Benefits Paid	Hospital Benefits Paid
Participating Provididers -					
Retirees	$ 22,241,514	$ 7,865,981	$ 1,348,622	$ 1,367,625	$ 11,659,287
Dependents	$ 9,357,044	$ 3,317,652	$ 644,238	$ 917,968	$ 4,477,185
Total	$ 31,598,557	$ 11,183,633	$ 1,992,860	$ 2,285,593	$ 16,136,472
Non-Participating Providers -					
Retirees	$ 590,302	$ 154,045	$ 29,461	$ 14,406	$ 392,390
Dependents	$ 289,784	$ 59,346	$ 12,474	$ 8,039	$ 209,925
Total	$ 880,085	$ 213,391	$ 41,934	$ 22,445	$ 602,315
All Providers					
Retirees	$ 22,831,815	$ 8,020,026	$ 1,378,082	$ 1,382,031	$ 12,051,677
Dependents	$ 9,646,827	$ 3,376,998	$ 656,712	$ 926,007	$ 4,687,110
Total	$ 32,478,643	$ 11,397,024	$ 2,034,794	$ 2,308,038	$ 16,738,787

[1] Totals may not add due to rounding.

TABLE 14

Table 14 shows the HMSA medical payments by type of service for retirees without Medicare. This table also shows the percentage of billed charges paid by type of service for both participating and non-participating providers.

Retirees with Medicare used participating providers much more often than non-participating providers; 98.9% of the benefits paid were paid for services rendered by participating providers.

Hospital expenses accounted for 46.3% of all benefits paid and medical expenses constituted 29.1% of claims.

Services rendered to retirees accounted for 74.8% of all benefits, as opposed to 25.2% for dependents.

Overall, benefits paid were 44.3% of billed charges; Medicare is primary for some dependents of these retirees.

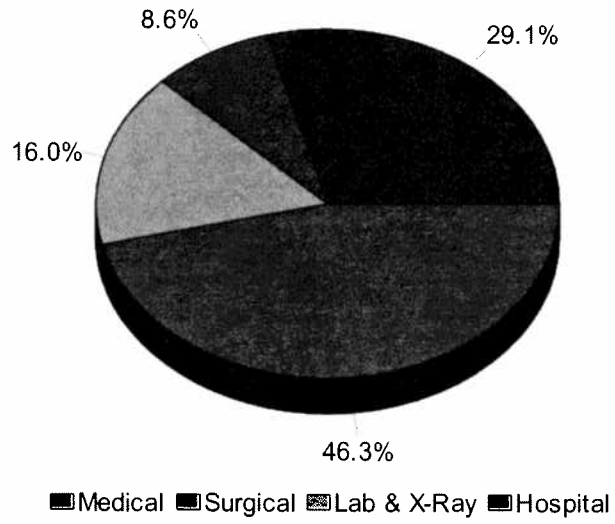


TABLE 14

HMSA Medical Benefit Payments by Type of Service and Plan Performance

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year [1]

Retirees Without Medicare

	Total Benefits Paid	Medical Benefits Paid	Surgical Benefits Paid	Lab & X-Ray Benefits Paid	Hospital Benefits Paid
Participating Provididers -					
Retirees	$ 26,126,887	$ 7,359,461	$ 2,244,367	$ 4,149,295	$ 12,373,763
Dependents	$ 8,831,182	$ 2,847,601	$ 756,809	$ 1,501,327	$ 3,725,445
Total	$ 34,958,069	$ 10,207,062	$ 3,001,176	$ 5,650,623	$ 16,099,209
Non-Participating Providers -					
Retirees	$ 315,724	$ 50,235	$ 22,769	$ 9,619	$ 233,101
Dependents	$ 78,227	$ 21,230	$ 6,908	$ 3,117	$ 46,973
Total	$ 393,951	$ 71,465	$ 29,676	$ 12,736	$ 280,074
All Providers					
Retirees	$ 26,442,611	$ 7,409,696	$ 2,267,136	$ 4,158,914	$ 12,606,864
Dependents	$ 8,909,409	$ 2,868,831	$ 763,716	$ 1,504,444	$ 3,772,418
Total	$ 35,352,020	$ 10,278,526	$ 3,030,852	$ 5,663,359	$ 16,379,283

[1] Totals may not add due to rounding.

TABLE 15

Table 15 shows HMSA medical frequency rates and average costs per 1,000 members enrolled in the EUTF.

For active employees in the regular plan, the average amount paid per medical visit increased 6.6% and the frequency of visits increased 3.1%. The average amount paid per surgical case increased 4.1% and the frequency of surgery increased 5.2%. The average amount paid per lab/x-ray service increased only 2.4%, but the frequency increased 5.1%. The average amount paid per hospital admission decreased 7.2%, but the frequency of admission increased by 10.0%. The average length of stay decreased by 12.5%, which meant that the number of hospital days per 1,000 covered people declined by 3.7%.

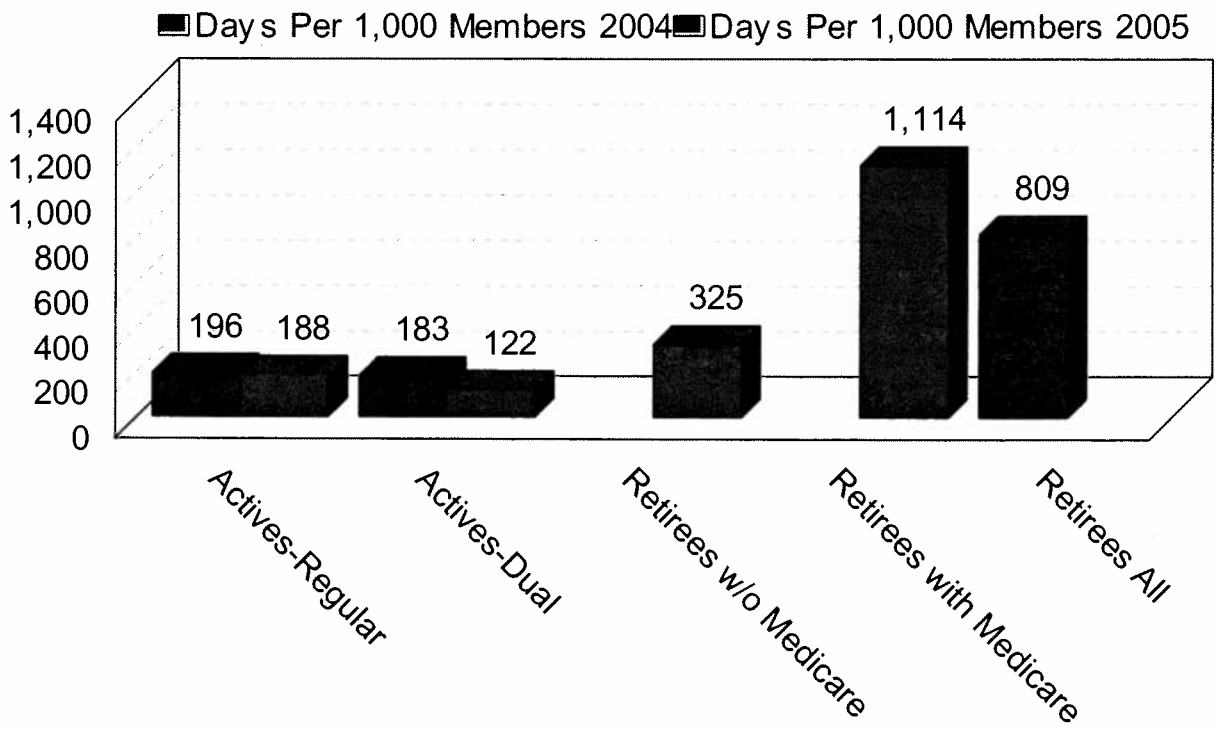


TABLE 15

HMSA Medical Frequency Rates and Average Cost

By Type of Service for Actives or Retirees per 1,000 Members per Year

Hawaii Employer-Union Health Benefits Trust Fund

2004 and 2005 Plan Years

	2004 Plan Year Actives-Regular (Per 1,000 Employees)	2005 Plan Year Actives-Regular (Per 1,000 Employees)	Percentage Change	2004 Plan Year Actives-Dual (Per 1,000 Employees)	2005 Plan Year Actives-Dual (Per 1,000 Employees)	Percentage Change	2004 Plan Year Retirees (Per 1,000 Retireed Employees)	2005 Plan Year Retirees Without Medicare (Per 1,000 Retireed Employees)	2005 Plan Year Retirees With Medicare (Per 1,000 Retireed Employees)	Average Percentage Change
MEDICAL										
Physician Visits	5,825.0	6,008.5	3.1%	6,461.9	7,011.2	8.5%	9,174.7	7,506.3	10,284.7	-3.0%
Average Paid Per Visit	$92.00	$98.03	6.6%	$51.04	$45.24	-11.4%	$50.12	$95.49	$38.57	33.7%
SURGICAL										
Cases	710.0	746.8	5.2%	733.3	784.0	6.9%	1,076.2	1,113.4	1,027.7	-0.5%
Average Paid Per Case	$217.55	$226.41	4.1%	$84.60	$139.52	64.9%	$106.37	$189.83	$68.91	21.6%
LAB AND X-RAY										
Services	7,016.5	7,377.6	5.1%	6,971.4	7,057.7	1.2%	6,248.4	11,405.0	4,322.4	25.9%
Average Paid Per Service	$36.24	$37.12	2.4%	$26.56	$27.19	2.4%	$26.73	$34.63	$18.59	-0.4%
HOSPITAL										
Admissions Per 1,000	61.1	67.2	10.0%	52.4	55.3	5.5%	132.6	83.3	161.4	-7.7%
Average Length of Stay	3.2	2.8	-12.5%	3.5	2.2	-37.1%	6.1	3.9	6.9	-11.5%
Days per 1,000	195.5	188.2	-3.8%	183.4	121.7	-33.7%	808.9	324.9	1,113.7	-11.1%
Average Paid Per Admission	$12,063.93	$11,191.85	-7.2%	$9,816.24	$6,394.13	-34.9%	$5,523.68	$13,706.51	$3,609.05	56.7%

Note: Retiree costs are net of expenses paid by Medicare.

TABLE 16

Table 16 shows Kaiser medical usage and average hospital admissions and days per 1,000 members enrolled in the EUTF.

The number of hospital days per 1,000 Kaiser members declined in each category: down 6.4% for active employees, 9.8% for retirees without Medicare and 2.5% for retirees with Medicare. The number of hospital admissions also declined in each category: 17.2% for active employees, 8.8% for retirees without Medicare and 15.8% for retirees with Medicare.

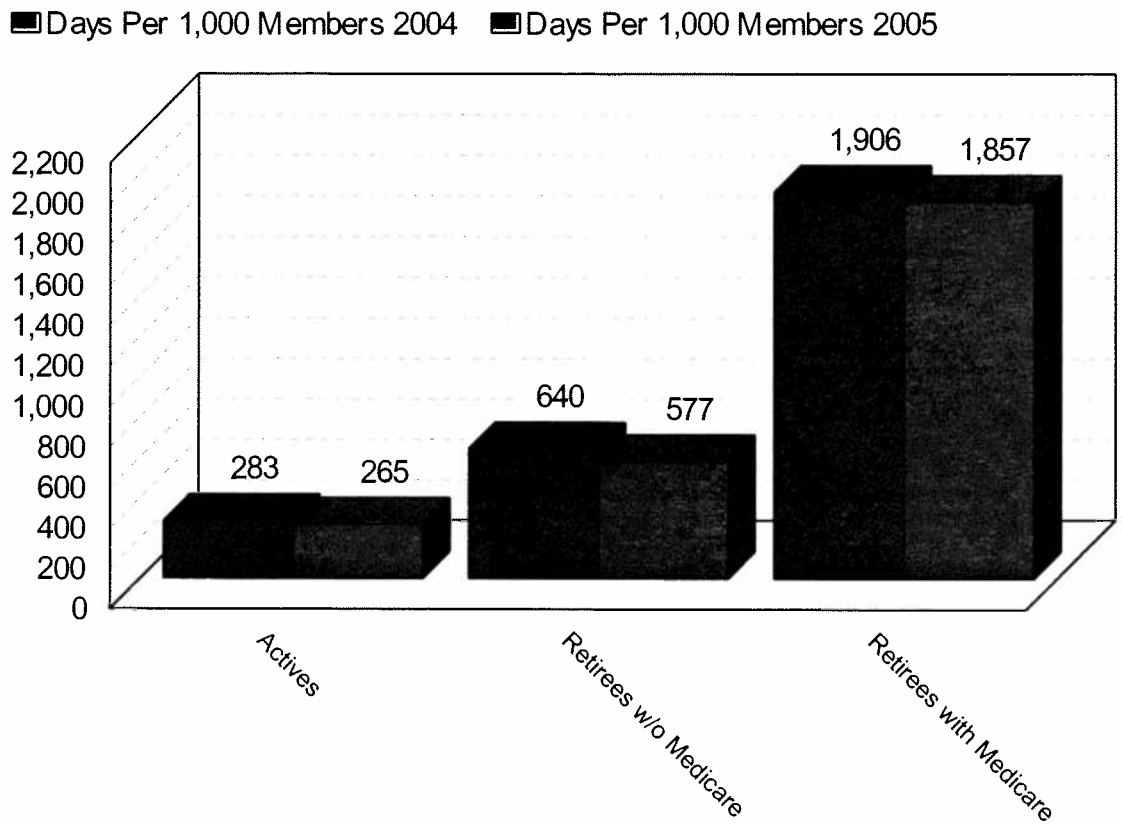


TABLE 16

Kaiser Frequency Rates

By Type of Service for Actives or Retirees per Year

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year

	2004 Plan Year Actives	2005 Plan Year Actives	Percentage Change	2004 Plan Year Retirees without Medicare	2005 Plan Year Retirees without Medicare	Percentage Change	2004 Plan Year Retirees with Medicare	2005 Plan Year Retirees with Medicare	Percentage Change
OUTPATIENT									
Physician Visits	90,324	94,643	4.8%	14,243	14,975	5.1%	48,434	45,450	-6.2%
Other Provider Visits	27,656	37,803	36.7%	5,130	7,562	47.4%	15,038	20,715	37.8%
Laboratory Procedures	161,822	118,250	-26.9%	45,241	30,499	-32.6%	183,254	102,145	-44.3%
Radiology Procedures	17,820	21,611	21.3%	4,286	4,964	15.8%	14,345	14,952	4.2%
Physical/Occupational Procedures	5,014	5,621	12.1%	1,092	1,166	6.8%	3,479	3,189	-8.3%
INPATIENT									
Hospital Cases Per 1,000 Members	66.9	55.4	-17.3%	104.1	94.9	-8.8%	283.5	238.8	-15.8%
Days Per 1,000 Members	283.1	264.9	-6.4%	639.5	576.8	-9.8%	1,905.5	1,857.2	-2.5%

TABLE 17

Table 17 shows the Royal State medical plan financial results. The surplus is being held by Royal State, but will be refunded to the EUTF at the request of the Board.

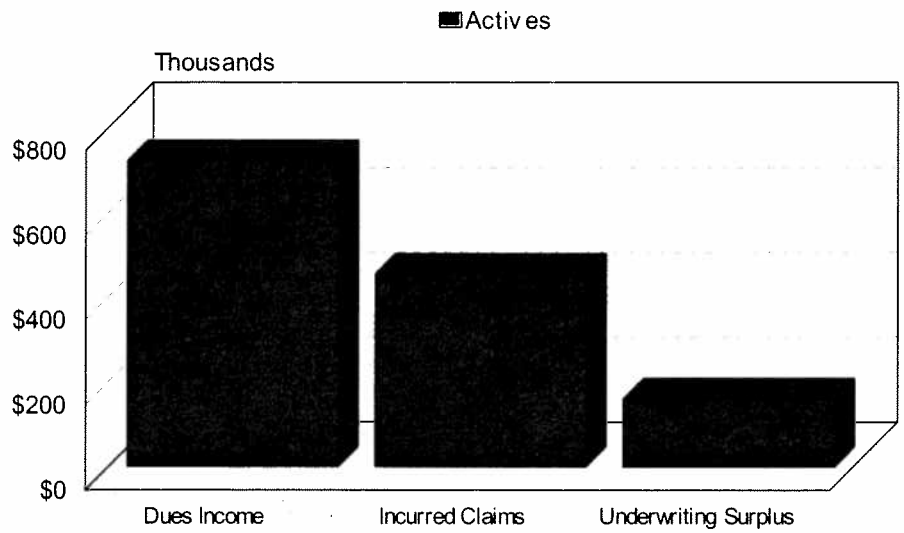


TABLE 17

Royal State National Group Dual-Coverage Medical Plan Financial Operations

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year[1]

	Actives		
Dues Income	$	720,792	100.0%
Less:			
Claims	$	452,391	62.8%
IBNR	$	1,000	0.1%
Incurred Claims	$	453,391	62.9%
Less:			
Retention	$	108,119	15.0%
Underwriting (Deficit)/Surplus	$	159,282	22.1%

[1] Totals may not add due to rounding.

TABLE 18

Table 18 shows the HMSA prescription drug plan financial results. The two active plans are combined for experience rating purposes. Therefore, the surplus for active employees was $9,063,430.

All claims for the first plan year must be filed by June 30, 2006 - one year after the date services are rendered. In July, 2006, HMSA will make their final accounting for the first plan year. At that time additional surpluses may be refunded to the EUTF (if the IBNR—incurred-but-not-reported reserve—is greater than the actual claims) or a portion of the amount already refunded may be owed to HMSA (if the claims exceed the reserve).

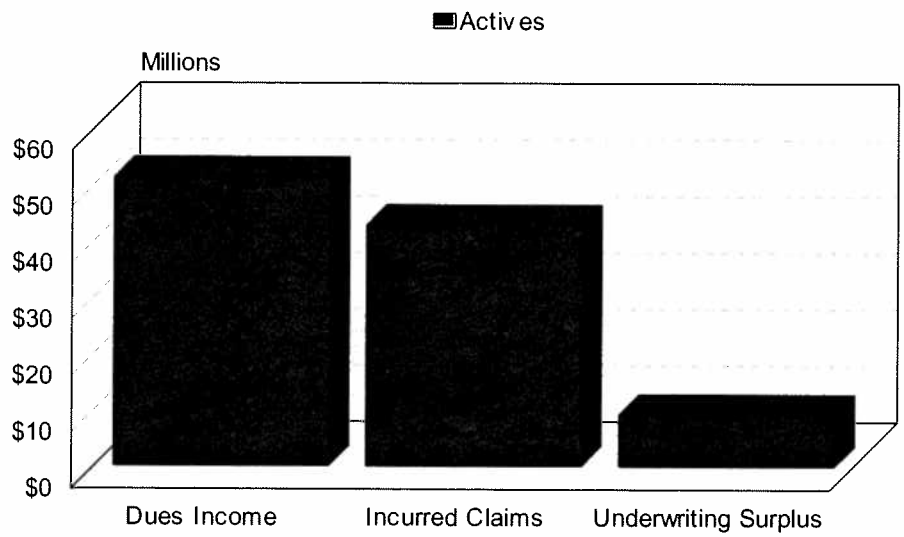


TABLE 18

HMSA Prescription Drug Financial Operations

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year[1]

	Actives - Regular		Actives - Dual		Retirees	
Dues Income	$ 50,389,711	100.0%	$ 693,477	100.0%	$ 72,002,085	100.0%
Less:						
Claims	$ 42,264,500	83.9%	$ 343,070	49.5%	$ 60,035,274	83.4%
Current Period's IBNR	$ 42,300	0.1%	$ 300	0.0%	$ 165,300	0.2%
Incurred Claims	$ 42,306,800	84.0%	$ 343,370	49.5%	$ 60,200,574	83.6%
Less:						
Retention [2]	$ 3,577,669	7.1%	$ 104,022	15.0%	$ 4,392,127	6.1%
Plus:						
Drug Settlement Credit	$ 10,921	0.0%	$ 20	0.0%	$ 19,811	0.0%
Drug Rebates	$ 4,250,002	8.4%	$ 51,161	7.4%	$ 5,343,232	7.4%
Underwriting (Deficit)/Surplus	$ 8,766,164	17.4%	$ 297,266	42.9%	$ 12,772,427	17.7%

[1] Totals may not add due to rounding.

[2] Retention is 7.1% of premium for Actives-Regular, 15.0% of premiums for Actives-Dual and 6.1% of premiums for retirees.

TABLE 19

Table 19 shows the HMSA prescription drug payments for brand name, generic and miscellaneous drugs for active employees in the regular plan. This table also shows the percentage of billed charges paid by category for both participating and non-participating pharmacies and mail-order pharmacy.

Active employees overwhelmingly used participating pharmacies; virtually all of the benefits paid were paid for services rendered by participating pharmacies or mail order.

Preferred brand name drugs accounted for 61.1% of all benefits paid, other brand name drugs accounted for 16.5%, generics were 20.3% and miscellaneous were 2.1%.

Prescriptions for employees accounted for 65.9% of all benefits, as opposed to 34.1% for dependents.

Overall, benefits paid were 81.5% of billed charges.

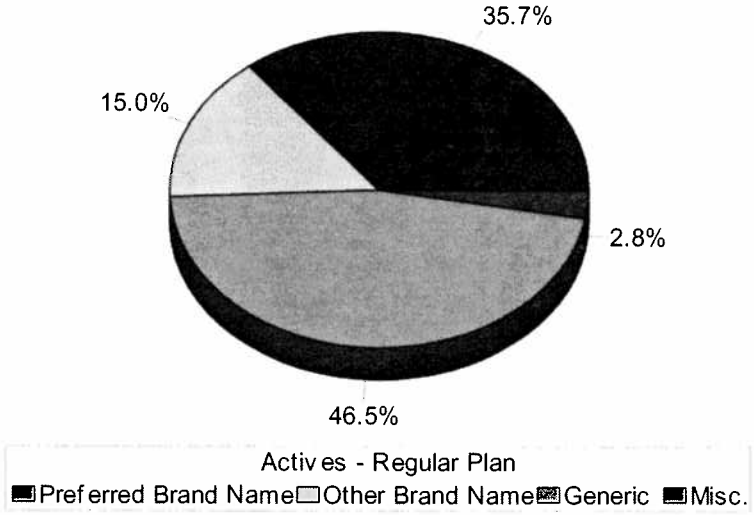


TABLE 19

HMSA Prescription Drug
Payment and Plan Performance by Brand Name, Generic and Miscellaneous

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year

Actives - Regular Plan

	Total			Preferred Brand Name			Other Brand Name			Generic			Miscellaneous		
	Number of Rx	% of Total Rx	Amount Paid	Number of Rx	% of Total Rx	Amount Paid	Number of Rx	% of Total Rx	Amount Paid	Number of Rx	% of Total Rx	Amount Paid	Number of Rx	% of Total Rx	Amount Paid
Participating Pharmacies -															
Employees	473,665		$ 23,346,721	170,693		$ 14,197,375	68,893		$ 3,648,481	222,452		$ 4,973,956	11,627		$ 526,908
Dependents	291,910		$ 12,846,023	98,642		$ 7,633,226	44,197		$ 2,063,450	139,983		$ 2,837,186	9,088		$ 312,161
Total	765,575	94.8%	$ 36,192,744	269,335	93.5%	$ 21,830,601	113,090	93.3%	$ 5,711,931	362,435	96.4%	$ 7,811,142	20,715	92.2%	$ 839,069
Non-Participating Pharmacies -															
Employees	1,002		$ 181,520	25		$ 161,463	51		$ 2,361	153		$ 3,966	773		$ 13,730
Dependents	896		$ 21,697	58		$ 3,796	63		$ 2,017	103		$ 1,823	672		$ 14,062
Total	1,898	0.2%	$ 203,218	83	0.0%	$ 165,259	114	0.1%	$ 4,378	256	0.1%	$ 5,789	1,445	6.4%	$ 27,792
Mail Order Pharmacy -															
Employees	29,390		$ 4,427,071	13,740		$ 2,909,753	5,707		$ 914,131	9,726		$ 583,299	217		$ 19,889
Dependents	10,656		$ 1,601,317	4,822		$ 1,012,100	2,280		$ 386,969	3,455		$ 194,438	99		$ 7,811
Total	40,046	5.0%	$ 6,028,388	18,562	6.4%	$ 3,921,852	7,987	6.6%	$ 1,301,100	13,181	3.5%	$ 777,737	316	1.4%	$ 27,699
All Pharmacies -															
Employees	504,057		$ 27,955,312	184,458		$ 17,268,591	74,651		$ 4,564,973	232,331		$ 5,561,221	12,617		$ 560,527
Dependents	303,462		$ 14,469,037	103,522		$ 8,649,121	46,540		$ 2,452,435	143,541		$ 3,033,446	9,859		$ 334,034
Total	807,519	100.0%	$ 42,424,349	287,980	100.0%	$ 25,917,712	121,191	100.0%	$ 7,017,408	375,872	100.0%	$ 8,594,668	22,476	100.0%	$ 894,561

TABLE 20

Table 20 shows the HMSA prescription drug payments for brand name, generic and miscellaneous drugs for active employees in the dual-coverage plan. This table also shows the percentage of billed charges paid by category for both participating and non-participating pharmacies and mail-order pharmacy.

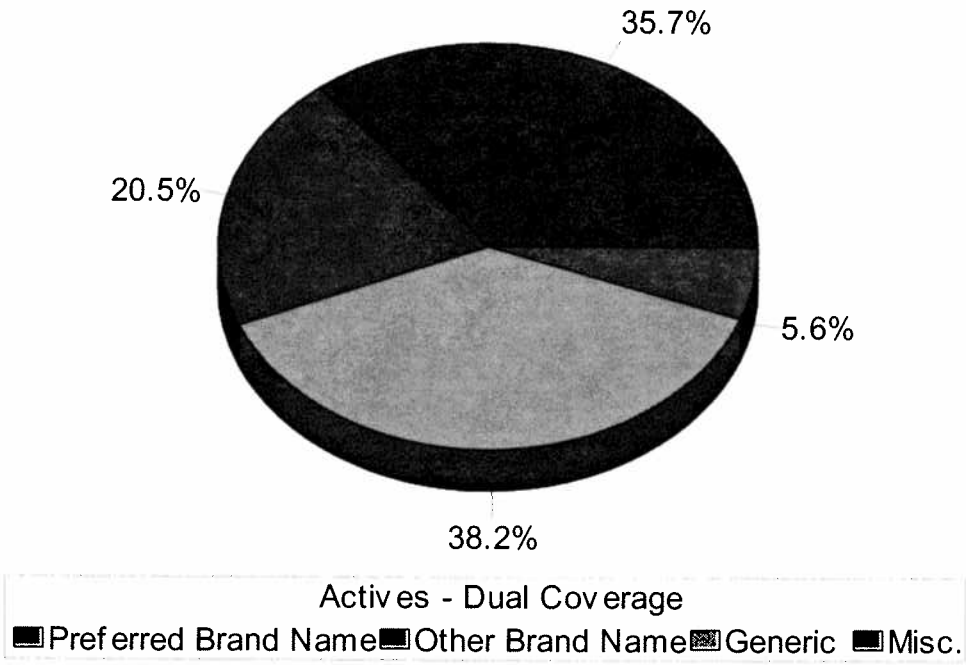


TABLE 20

HMSA Prescription Drug
Payment and Plan Performance by Brand Name, Generic and Miscellaneous

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year

Actives - Dual Coverage

	Total			Preferred Brand Name			Other Brand Name			Generic			Miscellaneous		
	Number of Rx	% of Total Rx	Amount Paid	Number of Rx	% of Total Rx	Amount Paid	Number of Rx	% of Total Rx	Amount Paid	Number of Rx	% of Total Rx	Amount Paid	Number of Rx	% of Total Rx	Amount Paid
Participating Pharmacies -															
Employees	11,193		$ 171,098	4,279		$ 73,518	2,055		$ 32,875	4,356		$ 55,940	503		$ 8,765
Dependents	9,964		$ 160,895	3,298		$ 60,578	2,286		$ 64,834	3,736		$ 25,830	644		$ 9,653
Total	21,157	98.1%	$ 331,992	7,577	98.4%	$ 134,096	4,341	98.3%	$ 97,709	8,092	98.4%	$ 81,770	1,147	94.2%	$ 18,418
Non-Participating Pharmacies -															
Employees	34		$ 631	-		$ -	-		$ -	4		$ 76	30		$ 555
Dependents	43		$ 1,242	1		$ 15	4		$ 100	5		$ 47	33		$ 1,080
Total	77	0.4%	$ 1,873	1	0.0%	$ 15	4	0.1%	$ 100	9	0.1%	$ 123	63	5.2%	$ 1,635
Mail Order Pharmacy -															
Employees	224		$ 6,065	70		$ 1,960	56		$ 1,676	90		$ 2,247	8		$ 182
Dependents	101		$ 3,140	51		$ 2,025	16		$ 735	34		$ 380	-		$ -
Total	325	1.5%	$ 9,205	121	1.6%	$ 3,985	72	1.6%	$ 2,411	124	1.5%	$ 2,627	8	0.7%	$ 182
All Pharmacies -															
Employees	11,451		$ 177,794	4,349		$ 75,478	2,111		$ 34,552	4,450		$ 58,262	541		$ 9,502
Dependents	10,108		$ 165,276	3,350		$ 62,618	2,306		$ 65,668	3,775		$ 26,257	677		$ 10,733
Total	21,559	100.0%	$ 343,070	7,699	100.0%	$ 138,096	4,417	100.0%	$ 100,220	8,225	100.0%	$ 84,520	1,218	100.0%	$ 20,235

TABLE 21

Table 21 shows the HMSA prescription drug payments for brand name, generic and miscellaneous drugs for retirees without Medicare. This table also shows the percentage of billed charges paid by category for both participating and non-participating pharmacies and mail-order pharmacy.

Retirees overwhelmingly used participating pharmacies; virtually all of the benefits paid were paid for services rendered by participating pharmacies or mail order.

Preferred brand name drugs accounted for 58.7% of all benefits paid, other brand name drugs accounted for 20.2%, generics were 18.1%, and miscellaneous were 3%.

Overall, benefits paid were 81.5% of billed charges.

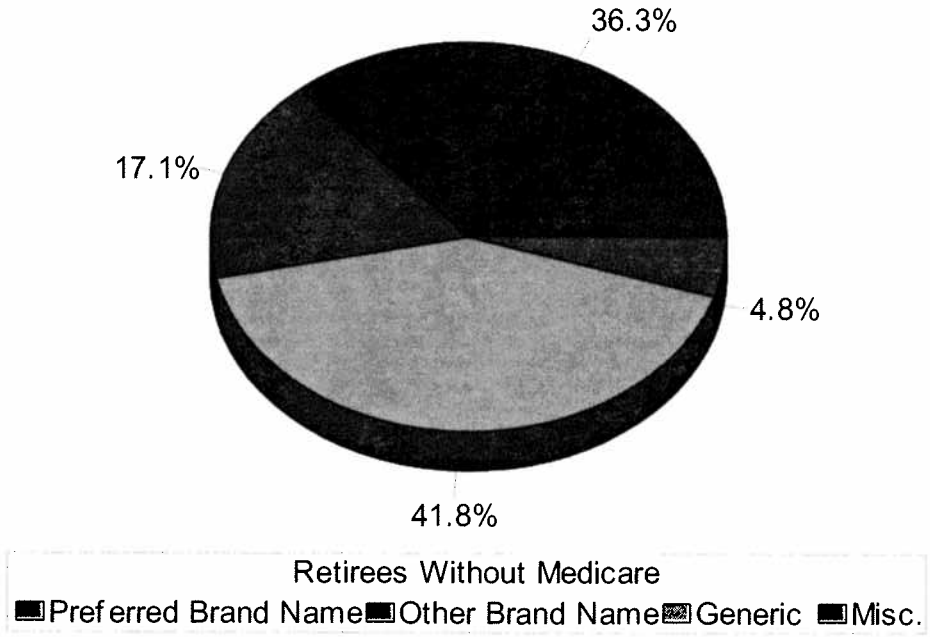


TABLE 21

HMSA Prescription Drug
Payment and Plan Performance by Brand Name, Generic and Miscellaneous

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year

Retirees Without Medicare

	Total			Preferred Brand Name			Other Brand Name			Generic			Miscellaneous		
	Number of Rx	% of Total Rx	Amount Paid	Number of Rx	% of Total Rx	Amount Paid	Number of Rx	% of Total Rx	Amount Paid	Number of Rx	% of Total Rx	Amount Paid	Number of Rx	% of Total Rx	Amount Paid
Participating Pharmacies -															
Employees	157,972		$ 8,049,402	56,657		$ 4,649,807	25,884		$ 1,549,674	68,675		$ 1,573,758	6,756		$ 276,163
Dependents	85,026		$ 3,350,666	29,935		$ 1,895,493	15,128		$ 697,468	35,346		$ 638,363	4,617		$ 119,341
Total	242,998	90.1%	$ 11,400,068	86,592	88.5%	$ 6,545,300	41,012	89.0%	$ 2,247,143	104,021	92.3%	$ 2,212,121	11,373	87.4%	$ 395,504
Non-Participating Pharmacies -															
Employees	1,009		$ 16,963	18		$ 1,024	34		$ 961	89		$ 1,603	868		$ 13,375
Dependents	590		$ 11,256	15		$ 670	8		$ 252	33		$ 415	534		$ 9,920
Total	1,599	0.6%	$ 28,220	33	0.0%	$ 1,694	42	0.1%	$ 1,213	122	0.1%	$ 2,018	1,402	10.8%	$ 23,295
Mail Order Pharmacy -															
Employees	18,476		$ 2,586,023	8,422		$ 1,652,836	3,594		$ 557,284	6,288		$ 359,450	172		$ 16,454
Dependents	6,636		$ 823,295	2,829		$ 506,724	1,411		$ 198,965	2,325		$ 110,309	71		$ 7,297
Total	25,112	9.3%	$ 3,409,318	11,251	11.5%	$ 2,159,559	5,005	10.9%	$ 756,249	8,613	7.6%	$ 469,759	243	1.9%	$ 23,751
All Pharmacies -															
Employees	177,457		$ 10,652,389	65,097		$ 6,303,667	29,512		$ 2,107,920	75,052		$ 1,934,811	7,796		$ 305,992
Dependents	92,252		$ 4,185,217	32,779		$ 2,402,886	16,547		$ 896,685	37,704		$ 749,087	5,222		$ 136,558
Total	269,709	100.0%	$ 14,837,606	97,876	100.0%	$ 8,706,553	46,059	100.0%	$ 3,004,605	112,756	100.0%	$ 2,683,898	13,018	100.0%	$ 442,550

TABLE 22

Table 22 shows the HMSA prescription drug payments for brand name, generic and miscellaneous drugs for retirees with Medicare. This table also shows the percentage of billed charges paid by category for both participating and non-participating pharmacies and mail-order pharmacy.

Retirees overwhelmingly used participating pharmacies; virtually all of the benefits paid were paid for services rendered by participating pharmacies or mail order.

Preferred brand name drugs accounted for 60% of all benefits paid, other brand name drugs accounted for 20.1%, generics were 18.3%, and miscellaneous were 1.6%.

Overall, benefits paid were 80.7% of billed charges.

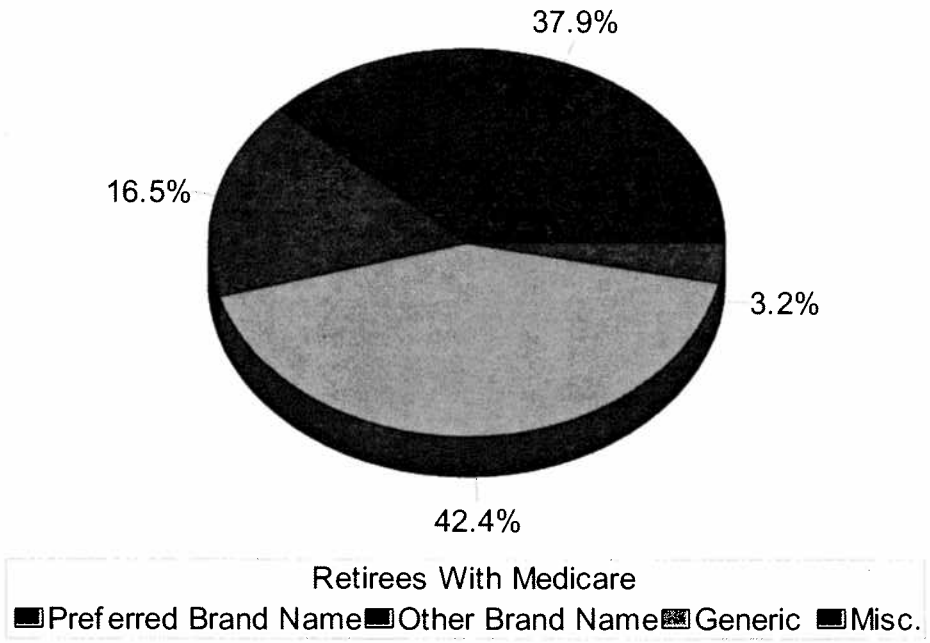


TABLE 22

HMSA Prescription Drug
Payment and Plan Performance by Brand Name, Generic and Miscellaneous

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year

Retirees With Medicare

	Total			Preferred Brand Name			Other Brand Name			Generic			Miscellaneous		
	Number of Rx	% of Total Rx	Amount Paid	Number of Rx	% of Total Rx	Amount Paid	Number of Rx	% of Total Rx	Amount Paid	Number of Rx	% of Total Rx	Amount Paid	Number of Rx	% of Total Rx	Amount Paid
Participating Pharmacies -															
Employees	506,257		$ 25,257,843	190,525		$ 15,114,386	80,629		$ 4,741,199	222,632		$ 5,008,179	12,471		$ 394,078
Dependents	183,095		$ 7,940,283	67,411		$ 4,619,475	30,591		$ 1,572,719	77,045		$ 1,538,451	8,048		$ 209,638
Total	689,352	87.9%	$ 33,198,127	257,936	86.7%	$ 19,733,861	111,220	86.1%	$ 6,313,919	299,677	90.1%	$ 6,546,630	20,519	80.6%	$ 603,717
Non-Participating Pharmacies -															
Employees	4,447		$ 122,183	677		$ 40,918	359		$ 18,774	952		$ 15,048	2,459		$ 47,443
Dependents	1,910		$ 43,533	73		$ 5,162	56		$ 2,690	105		$ 1,974	1,676		$ 33,707
Total	6,357	0.8%	$ 165,716	750	0.3%	$ 46,080	415	0.3%	$ 21,464	1,057	0.3%	$ 17,021	4,135	16.2%	$ 81,151
Mail Order Pharmacy -															
Employees	66,585		$ 8,939,397	29,321		$ 5,582,218	13,161		$ 2,047,252	23,524		$ 1,265,852	579		$ 44,076
Dependents	22,390		$ 2,894,429	9,434		$ 1,772,647	4,417		$ 680,347	8,311		$ 423,888	228		$ 17,547
Total	88,975	11.3%	$ 11,833,825	38,755	13.0%	$ 7,354,864	17,578	13.6%	$ 2,727,599	31,835	9.6%	$ 1,689,740	807	3.2%	$ 61,623
All Pharmacies -															
Employees	577,289		$ 34,319,423	220,523		$ 20,737,523	94,149		$ 6,807,225	247,108		$ 6,289,078	15,509		$ 485,598
Dependents	207,395		$ 10,878,245	76,918		$ 6,397,283	35,064		$ 2,255,756	85,461		$ 1,964,313	9,952		$ 260,893
Total	784,684	100.0%	$ 45,197,668	297,441	37.9%	$ 27,134,806	129,213	16.5%	$ 9,062,981	332,569	42.4%	$ 8,253,391	25,461	3.2%	$ 746,490

TABLE 23

Table 23 shows the HMSA prescription drug plan financial results by bargaining unit.

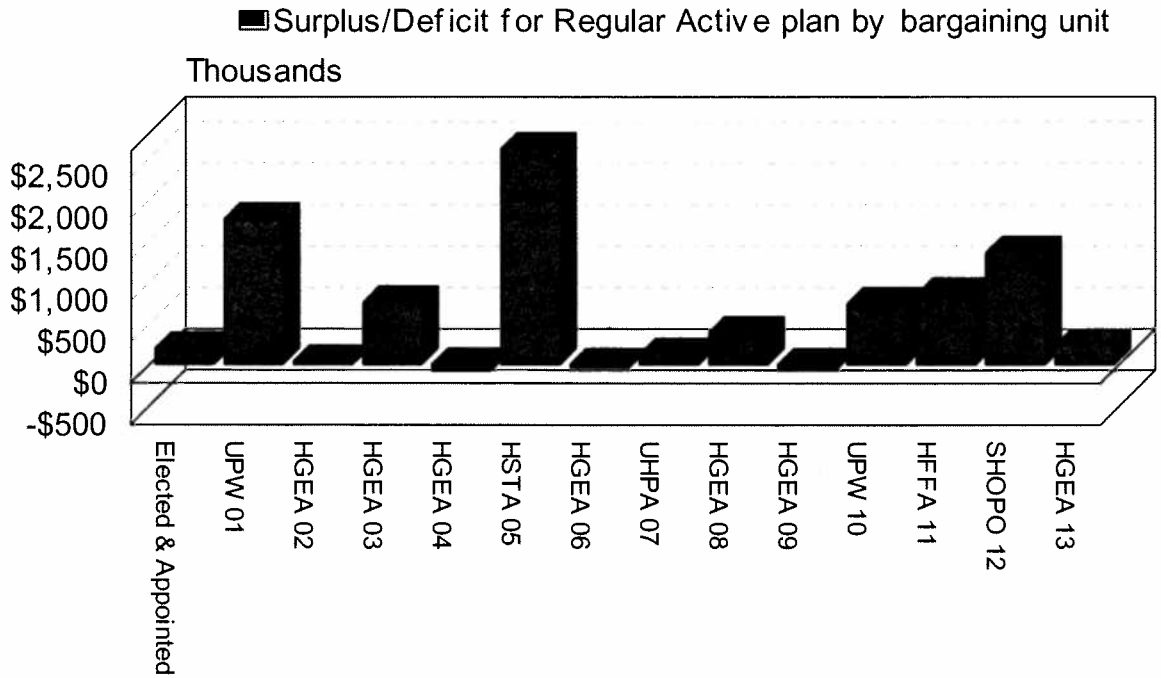


TABLE 23

HMSA Prescription Drug Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

Active Employees

For the Period July 1, 2004 to June 30, 2005[1]

	Elected, Appointed & Other 00	UPW 01	HGEA 02	HGEA 03	HGEA 04	HSTA 05	HGEA 06	UHPA 07	HGEA 08	HGEA 09	UPW 10
Actives - Regular											
Dues Income	$ 923,404	$ 6,891,557	$ 689,927	$ 9,977,876	$ 541,047	$ 10,908,596	$ 686,390	$ 2,693,617	$ 1,544,285	$ 1,123,739	$ 2,250,546
Less:											
Claims	$ 739,574	$ 5,160,348	$ 203	$ 9,461,939	$ 644,641	$ 8,369,064	$ 749,817	$ 2,642,107	$ 1,165,708	$ 1,222,690	$ 1,506,189
IBNR	$ 740	$ 5,165	$ 664	$ 9,470	$ 645	$ 8,376	$ 750	$ 2,644	$ 1,167	$ 1,224	$ 1,507
Incurred Claims	$ 740,314	$ 5,165,512	$ 867	$ 9,471,409	$ 645,287	$ 8,377,440	$ 750,567	$ 2,644,751	$ 1,166,875	$ 1,223,914	$ 1,507,696
Less:			323								
Retention	$ 65,562	$ 489,301	$ 903	$ 708,429	$ 38,414	$ 774,510	$ 48,734	$ 191,247	$ 109,644	$ 79,785	$ 159,789
Plus Drug Settlement Credit	$ 191	$ 1,333	$ 174	$ 2,445	$ 167	$ 2,162	$ 194	$ 683	$ 301	$ 316	$ 389
Plus Estimated Drug Program Credit	$ 74,370	$ 518,910	$ 67,665	$ 951,467	$ 64,823	$ 841,570	$ 75,400	$ 265,683	$ 117,220	$ 122,950	$ 151,458
Underwriting (Deficit)/Surplus	$ 192,089	$ 1,756,988	$ 755,997	$ 751,950	$ (77,664)	$ 2,600,379	$ (37,318)	$ 123,985	$ 385,287	$ (56,694)	$ 734,909
Percent Deficit/Surplus	21%	25%	110%	8%	-14%	24%	-5%	5%	25%	-5%	33%
Actives - Dual											
Dues Income	$ 3,753	$ 59,990	$ 5,088	$ 137,829	$ 9,954	$ 279,567	$ 12,504	$ 28,572	$ 3,279	$ 8,258	$ 13,537
Less:											
Claims	$ 2,061	$ 23,529	$ 2,103	$ 65,919	$ 5,877	$ 157,566	$ 8,372	$ 15,710	$ 462	$ 3,421	$ 5,159
IBNR	$ 2	$ 21	$ 2	$ 58	$ 5	$ 138	$ 7	$ 14	$ 0	$ 3	$ 5
Incurred Claims	$ 2,063	$ 23,549	$ 2,105	$ 65,976	$ 5,882	$ 157,704	$ 8,380	$ 15,724	$ 463	$ 3,424	$ 5,163
Less:											
Retention	$ 563	$ 8,999	$ 763	$ 20,674	$ 1,493	$ 41,935	$ 1,876	$ 4,286	$ 492	$ 1,239	$ 2,031
Plus Drug Settlement Credit	$ 0	$ 1	$ 0	$ 4	$ 0	$ 9	$ 0	$ 1	$ 0	$ 0	$ 0
Plus Estimated Drug Program Credit	$ 307	$ 3,509	$ 314	$ 9,830	$ 876	$ 23,497	$ 1,249	$ 2,343	$ 69	$ 510	$ 769
Underwriting (Deficit)/Surplus	$ 1,434	$ 30,953	$ 2,533	$ 61,012	$ 3,456	$ 103,435	$ 3,498	$ 10,906	$ 2,394	$ 4,106	$ 7,113
	38%	52%	50%	44%	35%	37%	28%	38%	73%	50%	53%

[1] Totals may not add due to rounding.

TABLE 23
(continued)
HMSA Prescription Drug Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

Active Employees

For the Period July 1, 2004 to June 30, 2005 [1]

	HFFA 11	SHOPO 12	HGEA 13	COBRA	Retro Premiums[2]	Total
Actives - Regular						
Dues Income	$ 1,685,254	$ 2,932,985	$ 6,997,572	$ 524,263	$ 18,652	$ 50,389,711
Less:						
Claims	$ 796,764	$ 1,529,519	$ 6,963,998	$ 639,243	$ -	$ 41,591,801
IBNR	$ 797	$ 1,531	$ 203	$ 640	$ -	$ 35,523
Incurred Claims	$ 797,561	$ 1,531,049	$ 664	$ 639,883	$ -	$ 34,663,788
Less:						
Retention	$ 119,653	$ 208,242	$ 323	$ 37,223	$ 1,324	$ 3,033,082
Plus Drug Settlement Credit	$ 206	$ 395	$ 903	$ 165	$ -	$ 10,024
Plus Estimated Drug Program Credit	$ 80,120	$ 153,804	$ 700,280	$ 64,281	$ -	$ 4,250,002
Underwriting (Deficit)/Surplus	$ 848,366	$ 1,347,893	$ 7,697,768	$ (88,396)	$ 17,328	$ 16,952,866
Percent Deficit/Surplus	50%	46%	110%	-17%	93%	34%
Actives - Dual						
Dues Income	$ 25,371	$ 47,401	$ 53,311	$ 616	$ 4,447	$ 693,477
Less:						
Claims	$ 10,044	$ 16,337	$ 26,376	$ 135	$ -	$ 343,070
IBNR	$ 9	$ 14	$ 23	$ 0	$ -	$ 300
Incurred Claims	$ 10,052	$ 16,351	$ 26,399	$ 135	$ -	$ 343,370
Less:						
Retention	$ 3,806	$ 7,110	$ 7,997	$ 92	$ 667	$ 104,022
Plus Drug Settlement Credit	$ 1	$ 1	$ 2	$ 0	$ -	$ 20
Plus Estimated Drug Program Credit	$ 1,498	$ 2,436	$ 3,933	$ 20	$ -	$ 51,161
Underwriting (Deficit)/Surplus	$ 13,012	$ 26,377	$ 22,850	$ 409	$ 3,780	$ 297,266
	51%	56%	43%	66%	85%	43%

[1] Totals may not add due to rounding.

[2] Retro premiums received by HMSA from July 1, 2004 through June 30, 2005. The premium reports received from the EUTF do not indicate the associated bargaining unit for these retro premiums.

TABLE 23
(continued)
HMSA Prescription Drug Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

Retirees

For the Period July 1, 2004 to June 30, 2005[1]

	Elected, Appointed & Other 00	UPW 01	HGEA 02	HGEA 03	HGEA 04	HSTA 05	HGEA 06	UHPA 07	HGEA 08	HGEA 09	UPW 10
Retirees Without Medicare											
Dues Income	$ 1,886,501	$ 1,746,471	$ 371,569	$ 2,640,250	$ 290,447	$ 4,455,888	$ 499,852	$ 439,267	$ 169,046	$ 253,730	$ 452,706
Less:											
Claims	$ 1,138,628	$ 1,386,695	$ 203	$ 2,518,555	$ 342,903	$ 3,793,855	$ 455,246	$ 340,608	$ 153,285	$ 274,803	$ 437,424
IBNR	$ 2,279	$ 2,776	$ 664	$ 5,041	$ 686	$ 7,594	$ 911	$ 682	$ 307	$ 550	$ 876
Incurred Claims	$ 1,140,907	$ 1,389,471	$ 867	$ 2,523,596	$ 343,589	$ 3,801,449	$ 456,157	$ 341,290	$ 153,592	$ 275,353	$ 438,299
Less:			323								
Retention	$ 115,077	$ 106,535	$ 903	$ 161,055	$ 17,717	$ 271,809	$ 30,491	$ 26,795	$ 10,312	$ 15,478	$ 27,615
Plus Drug Settlement Credit	$ 376	$ 458	$ 106	$ 831	$ 113	$ 1,252	$ 150	$ 112	$ 51	$ 91	$ 144
Plus Estimated Drug Program Credit	$ 106,300	$ 129,459	$ 30,005	$ 235,126	$ 32,013	$ 354,185	$ 42,501	$ 31,798	$ 14,310	$ 25,655	$ 40,837
Underwriting (Deficit)/Surplus	$ 737,193	$ 380,381	$ 399,910	$ 191,556	$ (38,734)	$ 738,067	$ 55,855	$ 103,093	$ 19,504	$ (11,355)	$ 27,773
Percent Deficit/Surplus	39%	22%	108%	7%	-13%	17%	11%	23%	12%	-4%	6%
Retirees With Medicare											
Dues Income	$ 9,473,854	$ 9,604,718	$ 1,713,055	$ 10,764,701	$ 1,137,617	$ 7,696,580	$ 1,053,367	$ 2,545,414	$ 405,970	$ 989,722	$ 1,408,147
Less:											
Claims	$ 8,429,077	$ 7,416,493	$ 1,483,191	$ 9,160,717	$ 938,241	$ 6,680,350	$ 960,187	$ 1,978,697	$ 384,745	$ 1,002,860	$ 1,289,346
IBNR	$ 25,289	$ 22,251	$ 4,450	$ 27,484	$ 2,815	$ 20,042	$ 2,881	$ 5,936	$ 1,154	$ 3,009	$ 3,868
Incurred Claims	$ 8,454,365	$ 7,438,743	$ 1,487,640	$ 9,188,201	$ 941,056	$ 6,700,392	$ 963,068	$ 1,984,633	$ 385,900	$ 1,005,869	$ 1,293,215
Less:											
Retention	$ 577,905	$ 585,888	$ 104,496	$ 656,647	$ 69,395	$ 469,491	$ 64,255	$ 155,270	$ 24,764	$ 60,373	$ 85,897
Plus Drug Settlement Credit	$ 2,782	$ 2,447	$ 489	$ 3,023	$ 310	$ 2,204	$ 317	$ 653	$ 127	$ 331	$ 425
Plus Estimated Drug Program Credit	$ 738,147	$ 649,473	$ 129,885	$ 802,218	$ 82,163	$ 585,008	$ 84,085	$ 173,277	$ 33,693	$ 87,822	$ 112,910
Underwriting (Deficit)/Surplus	$ 1,182,512	$ 2,232,008	$ 251,293	$ 1,725,095	$ 209,640	$ 1,113,910	$ 110,446	$ 579,441	$ 29,126	$ 11,633	$ 142,371
Percent Deficit/Surplus	12%	23%	15%	16%	18%	14%	10%	23%	7%	1%	10%

[1] Totals may not add due to rounding.

TABLE 23
(continued)
HMSA Prescription Drug Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

Retirees

For the Period July 1, 2004 to June 30, 2005 [1]

	HFFA 11	SHOPO 12	HGEA 13	COBRA	Retro Premiums[2]	Total
Retirees Without Medicare						
Dues Income	$ 1,379,383	$ 1,869,382	$ 1,806,879	$ 30,191	$ (3,259)	$ 18,288,301
Less:						
Claims	$ 803,473	$ 1,364,386	$ 1,491,109	$ 15,243	$ -	$ 14,516,415
IBNR	$ 1,608	$ 2,731	$ 203	$ 31	$ -	$ 26,939
Incurred Claims	$ 805,081	$ 1,367,117	$ 664	$ 15,273	$ -	$ 13,052,706
Less:						
Retention	$ 84,142	$ 114,032	$ 323	$ 1,842	$ (199)	$ 983,927
Plus Drug Settlement Credit	$ 265	$ 450	$ 903	$ 5	$ -	$ 5,307
Plus Estimated Drug Program Credit	$ 75,010	$ 127,376	$ 139,206	$ 1,423	$ -	$ 1,385,204
Underwriting (Deficit)/Surplus	$ 565,435	$ 516,058	$ 1,946,001	$ 14,504	$ (3,060)	$ 5,642,180
Percent deficit/Surplus	41%	28%	108%	48%	94%	31%
Retirees With Medicare						
Dues Income	$ 815,961	$ 747,262	$ 5,421,751	$ 18,100	$ (82,435)	$ 53,713,784
Less:						
Claims	$ 629,363	$ 586,800	$ 4,250,877	$ 6,725	$ -	$ 45,197,668
IBNR	$ 1,888	$ 1,760	$ 12,753	$ 20	$ -	$ 135,600
Incurred Claims	$ 631,252	$ 588,560	$ 4,263,630	$ 6,746	$ -	$ 45,333,268
Less:						
Retention	$ 49,774	$ 45,583	$ 330,727	$ 1,104	$ (5,029)	$ 3,276,541
Plus Drug Settlement Credit	$ 208	$ 194	$ 1,403	$ 2	$ -	$ 14,915
Plus Estimated Drug Program Credit	$ 55,114	$ 51,387	$ 372,256	$ 589	$ -	$ 3,958,028
Underwriting (Deficit)/Surplus	$ 190,258	$ 164,699	$ 1,201,052	$ 10,841	$ (77,407)	$ 9,076,918
Percent Deficit/Surplus	23%	22%	22%	60%	94%	17%

[1] Totals may not add due to rounding.

[2] Retro premiums received by HMSA from July 1, 2004 through June 30, 2005. The premium reports received from the EUTF do not indicate the associated bargaining unit for these retro premiums.

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TABLE 24

Table 24 shows the chiropractic plan financial results.

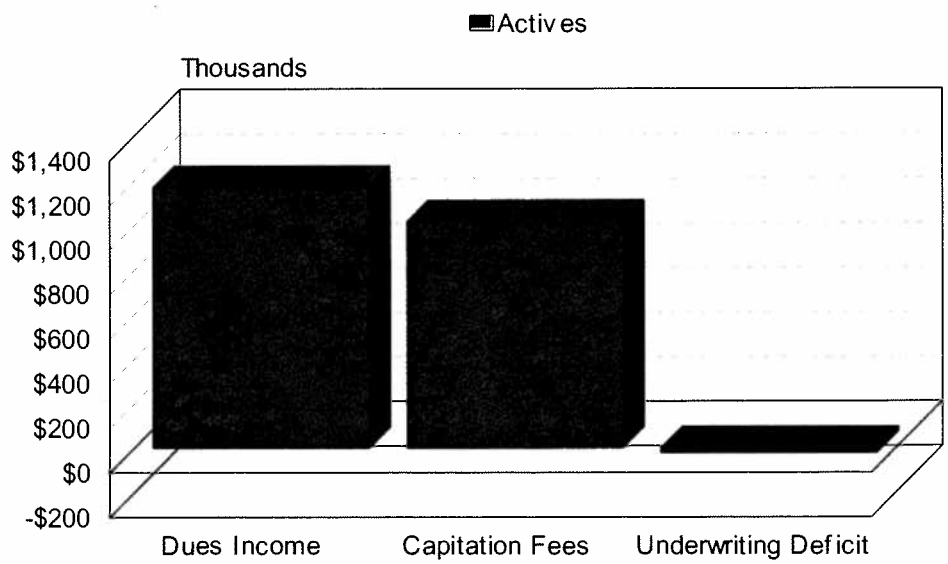


TABLE 24

MBAH Chiropractic Plan Financial Operations

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year[1]

	Actives	
Dues Income	$ 1,168,268	100.0%
Less:		
Capitation Fees	$ 1,014,818	86.9%
Less:		
Retention	$ 175,240	15.0%
Underwriting (Deficit)/Surplus	$ (21,790)	-1.9%

[1] Totals may not add due to rounding.

TABLE 25

Table 25 shows the chiropractic plan financial results by bargaining unit.

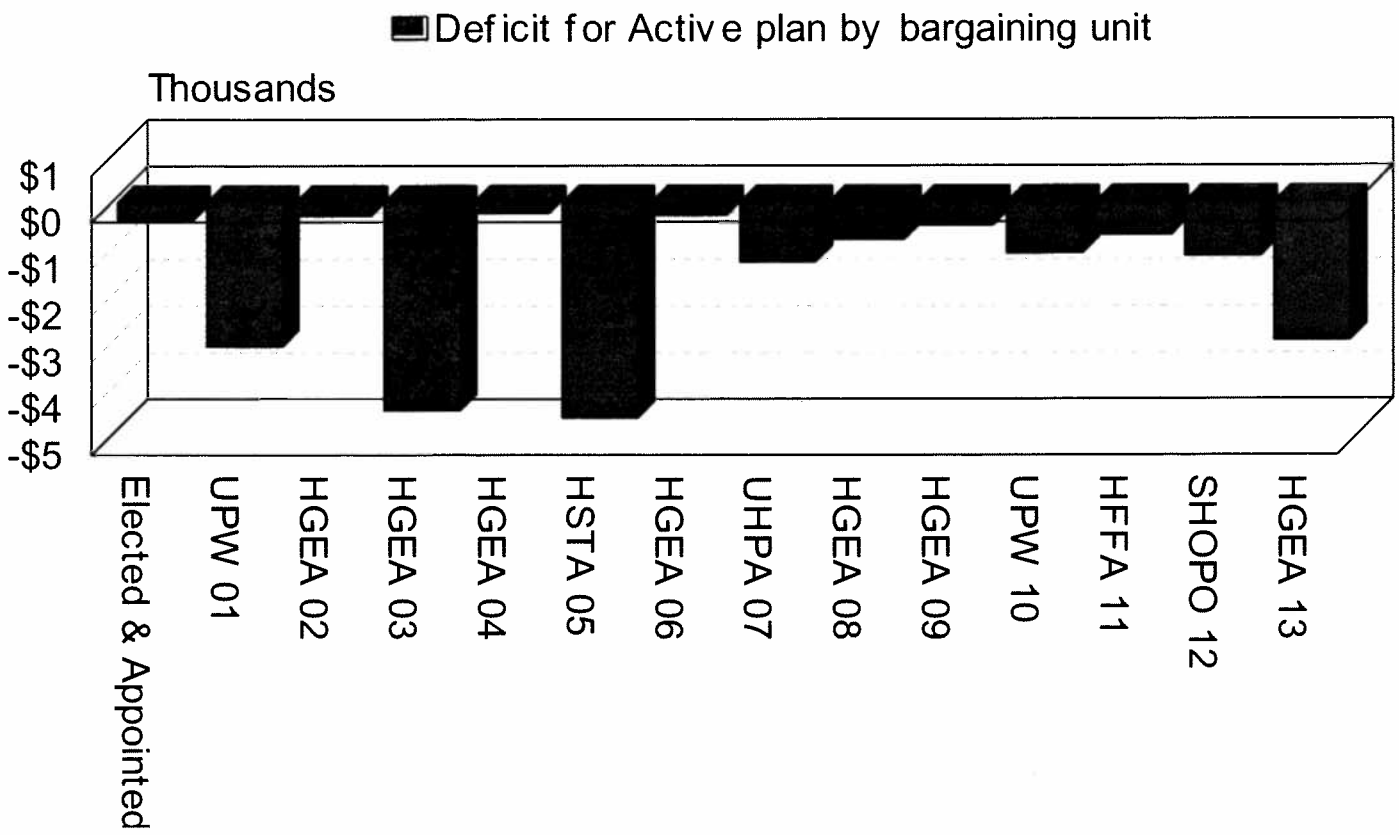


TABLE 25

MBAH Chiropractic Plan Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

Active Employees

For the Period July 1, 2004 to June 30, 2005 [1]

	Elected, Appointed & Other 00	UPW 01	HGEA 02	HGEA 03	HGEA 04	HSTA 05	HGEA 06	UHPA 07	HGEA 08	HGEA 09	UPW 10	HFFA 11	SHOPO 12	HGEA 13	Total
Dues Income	$ 20,082	$ 165,615	$ 15,677	$ 239,142	$ 12,387	$ 247,482	$ 14,836	$ 68,334	$ 42,770	$ 26,265	$ 58,340	$ 37,223	$ 61,798	$ 158,318	$ 1,168,269
Less:															
Capitation Fees	$ 17,445	$ 143,862	$ 13,618	$ 207,731	$ 10,760	$ 214,976	$ 12,887	$ 59,358	$ 37,152	$ 22,815	$ 50,677	$ 32,334	$ 53,681	$ 137,523	$ 1,014,819
Less:															
Retention	$ 3,012	$ 24,842	$ 2,352	$ 35,871	$ 1,858	$ 37,122	$ 2,225	$ 10,250	$ 6,415	$ 3,940	$ 8,751	$ 5,583	$ 9,270	$ 23,748	$ 175,239
Underwriting Deficit	$ (375)	$ (3,089)	$ (292)	$ (4,460)	$ (231)	$ (4,616)	$ (276)	$ (1,274)	$ (797)	$ (490)	$ (1,088)	$ (694)	$ (1,153)	$ (2,953)	$ (21,789)

[1] Totals may not add due to rounding.

Note: Estimates are used where data was not available.

TABLE 26

Table 26 shows the dental plan enrollment.

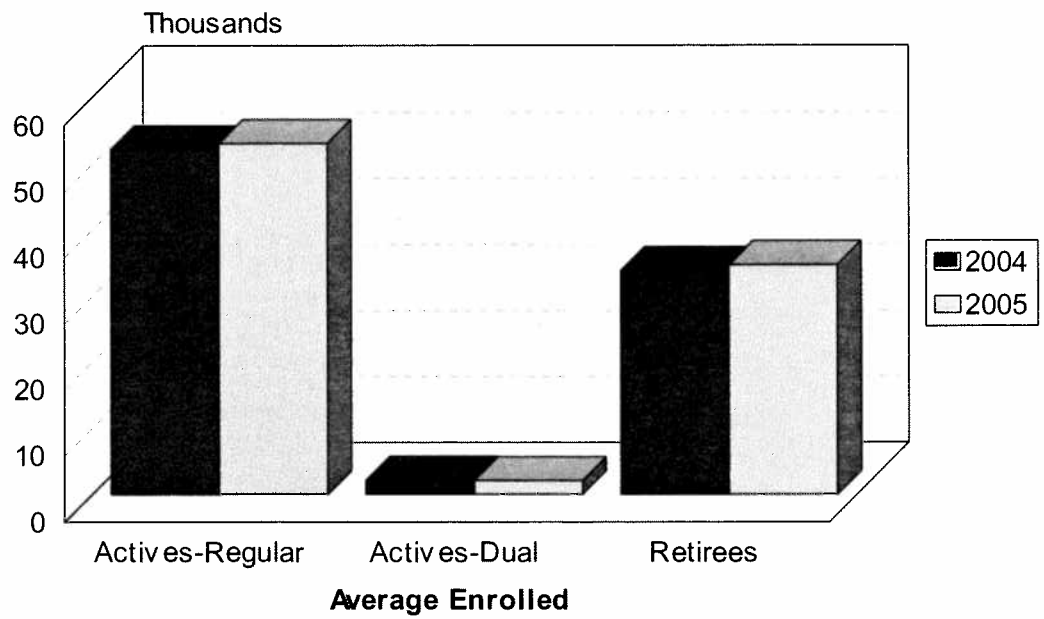


TABLE 26

Monthly Average Dental Plan Enrollment History by Eligibility Class

Actives and Retirees

Hawaii Employer-Union Health Benefits Trust Fund [1]

	Grand Total		Total Actives			Actives - Regular			Actives - Dual			Retirees		
Plan Year Ending	Average Enrolled	Percentage Change From Prior Year	Average Enrolled	Percentage Change From Prior Year	Percentage of Grand Total	Average Enrolled	Percentage Change From Prior Year	Percentage of Grand Total	Average Enrolled	Percentage Change From Prior Year	Percentage of Grand Total	Average Enrolled	Percentage Change From Prior Year	Percentage of Grand Total
2004	88,197	N/A	54,361	N/A	61.6%	52,227	N/A	59.2%	2,134	N/A	2.4%	33,836	N/A	38.4%
2005	89,861	1.9%	55,144	1.4%	61.4%	53,099	1.7%	59.1%	2,045	-4.2%	2.3%	34,717	2.6%	38.6%

[1] Totals may not add due to rounding.

TABLE 27

Table 27 shows dental plan enrollment by eligibility class and dependent status.

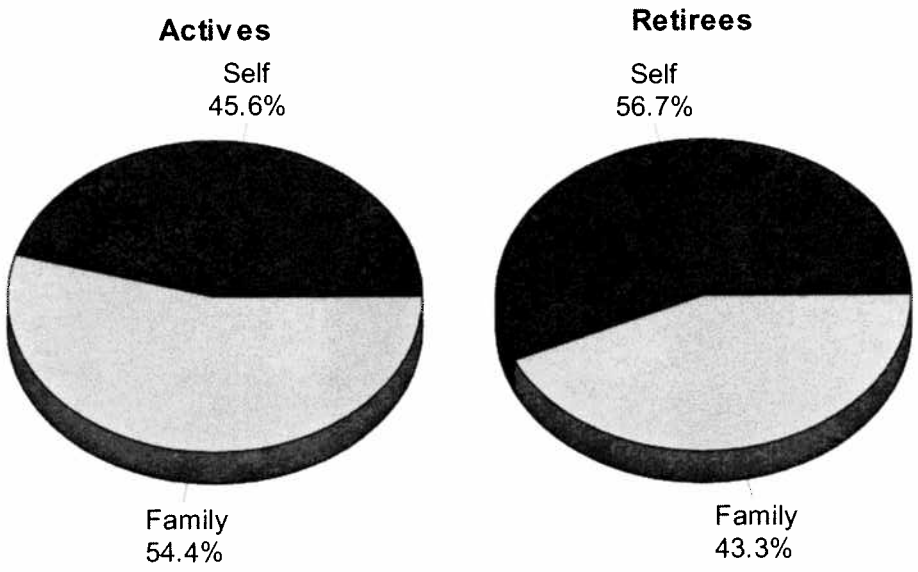


TABLE 27

Monthly Average Dental Plan Enrollment by Eligibility Class and Dependent Status

Actives and Retirees

Hawaii Employer-Union Health Benefits Trust Fund

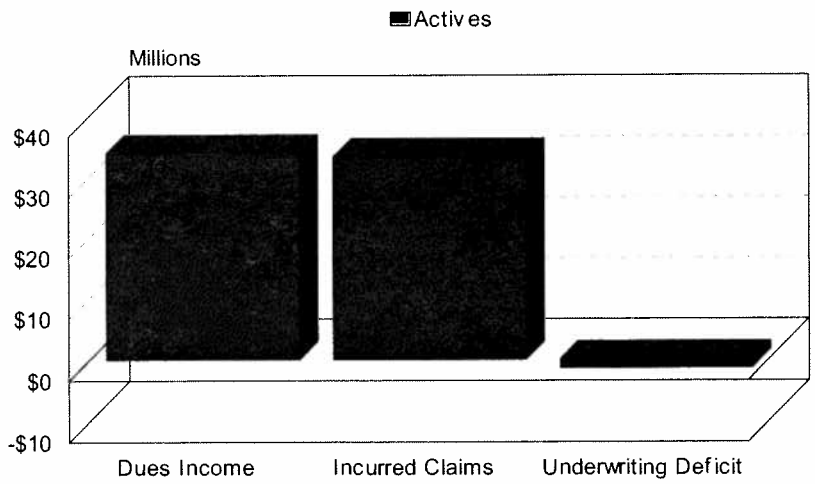
2005 Plan Year[1]

	Grand Total		HDS - Regular		HDS - Dual	
	Average Enrolled	% of Grand Total	Average Enrolled	% of Grand Total	Average Enrolled	% of Grand Total
Actives						
Self	25,146		24,838		308	
Family	1,940		203		1,737	
Total	27,086	62.9%	664	1.6%	2,045	100.0%
Retirees			323			
Self	903		903		-	
Family	15,046		15,046		-	
Sub-total	15,949	37.1%	15,949	38.9%	-	0.0%
Grand Total						
Self	26,049	60.5%	25,741	62.8%	308	15.1%
Family	16,986	39.5%	15,249	37.2%	1,737	84.9%
Total	43,034	100.0%	40,989	95.2%	2,045	4.8%

[1] Totals may not add due to rounding.

TABLE 28

Table 28 shows the HDS dental plan financial results. The two active plans are combined for experience rating purposes, therefore there was a deficit on the active plans. The premiums shown include the retrospective premiums paid after the end of the plan year.



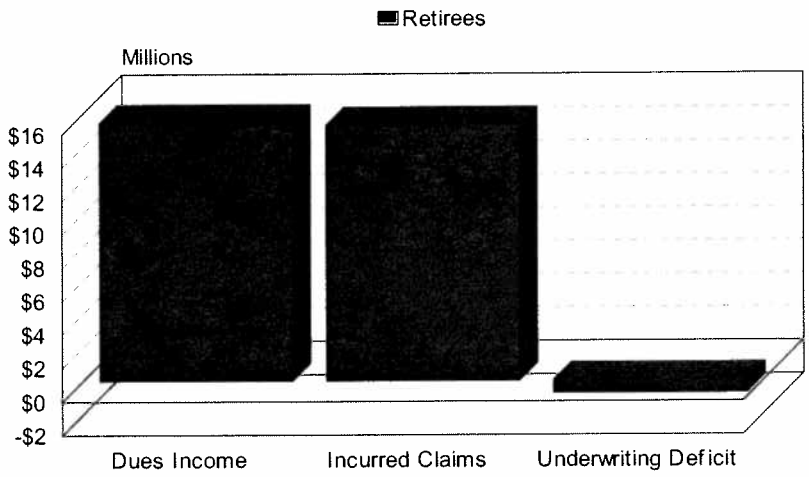


TABLE 28

HDS Dental Plan Financial Operations

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year[1]

	Actives - Regular		Actives - Dual		Retirees	
Dues Income	$ 32,841,467	100.0%	$ 969,329	100.0%	$ 15,451,704	100.0%
Less:						
Paid Claims	$ 32,099,241	97.7%	$ 700,678	72.3%	$ 15,132,034	97.9%
IBNR	$ 346,326	1.1%	$ 7,459	0.8%	$ 163,508	1.1%
Incurred Claims	$ 32,445,567	98.8%	$ 708,137	73.1%	$ 15,295,542	99.0%
Less:						
Retention	$ 1,937,646	5.9%	$ 57,191	5.9%	$ 911,650	5.9%
Underwriting (Deficit)/Surplus	$ (1,541,746)	-4.7%	$ 204,001	21.0%	$ (755,488)	-4.9%

[1] Totals may not add due to rounding.

TABLE 29

Table 29 shows the HDS dental plan financial results by bargaining unit.

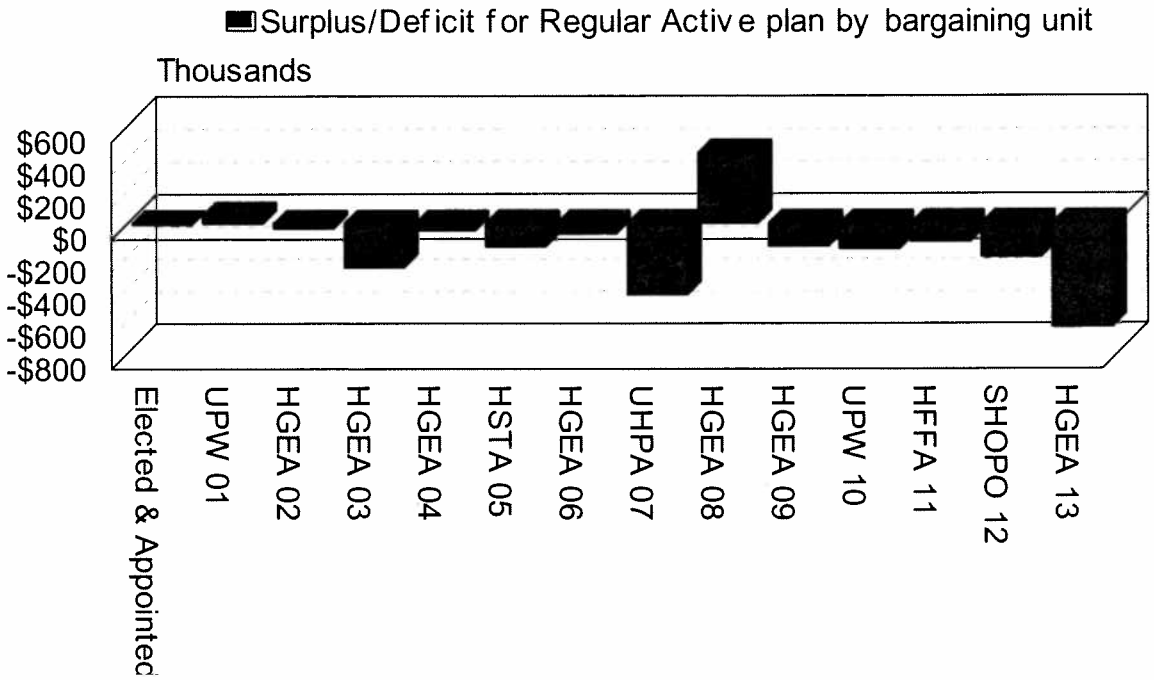


TABLE 29

HDS Dental Plan Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

For the Period July 1, 2004 to June 30, 2005 [1]

	Elected, Appointed & Other 00	UPW Blue Collar 01	HGEA Blue Collar (Supv) 02	HGEA White Collar (Supv) 03	HGEA White Collar 04	HSTA Teachers 05	HGEA Educational Officer 06	UHPA Uh & Cc-Faculty 07	HGEA Uh & Cc-Non-Faculty 08	HGEA Reg-Prof Nurse 09	UPW Non-Prf Hsp/Inst Wkr 10
Actives - Regular											
Dues Income	$ 608,532	$ 4,478,310	$ 398,259	$ 7,166,367	$ 351,798	$ 6,727,767	$ 382,602	$ 1,843,752	$ 1,322,634	$ 696,660	$ 1,507,662
Less:											
Paid Claims	$ 535,931	$ 3,862,785	$ 378,326	$ 6,486,341	$ 342,552	$ 5,930,628	$ 389,705	$ 2,009,846	$ 753,979	$ 730,747	$ 1,459,266
IBNR	$ 43,502	$ 300,864	$ 25,467	$ 527,443	$ 32,211	$ 542,586	$ 33,278	$ 163,508	$ 59,481	$ 64,236	$ 114,296
Incurred Claims	$ 579,433	$ 4,163,649	$ 403,793	$ 7,013,784	$ 374,763	$ 6,473,214	$ 422,983	$ 2,173,354	$ 813,460	$ 794,983	$ 1,573,562
Less:											
Retention	$ 35,903	$ 264,220	$ 23,497	$ 422,816	$ 20,756	$ 396,938	$ 22,574	$ 108,781	$ 78,035	$ 41,103	$ 88,952
Underwriting (Deficit)/Surplus	$ (6,804)	$ 50,441	$ (29,031)	$ (270,233)	$ (43,721)	$ (142,385)	$ (62,955)	$ (438,383)	$ 431,139	$ (139,426)	$ (154,852)
Percent Defecit/Surplus	-1%	1%	-7%	-4%	-12%	-2%	-16%	-24%	33%	-20%	-10%
Actives - Dual											
Dues Income	$ 8,019	$ 105,075	$ 14,073	$ 267,033	$ 11,361	$ 280,439	$ 12,461	$ 30,229	$ 15,134	$ 16,510	$ 39,585
Less:											
Paid Claims	$ 6,366	$ 68,202	$ 9,858	$ 188,565	$ 4,778	$ 184,117	$ 8,484	$ 20,605	$ 7,679	$ 9,709	$ 27,373
IBNR	$ 406	$ 6,393	$ 290	$ 14,718	$ 241	$ 13,451	$ 362	$ 1,424	$ 279	$ 954	$ 1,408
Incurred Claims	$ 6,772	$ 74,595	$ 10,148	$ 203,283	$ 5,019	$ 197,568	$ 8,846	$ 22,029	$ 7,958	$ 10,663	$ 28,781
Less:											
Retention	$ 473	$ 6,199	$ 830	$ 15,755	$ 670	$ 16,546	$ 735	$ 1,784	$ 893	$ 974	$ 2,336
Underwriting (Deficit)/Surplus	$ 774	$ 24,281	$ 3,095	$ 47,995	$ 5,672	$ 66,325	$ 2,880	$ 6,416	$ 6,283	$ 4,873	$ 8,468
	10%	23%	22%	18%	50%	24%	23%	21%	42%	30%	21%

[1] Totals may not add due to rounding.

[2] Represents a claim payment that was processed and paid under division 0001.

[3] Represents net retro premiums received by HDS for the period July 2004 through June 2005. The premium reports received from EUTF did not indicate the various EUTF bargaining units for the retro premium payments.

TABLE 29
(continued)
HDS Dental Plan Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

For the Period July 1, 2004 to June 30, 2005 [1]

	HFFA Firemen 11	SHOPO Policemen 12	HGEA Prof & Scientific 13	COBRA 9001	MISC[2] 0001	Retro Premiums[3]	Total
Actives - Regular							
Dues Income	$ 953,598	$ 1,525,308	$ 4,544,661	$ 299,282		$ 34,275	$ 32,841,467
Less:							
Paid Claims	$ 935,973	$ 1,519,123	$ 4,545,702	$ 339,525	$ (99)		$ 30,220,330
IBNR	$ 74,108	$ 123,567	$ 369,637	$ 25,674			$ 2,499,858
Incurred Claims	$ 1,010,081	$ 1,642,690	$ 4,915,339	$ 365,199	$ (99)		$ 32,720,188
Less:							
Retention	$ 56,262	$ 89,993	$ 268,135	$ 17,658		$ 2,023	$ 1,937,646
Underwriting (Deficit)/Surplus	$ (112,745)	$ (207,375)	$ (638,813)	$ (83,575)	$ (99)	$ 32,252	$ (1,816,565)
Percent Deficit/Surplus	-12%	-14%	-14%	-28%		94%	-6%
Actives - Dual							
Dues Income	$ 35,615	$ 39,192	$ 89,862	$ 5,184		$ (443)	$ 969,329
Less:							
Paid Claims	$ 23,648	$ 24,239	$ 63,987	$ 3,763			$ 651,373
IBNR	$ 1,568	$ 1,263	$ 4,466	$ 126			$ 47,349
Incurred Claims	$ 25,216	$ 25,502	$ 68,453	$ 3,889			$ 698,722
Less:							
Retention	$ 2,101	$ 2,312	$ 5,303	$ 305		$ (26)	$ 57,190
Underwriting (Deficit)/Surplus	$ 8,298	$ 11,378	$ 16,106	$ 990		$ (417)	$ 213,417
Percent Deficit/Surplus	23%	29%	18%	19%		94%	22%

[1] Totals may not add due to rounding.

[2] Represents a claim payment that was processed and paid under division 0001.

[3] Represents net retro premiums received by HDS for the period July 2004 through June 2005. The premium reports received from EUTF did not indicate the various EUTF bargaining units for the retro premium payments.

Note: The totals on this table do not match the preceding table because this table was prepared at an earlier time, when the paid claims were lower and the reserves higher than the amounts shown on Table 28.

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TABLE 30

Table 30 shows the HDS regular dental plan by amount paid (by type of service), plan performance and average annual cost for the Health Fund actives.

Overall, benefits paid were 74% of billed charges.

The average amount paid per enrollee increased 3.2%. Restorative dentistry, the largest category, declined by 0.9%. Orthodontics fell by 23.6%; the high orthodontic costs the first year is probably due to pent-up demand for orthodontia (the old Health Fund dental benefits did not include orthodontia). Periodontics increased by 15.7%, oral surgery by 11.8%, "other" by 12.3%. The remaining categories increased by less than 10%.

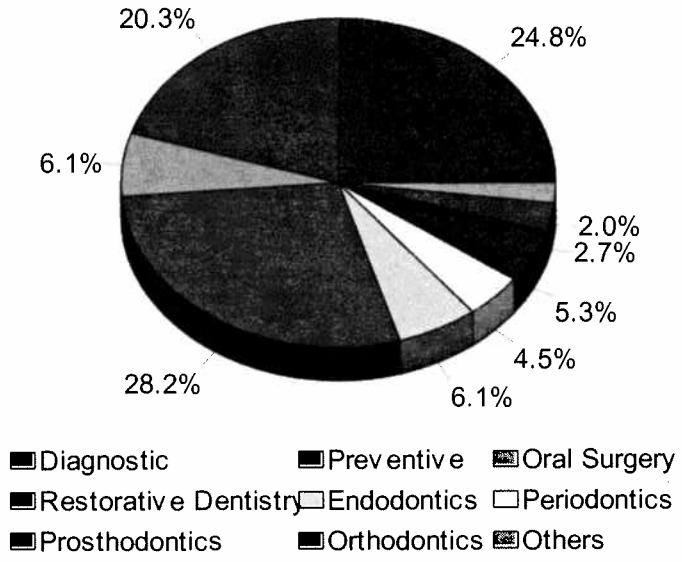


TABLE 30

HDS Dental Plan
Amount Paid by Type of Service, Plan Performance and Average Annual Cost

Hawaii Employer-Union Health Benefits Trust Fund
2005 Plan Year [1]
Actives - Regular Plan

	Amount Paid	Average Annual Amount Paid by HDS Per Enrollee
Diagnostic	$ 7,997,532	$ 150.62
Preventive	$ 6,537,755.40	$ 123.12
Oral Surgery	$ 1,955,790.30	$ 36.83
Restorative Dentistry	$ 9,079,835.83	$ 171.00
Endodontics	$ 1,965,542.94	$ 37.02
Periodontics	$ 1,442,314.88	$ 27.16
Prosthodontics	$ 1,701,965.37	$ 32.05
Orthodontics	$ 874,406.08	$ 16.47
Others	$ 635,824.08	$ 11.97
Total	$ 32,190,967 [2]	$ 606.24

[1] Totals may not add due to rounding.
[2] Total excludes credits and recoveries of $91,726.

TABLE 31

Table 31 shows the HDS dual-coverage dental plan by amount paid (by type of service), plan performance and average annual cost for the Health Fund actives.

Overall, benefits paid were only 36% of billed charges. We believe this is because only people with other coverage were eligible to enroll in the dual-coverage plan and the EUTF plan was secondary for all dependents; furthermore, the plan limits hold down the percentage paid.

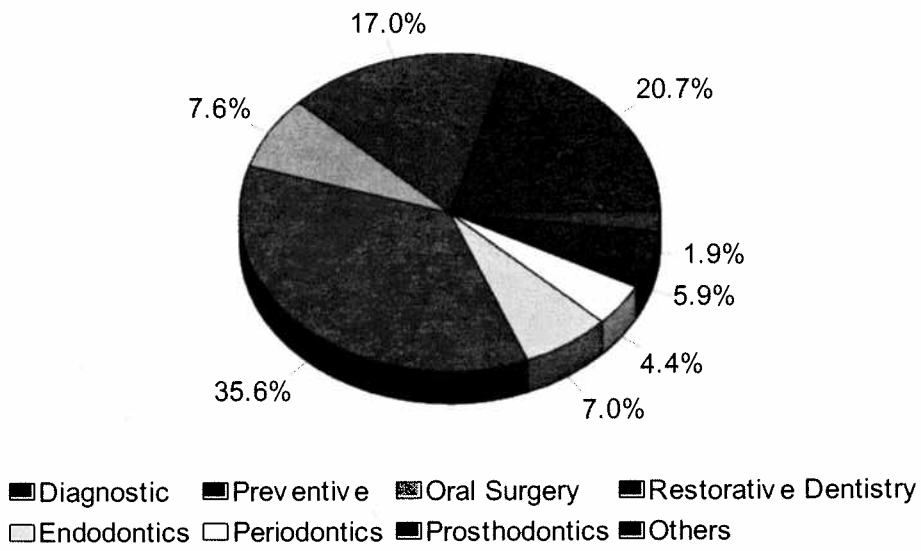


TABLE 31

HDS Dental Plan
Amount Paid by Type of Service, Plan Performance and Average Annual Cost

Hawaii Employer-Union Health Benefits Trust Fund
2005 Plan Year [1]
Actives - Dual Coverage

	Amount Paid	Average Annual Amount Paid by HDS Per Enrollee
Diagnostic	$ 145,801	$ 71.30
Preventive	$ 119,378.36	$ 58.38
Oral Surgery	$ 53,206.92	$ 26.02
Restorative Dentistry	$ 250,445.99	$ 122.47
Endodontics	$ 49,288.29	$ 24.10
Periodontics	$ 31,083.83	$ 15.20
Prosthodontics	$ 41,509.28	$ 20.30
Orthodontics		$ -
Others	$ 13,137.37	$ 6.42
Total	$ 703,851 [2]	$ 344.18

Note: Performance ratio equals benefits paid divided by billed charges.

[1] Totals may not add due to rounding.

[2] Total excludes credits and recoveries of $3,172.

TABLE 32

Table 32 shows the HDS retiree dental plan by amount paid (by type of service), plan performance and average annual cost for the Health Fund actives.

Overall, benefits paid were 68% of billed charges.

The average amount paid per enrollee increased by 2.2%.

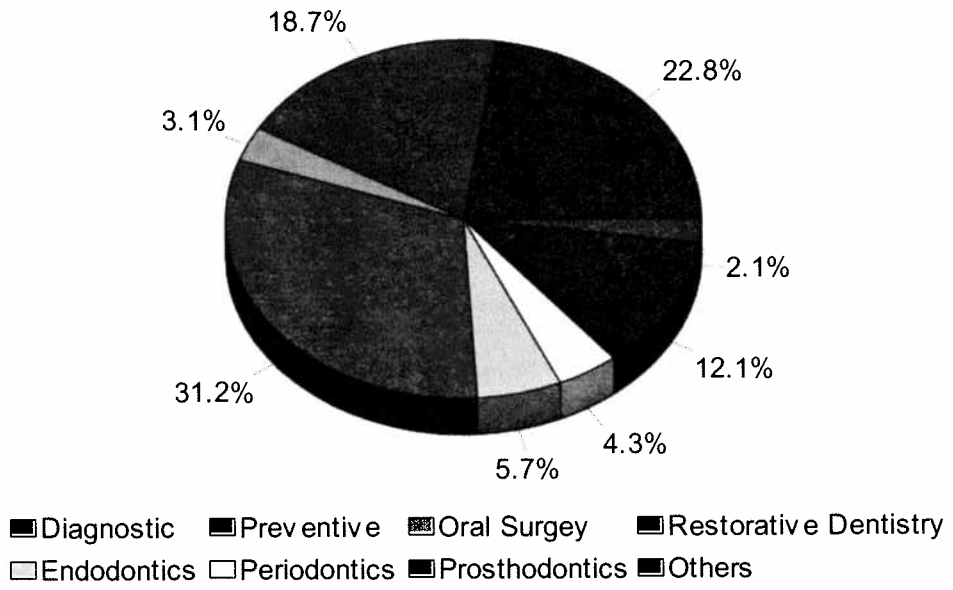


TABLE 32

HDS Dental Plan
Amount Paid by Type of Service, Plan Performance and Average Annual Cost

Hawaii Employer-Union Health Benefits Trust Fund
2005 Plan Year [1]
Retirees

	Amount Paid	Average Annual Amount Paid by HDS Per Enrollee
Diagnostic	$ 3,454,048	$ 99.49
Preventive	$ 2,837,815.40	$ 81.74
Oral Surgery	$ 475,675.82	$ 13.70
Restorative Dentistry	$ 4,732,686.65	$ 136.32
Endodontics	$ 858,823.12	$ 24.74
Periodontics	$ 650,005.55	$ 18.72
Prosthodontics	$ 1,841,910.11	$ 53.05
Others	$ 314,467.99	$ 9.06
Total	$ 15,165,432 [2]	$ 436.83

Note: Performance ratio equals benefits paid divided by billed charges.

[1] Totals may not add due to rounding.

[2] Total excludes credits and recoveries of $33,398.

TABLE 33

Table 33 shows enrollment for the vision care plans.

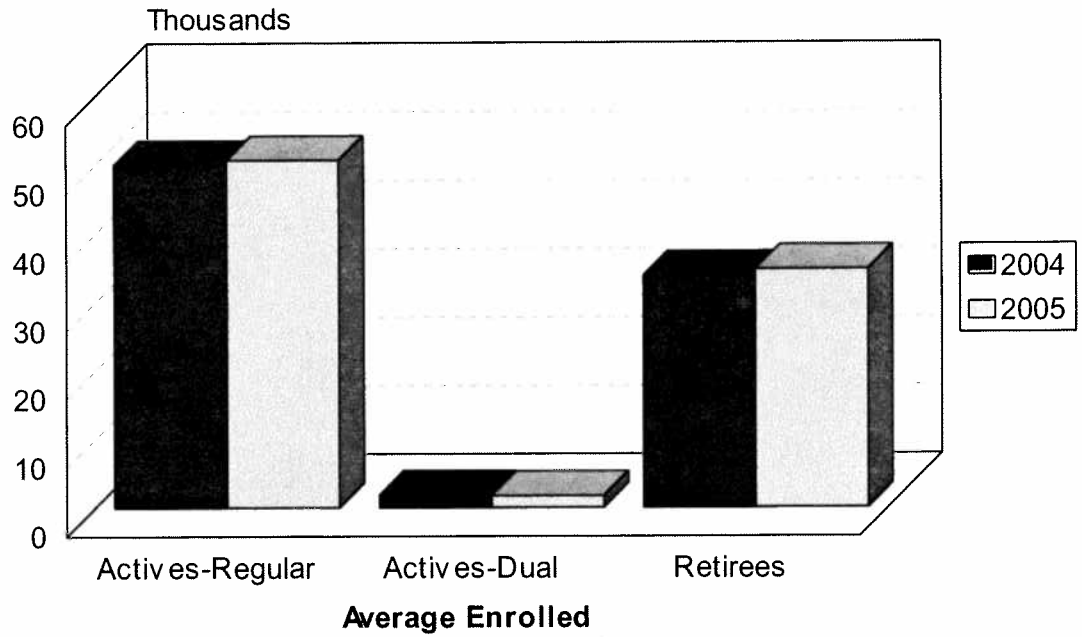


TABLE 33

Monthly Average Vision Care Plan Enrollment History by Eligibility Class

Actives and Retirees

Hawaii Employer-Union Health Benefits Trust Fund [1]

	Grand Total		Total Actives			Actives - Regular			Actives - Dual			Retirees		
Plan Year Ending	Average Enrolled	Percentage Change From Prior Year	Average Enrolled	Percentage Change From Prior Year	Percentage of Grand Total	Average Enrolled	Percentage Change From Prior Year	Percentage of Grand Total	Average Enrolled	Percentage Change From Prior Year	Percentage of Grand Total	Average Enrolled	Percentage Change From Prior Year	Percentage of Grand Total
2004	85,744	N/A	51,929	N/A	60.6%	50,114	N/A	58.4%	1,815	N/A	2.1%	33,815	N/A	39.4%
2005	87,205	1.7%	52,452	1.0%	60.1%	50,743	1.3%	58.2%	1,709	-5.8%	2.0%	34,753	2.8%	39.9%

[1] Totals may not add due to rounding.

TABLE 34

Table 34 shows vision care plan enrollment history by eligibility class and dependent status.

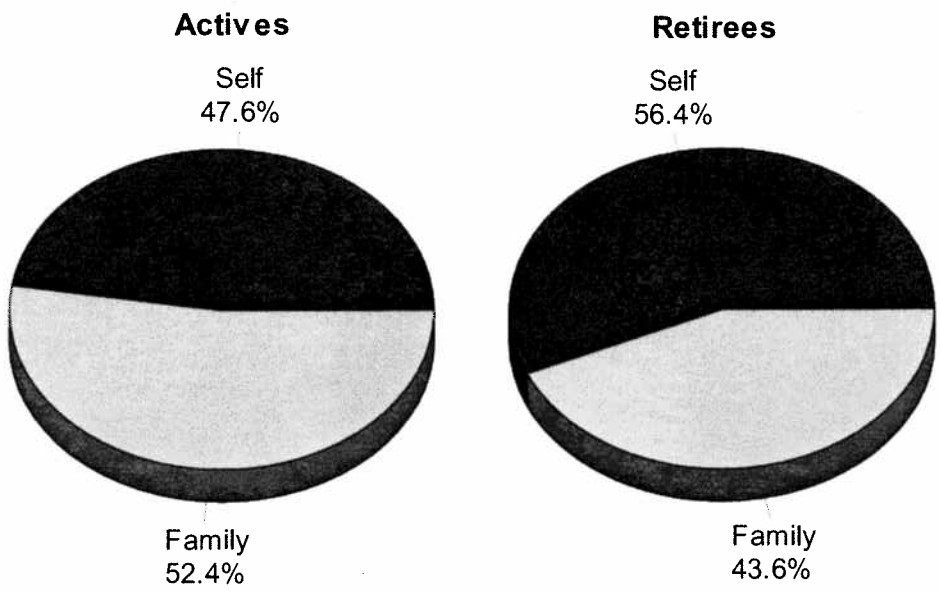


TABLE 34

Monthly Average Vision Care Plan Enrollment by Eligibility Class and Dependent Status

Actives and Retirees

Hawaii Employer-Union Health Benefits Trust Fund

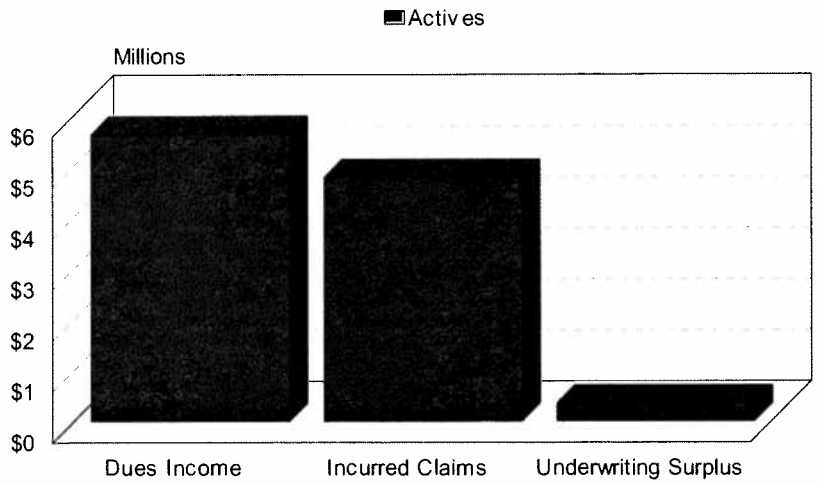
2005 Plan Year[1]

	Average Enrolled	% of Grand Total
Actives		
Self	24,946	
Family	27,506	
Total	52,452	60.1%
Retirees		
Self	19,603	
Family	15,150	
Sub-total	34,753	39.9%
Grand Total		
Self	44,549	51.1%
Family	42,656	48.9%
Total	87,205	100.0%

[1] Totals may not add due to rounding.

TABLE 35

Table 35 shows the vision care plan financial results on a billed basis. The two active plans are combined for experience rating purposes. Under the terms of the retrospective premium arrangement, EUTF retained premiums of $280,788 on the active employees. This amount would have been paid to VSP had it been needed. Therefore, the total surplus on the active employee plans was $621,559. The deficit, on a billed basis, of $120,156 on the retiree plan is owed to VSP. EUTF retained retiree premiums of $121,139, meaning there was a surplus of $984 on the retiree plan.



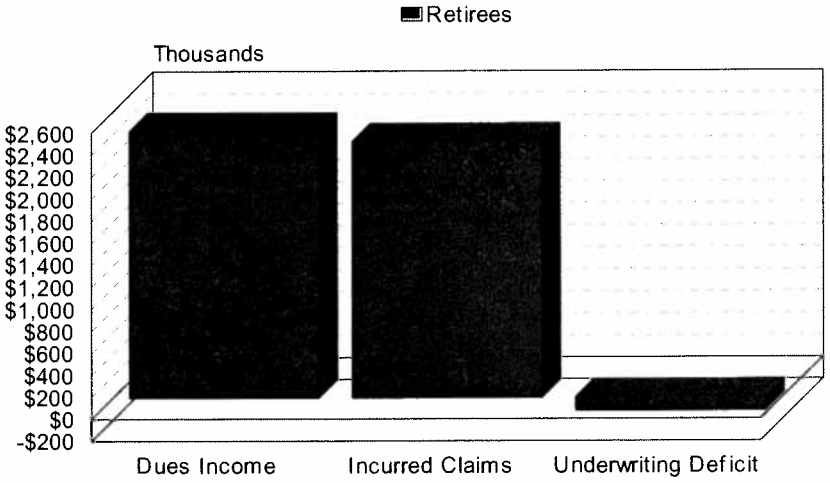


TABLE 35

VSP Vision Care Plan Financial Operations

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year[1]

	Actives-Regular		Actives - Dual		Retirees	
Dues Income	$ 5,760,854	100.0%	$ 135,703	100.0%	$ 2,543,922	100.0%
Less:						
Paid Claims	$ 4,414,984	76.6%	$ 78,005	57.5%	$ 2,214,513	87.1%
IBNR	$ 267,721	4.6%	$ 6,285	4.6%	$ 110,376	4.3%
Incurred Claims	$ 4,682,705	81.3%	$ 84,290	62.1%	$ 2,324,889	91.4%
Less:						
Retention	$ 493,788	8.6%	$ 14,216	10.5%	$ 218,050	8.6%
Underwriting (Deficit)/Surplus	$ 584,361	20264.0%	$ 37,197	27.4%	$ 983	0.0%
		664.1				

[1] Totals may not add due to rounding.

TABLE 36

Table 36 shows the vision care plan financial results by bargaining unit for the period July 1, 2004 through June 30, 2005. .

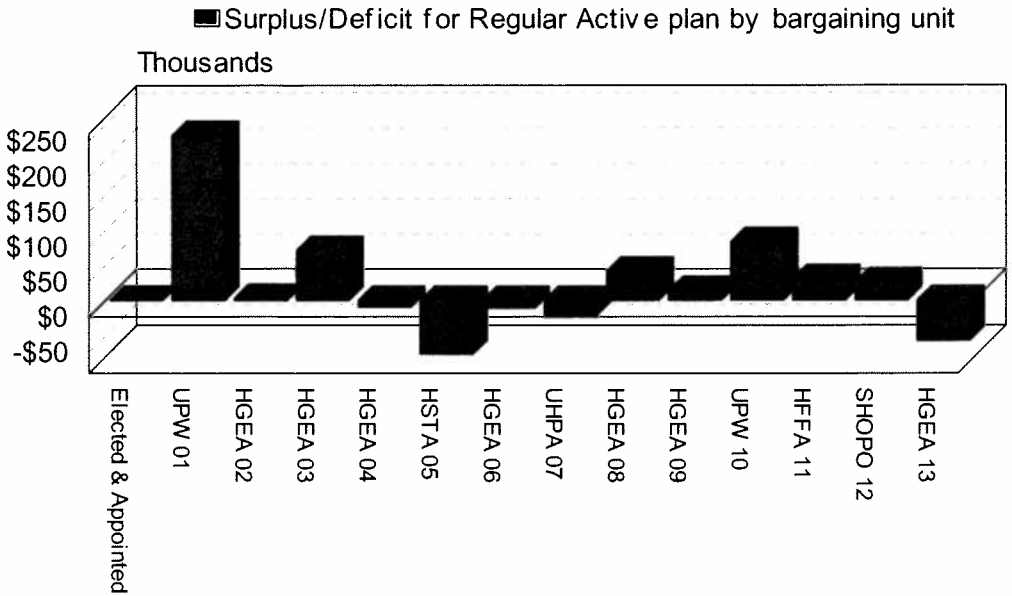


TABLE 36

VSP Vision Care Plan Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

For the Period July 1, 2004 to June 30, 2005 [1]

	Elected, Appointed & Other 00	UPW BU - 01	HGEA BU - 2	HGEA BU - 3	HGEA BU - 4	HSTA BU - 5	HGEA BU - 6	UHPA BU - 7	HGEA BU - 8	HGEA BU - 9	UPW BU - 10
Actives - Regular											
Dues Income	$ 101,800	$ 762,406	$ 68,361	$ 1,196,889	$ 60,913	$ 1,120,921	$ 65,859	$ 305,870	$ 199,795	$ 118,143	$ 256,447
Less:											
Paid Claims	$ 87,074	$ 433,601	$ 56,106	$ 959,941	$ 61,264	$ 1,033,820	$ 66,788	$ 281,919	$ 132,416	$ 88,411	$ 141,691
IBNR	$ 5,280	$ 26,293	$ 3,402	$ 58,210	$ 3,715	$ 62,690	$ 4,050	$ 17,095	$ 8,030	$ 5,361	$ 8,592
Incurred Claims	$ 92,354	$ 459,894	$ 59,508	$ 1,018,151	$ 64,979	$ 1,096,510	$ 70,838	$ 299,014	$ 140,446	$ 93,772	$ 150,283
Less:											
Retention	$ 9,162	$ 68,617	$ 6,153	$ 107,720	$ 5,482	$ 100,883	$ 5,927	$ 27,528	$ 17,982	$ 10,633	$ 23,080
Underwriting (Deficit)/Surplus	$ 284	$ 233,895	$ 2,700	$ 71,018	$ (9,548)	$ (76,472)	$ (10,906)	$ (20,672)	$ 41,367	$ 13,738	$ 83,084
Actives - Dual											
Dues Income	$ 808	$ 12,795	$ 1,297	$ 35,279	$ 1,409	$ 39,993	$ 1,681	$ 4,392	$ 1,602	$ 1,639	$ 3,957
Less:											
Paid Claims	$ 556	$ 4,803	$ 396	$ 21,974	$ 894	$ 25,772	$ 756	$ 3,461	$ 1,157	$ 1,030	$ 1,499
IBNR	$ 45	$ 387	$ 32	$ 1,771	$ 72	$ 2,077	$ 61	$ 279	$ 93	$ 83	$ 121
Incurred Claims	$ 601	$ 5,190	$ 428	$ 23,745	$ 966	$ 27,849	$ 817	$ 3,740	$ 1,250	$ 1,113	$ 1,620
Less:											
Retention	$ 89	$ 1,408	$ 143	$ 3,881	$ 155	$ 4,399	$ 185	$ 483	$ 176	$ 180	$ 435
Underwriting (Deficit)/Surplus	$ 118	$ 6,197	$ 726	$ 7,653	$ 288	$ 7,745	$ 679	$ 169	$ 176	$ 346	$ 1,902

[1] Totals may not add due to rounding.

TABLE 36
(continued)
VSP Vision Care Plan Financial Operations - By Bargaining Unit

Hawaii Employer-Union Health Benefits Trust Fund

For the Period July 1, 2004 to June 30, 2005 [1]

	HFFA BU -11	SHOPO BU -12	HGEA BU - 13	Elected & Other	COBRA	Total
Actives - Regular						
Dues Income	$ 152,702	$ 260,478	$ 766,888	$ 3,686	$ 45,373	$ 5,486,531
Less:						
Paid Claims	$ 102,235	$ 199,549	$ 711,846	$ 9,947	$ 48,377	$ 4,414,985
IBNR	$ 6,199	$ 12,100	$ 43,166	$ 603	$ 2,934	$ 267,720
Incurred Claims	$ 108,434	$ 211,649	$ 755,012	$ 10,550	$ 51,311	$ 4,682,705
Less:						
Retention	$ 13,743	$ 23,443	$ 69,020	$ 332	$ 4,084	$ 493,789
Underwriting (Deficit)/Surplus	$ 30,525	$ 25,386	$ (57,144)	$ (7,196)	$ (10,022)	$ 310,037
Actives - Dual						
Dues Income	$ 5,746	$ 5,042	$ 13,080	$ -	$ 522	$ 129,242
Less:						
Paid Claims	$ 2,022	$ 3,579	$ 9,215	$ 668	$ 218	$ 78,000
IBNR	$ 163	$ 288	$ 743	$ 54	$ 18	$ 6,287
Incurred Claims	$ 2,185	$ 3,867	$ 9,958	$ 722	$ 236	$ 84,287
Less:						
Retention	$ 632	$ 555	$ 1,439	$ -	$ 57	$ 14,217
Underwriting (Deficit)/Surplus	$ 2,929	$ 620	$ 1,683	$ (722)	$ 229	$ 30,738

[1] Totals may not add due to rounding.

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TABLE 37

Table 37 shows the vision care payments for participating and non-participating for active employees in the regular plan. This table also shows the percentage of billed charges paid by category.

Active employees primarily used participating providers; 84% of the benefits paid were paid for services rendered by participating providers.

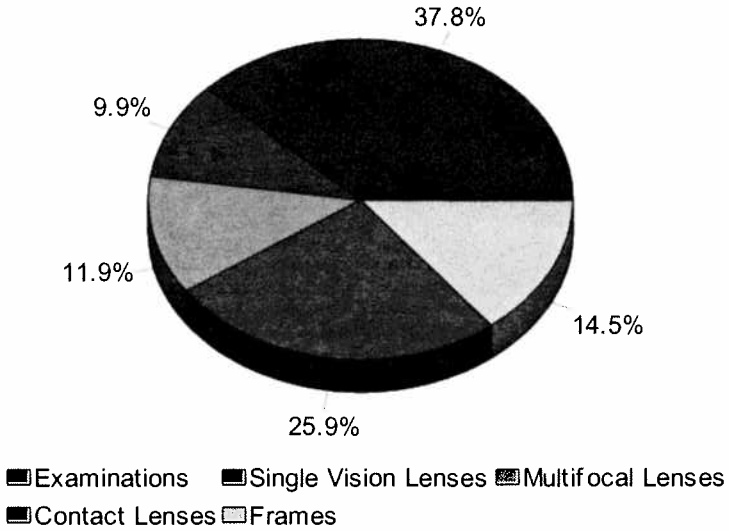

TABLE 37

Vision Care
Payment by Type of Service and Plan Performance

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year

Actives-Regular Plan

	Grand Total		Participating Providers		Non-Participating Providers	
	Number of Services	Amount Paid	Number of Services	Amount Paid	Number of Services	Amount Paid
Examinations -						
Employees	18,161	$ 1,047,929	15,874	$ 964,425	2,287	$ 83,504
Dependents	13,855	$ 777,066	12,207	$ 718,968	1,648	$ 58,099
Total	32,016	$ 1,824,996	28,081	$ 1,683,393	3,935	$ 141,603
Single Vision Lenses -						
Employees	4,955	$ 243,772	3,671	$ 191,764	1,284	$ 52,008
Dependents	4,640	$ 231,610	3,460	$ 184,536	1,180	$ 47,074
Total	9,595	$ 475,382	7,131	$ 376,300	2,464	$ 99,082
Multifocal Lenses -						
Employees	5,364	$ 399,727	3,830	$ 306,048	1,534	$ 93,680
Dependents	2,403	$ 174,153	1,728	$ 133,007	675	$ 41,146
Total	7,767	$ 573,880	5,558	$ 439,054	2,209	$ 134,826
Contact Lenses -						
Employees	7,417	$ 732,370	5,934	$ 592,701	1,483	$ 139,669
Dependents	5,308	$ 518,027	4,375	$ 430,901	933	$ 87,125
Total	12,725	1,250,396	10,309	1,023,602	2,416	226,794
Frames -						
Employees	7,864	$ 414,118	5,694	$ 327,647	2,170	$ 86,472
Dependents	5,462	$ 283,677	3,986	$ 224,702	1,476	$ 58,975
Total	13,326	$ 697,795	9,680	$ 552,348	3,646	$ 145,447

TABLE 38

Table 38 shows the vision care payments for participating and non-participating for active employees in the dual-coverage plan. This table also shows the percentage of billed charges paid by category.

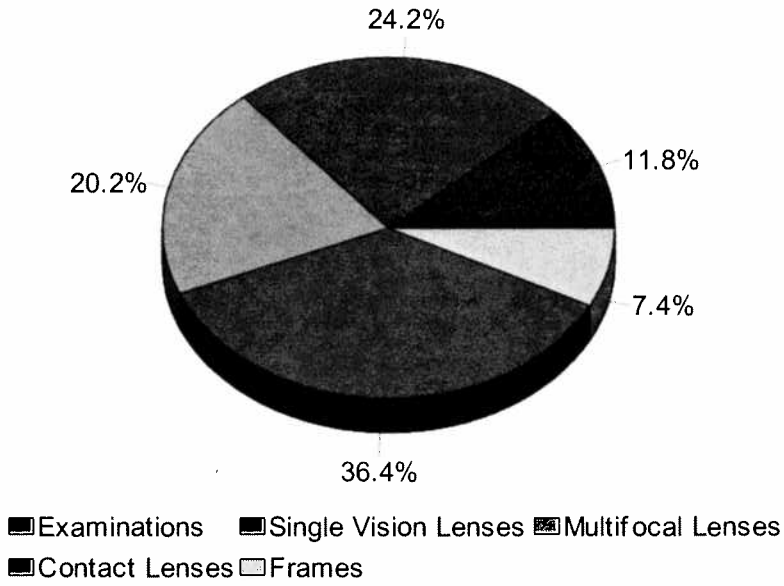

TABLE 38

Vision Care
Payment by Type of Service and Plan Performance

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year

Actives - Dual Coverage

	Grand Total		Participating Providers		Non-Participating Providers	
	Number of Services	Amount Paid	Number of Services	Amount Paid	Number of Services	Amount Paid
Examinations -						
Employees	524	$ 5,233	455	$ 4,546	69	$ 687
Dependents	510	$ 5,100	426	$ 4,283	84	$ 817
Total	1,034	$ 10,333	881	$ 8,829	153	$ 1,504
Single Vision Lenses -						
Employees	151	$ 9,218	102	$ 5,649	49	$ 3,570
Dependents	204	$ 12,016	131	$ 6,767	73	$ 5,249
Total	355	$ 21,234	233	$ 12,416	122	$ 8,819
Multifocal Lenses -						
Employees	156	$ 11,442	99	$ 7,167	57	$ 4,275
Dependents	94	$ 6,258	65	$ 4,081	29	$ 2,177
Total	250	$ 17,700	164	$ 11,249	86	$ 6,452
Contact Lenses -						
Employees	216	$ 15,747	166	$ 12,195	50	$ 3,552
Dependents	225	$ 16,115	176	$ 12,702	49	$ 3,413
Total	441	31,862	342	24,897	99	6,965
Frames -						
Employees	278	$ 2,532	174	$ 2,520	104	$ 12
Dependents	277	$ 3,988	176	$ 3,986	101	$ 2
Total	555	$ 6,520	350	$ 6,506	205	$ 14

TABLE 39

Table 39 shows the vision care payments for participating and non-participating for retirees. This table also shows the percentage of billed charges paid by category.

Retirees primarily used participating providers; 83.2% of the benefits paid were paid for services rendered by participating providers.

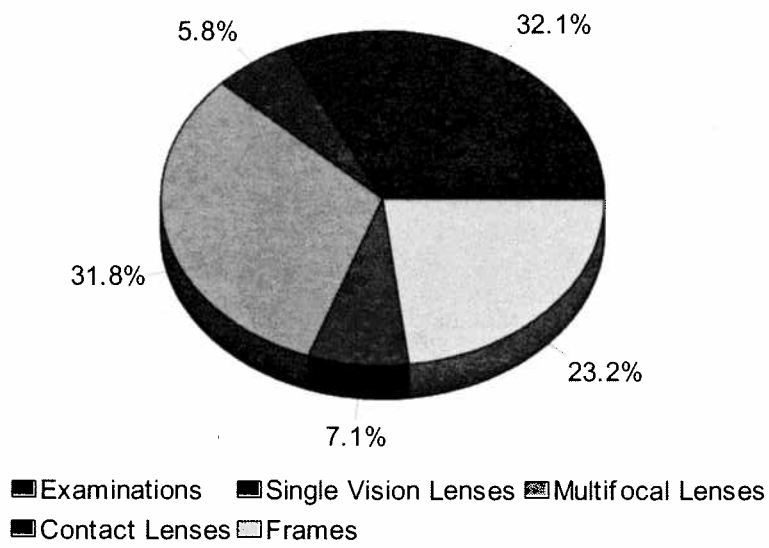

TABLE 39

Vision Care
Payment by Type of Service and Plan Performance

Hawaii Employer-Union Health Benefits Trust Fund

2005 Plan Year

Retirees

	Grand Total		Participating Providers		Non-Participating Providers	
	Number of Services	Amount Paid	Number of Services	Amount Paid	Number of Services	Amount Paid
Examinations -						
Retirees	8,730	$ 504,138	7,925	$ 478,780	805	$ 25,357
Dependents	4,401	$ 246,558	3,983	$ 233,085	418	$ 13,473
Total	13,131	$ 750,695	11,908	$ 711,865	1,223	$ 38,830
Single Vision Lenses -						
Retirees	1,838	$ 90,314	1,262	$ 66,241	576	$ 24,073
Dependents	948	$ 46,109	689	$ 35,481	259	$ 10,628
Total	2,786	$ 136,424	1,951	$ 101,722	835	$ 34,702
Multifocal Lenses -						
Retirees	7,370	$ 527,776	5,235	$ 397,010	2,135	$ 130,765
Dependents	3,029	$ 215,470	2,208	$ 165,591	821	$ 49,878
Total	10,399	$ 743,245	7,443	$ 562,602	2,956	$ 180,644
Contact Lenses -						
Retirees	921	$ 89,446	721	$ 70,733	200	$ 18,713
Dependents	786	$ 77,294	643	$ 64,077	143	$ 13,217
Total	1,707	166,740	1,364	134,810	343	31,929
Frames -						
Retirees	6,579	$ 377,356	4,690	$ 302,219	1,889	$ 75,137
Dependents	2,890	$ 164,872	2,100	$ 133,114	790	$ 31,757
Total	9,469	$ 542,228	6,790	$ 435,333	2,679	$ 106,895

TABLE 40

Table 40 shows enrollment for the life insurance plans for both the active employees and retirees.

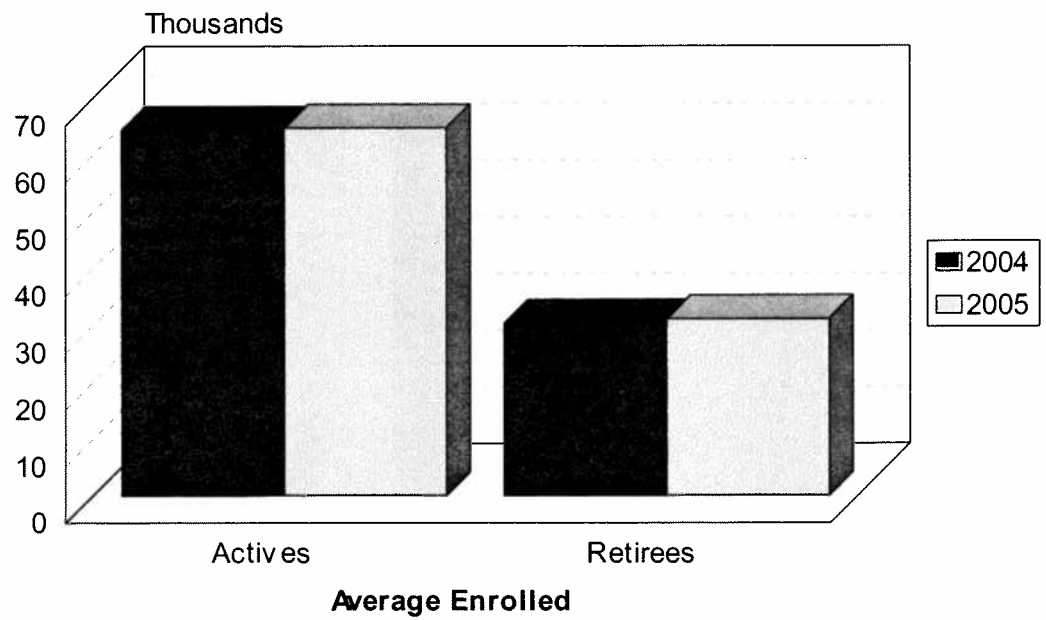

TABLE 40

Monthly Average Life Insurance Enrollment History by Eligibility Class

Actives and Retirees

Hawaii Employer-Union Health Benefits Trust Fund [1]

	Grand Total		Actives			Retirees		
Plan Year Ending	Average Enrolled	Percentage Change From Prior Year	Average Enrolled	Percentage Change From Prior Year	Percentage of Grand Total	Average Enrolled	Percentage Change From Prior Year	Percentage of Grand Total
2004	94,633	N/A	64,324	N/A	68.0%	30,309	N/A	32.0%
2005	95,751	1.2%	64,689	0.6%	67.6%	31,062	2.4%	32.4%

[1] Totals may not add due to rounding.

TABLE 41

Table 41 shows the Aetna plan financial results for the life insurance.

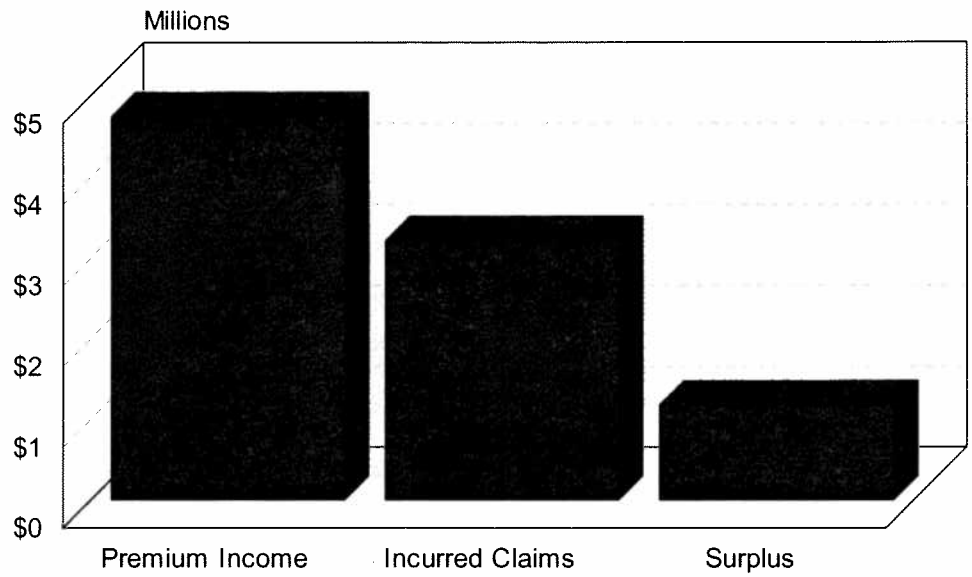

TABLE 41

Aetna Insurance Company

Hawaii Employer-Union Health Benefits Trust Fund
Actives and Retirees
2005 Plan Year

	2005 Policy Year
Premium Income	$ 4,735,088
Less:	
Paid Claims	$ 3,160,902
Reserve Change	$ 7,825
Interest	$ 35,103
Total Incurred Claims	$ 3,203,830
Less:	
Retention (7.61% of Premium)	$ 360,632
Surplus	$ 1,170,626

TABLE 42

Table 42 shows Garner Consulting's estimates of the reserves that would be needed on July 1, 2007 to assume the risk of self-funding the currently insured benefits. There are no hard-and-fast rules on reserve levels. Some experts say 10% of annual premiums are sufficient, while others recommend having five months of claims in reserve. These estimates are based on two months of claims. These reserve amounts would be supplemented by additional cash-flow savings once the plans are self-funded.

TABLE 42

Estimates of Reserves Needed for Self-Funding

Hawaii Employer-Union Health Benefits Trust Fund

Carrier	Plan		Actives	Retirees	Total
HMSA	Medical		$26,600,000	$14,800,000	$41,400,000
HMSA	Prescription Drugs		$7,200,000	$11,900,000	$19,100,000
HMSA		Total	$33,800,000	$26,700,000	$60,500,000
HDS	Dental		$4,900,000	$2,500,000	$7,400,000
VSP	Vision		$800,000	$500,000	$1,300,000
MBAH	Chiropractic		$200,000		$200,000
Royal State	Dual Coverage		$100,000		$100,000
		Total	$39,800,000	$29,700,000	$69,500,000

TABLE 43

Table 43 shows Garner Consulting's estimates of reserves that will be available on July 1, 2007. The total is more than enough to meet the two-months-of-claims rule-of-thumb described above, but note that the amount of the third and fourth year surpluses is highly speculative and subject to change.

Even without these amounts, Garner Consulting anticipates that the EUTF will have enough in reserves to self-fund most benefits as of July 1, 2007.

TABLE 43

Estimate of Reserves on July 1, 2007

Hawaii Employer-Union Health Benefits Trust Fund

	Known	Speculative	Rounded Total Estimate
Cash Reserves as of 9/30/2005	$40,900,182		
2004 - 2005 Year Surplus held by HMSA*	$49,106,418		
2004 - 2005 Year Royal State Surplus	$159,282		
2004 - 2005 Year VSP Surplus	$340,770		
2004 - 2005 Year Aetna Surplus	$1,170,626		
2005 - 2006 Year Surplus*		$24,400,000	
2006 - 2007 Year Surplus*		$9,800,000	
Grand Total	$91,677,278	$34,200,000	$124,900,000

* Including Drug Rebate

TABLE 44

Table 44 shows premium rates for medical, prescription drug, chiropractic, dental, vision and life insurance, for self and family for the plan years ending in 2004, 2005, 2006 and 2007.

This chart shows the percentage change in rates from 2004 to 2005 (marked 2005) and from 2005 to 2006, and from 2006 to 2007.

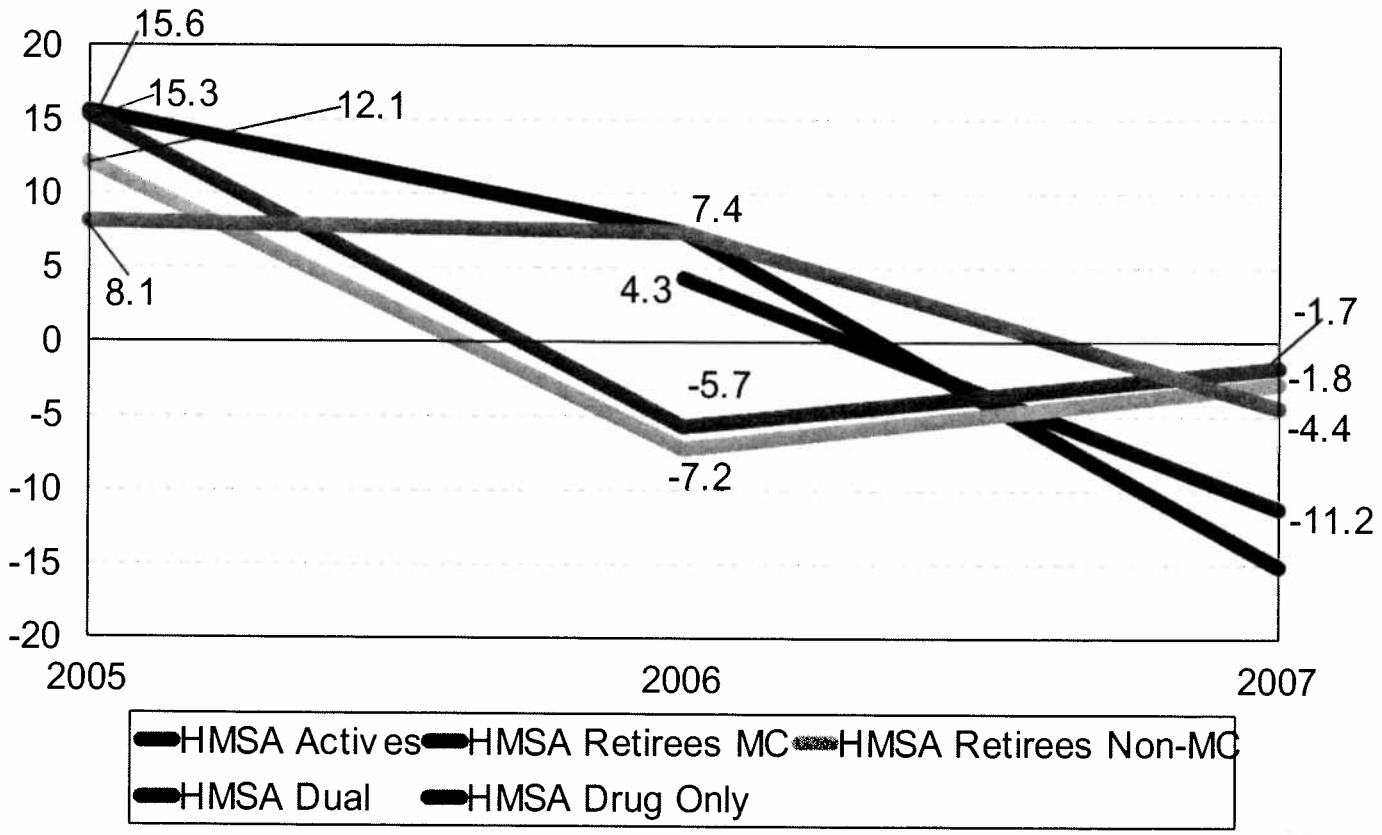

TABLE 44
Page 1 of 4
Premium Rates for Self and Family

Hawaii Employer Union Health Benefits Trust Fund

2004, 2005, 2006 and 2007 Plan Years

Benefit Providers	2004	2005	2006	Percentage Change	2007	Percentage Change
HMSA -						
Medical and Prescription Plan						
Actives						
Self	$229.38	$248.06	$266.54	7.4%	$254.86	-4.4%
Family	$692.20	$748.44	$804.04	7.4%	$768.52	-4.4%
Retirees						
Medicare-						
Self	$186.14	$214.80	$202.64	-5.7%	$199.14	-1.7%
Family	$610.10	$703.92	$664.10	-5.7%	$652.68	-1.7%
Non-Medicare -						
Self	$310.14	$347.70	$322.82	-7.2%	$313.74	-2.8%
Family	$867.10	$972.24	$902.64	-7.2%	$877.24	-2.8%
HMSA - Dual *						
Actives -						
Self	$134.15	$155.02	$166.42	7.4%	$141.30	-15.1%
Family	$411.34	$473.46	$508.24	7.3%	$431.20	-15.2%
HMSA - Prescription Plan Only						
Actives -						
Self	N/A	$52.94	$55.22	4.3%	$49.04	-11.2%
Family	N/A	$162.96	$169.96	4.3%	$150.92	-11.2%

* The HMSA Dual Plan was effective 4/1/2004.

TABLE 44 (Page 2 of 4)

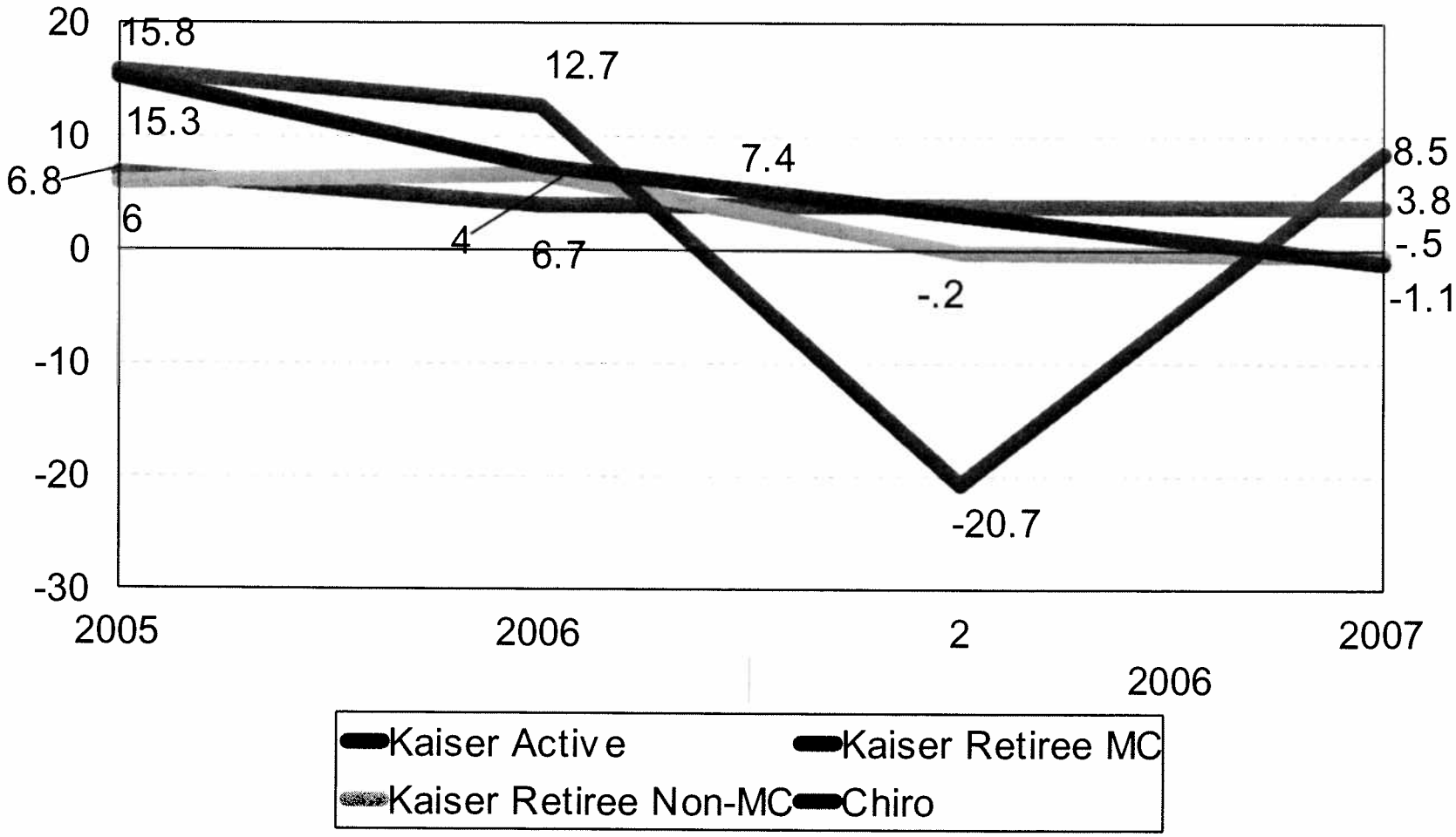

TABLE 44
Page 2 of 4
Premium Rates for Self and Family

Hawaii Employer-Union Health Benefits Trust Fund

2004, 2005, 2006 and 2007 Plan Years

Benefit Providers	2004	2005	2006	Percentage Change	2007	Percentage Change
Royal State-Dual (Units 1and 10)*						
Actives -						
Self	$125.00	$138.00		N/A		N/A
Family	$292.00	$329.00		N/A		N/A
Royal State-Dual (All other units)						
Actives -						
Self	$40.00	$40.00	$40.00	0.0%	$40.00	0.0%
Family	$125.00	$125.00	$202.64	62.1%	$125.00	-38.3%
Kaiser -						
Medical and Prescription Plan						
Actives -						
Self	$216.44	$249.56	$267.92	7.4%	$265.08	-1.1%
Family	$649.28	$748.64	$803.68	7.4%	$795.28	-1.0%
Retirees -						
Medicare -			*(7/1/05-12/31/05)*			
Self	$144.84	$167.80	$189.04	12.7%		
Family	$446.08	$503.40	$567.08	12.6%		
Non-Medicare -						
Self	$308.16	$326.80	$348.72	6.7%		
Family	$835.08	$980.36	$1,046.08	6.7%		
Retirees -						
Medicare -			*(1/1/06-6/30/06)*	*% change from Above*		
Self			$149.96	-20.7%	$162.72	8.5%
Family			$449.80	-20.7%	$488.08	8.5%
Non-Medicare -						
Self			$348.16	-0.2%	$346.52	-0.5%
Family			$1,044.44	-0.2%	$1,039.52	-0.5%
Chiropractic Plans						
Actives -						
Self	$1.17	$1.25	$1.30	4.0%	$1.35	3.8%
Family	$2.44	$2.58	$2.69	4.3%	$2.80	4.1%

* The Royal State Dual Plan was effective 2/1/2004. All Royal State participants became covered under what had been the "All other units" plan, effective May 15, 2005.

TABLE 44 (Page 3 of 4)

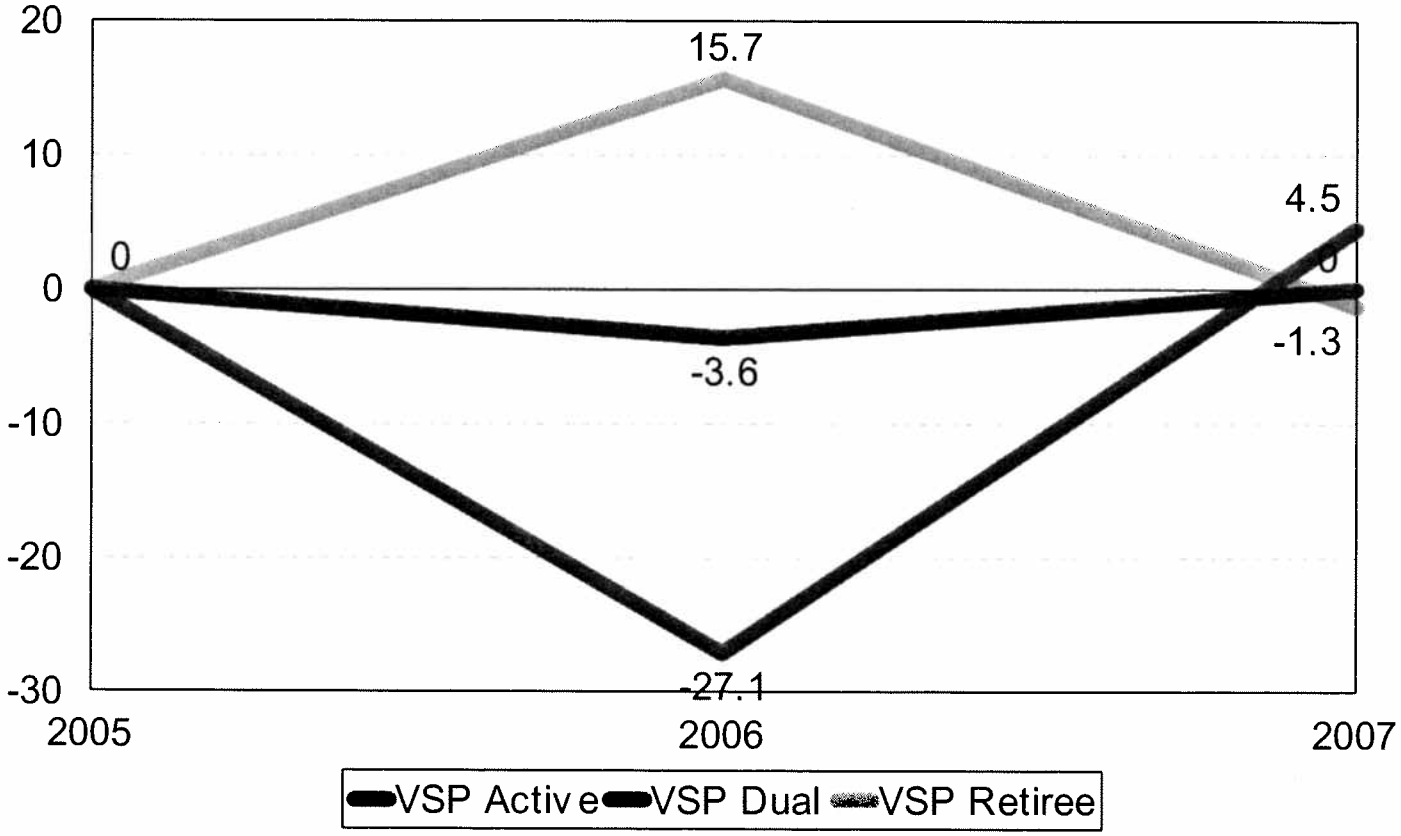

TABLE 44

Page 3 of 4

Premium Rates for Self and Family

Hawaii Employer-Union Health Benefits Trust Fund

2004, 2005, 2006 and 2007 Plan Years

Benefit Providers	2004	2005	2006	Percentage Change	2007	Percentage Change
Dental Plans						
HDS						
Actives-Regular -						
Self	$24.08	$25.52	$27.04	6.0%	$28.68	6.1%
Family	$68.92	$72.92	$77.32	6.0%	$81.96	6.0%
Actives-Dual -						
Self	$14.09	$15.01	$15.92	6.1%	$16.88	6.0%
Family	$40.99	$43.45	$46.04	6.0%	$48.80	6.0%
Retirees						
Self	$24.36	$25.84	$27.40	6.0%	$29.04	6.0%
Family	$48.72	$51.68	$54.80	6.0%	$58.08	6.0%
Vision Care						
VSP						
Actives -						
Self	$5.89	$5.89	$5.68	-3.6%	$5.68	0.0%
Family	$12.67	$12.67	$12.21	-3.6%	$12.21	0.0%
Actives-Dual -						
Self	$3.32	$3.32	$2.42	-27.1%	$2.53	4.5%
Family	$7.16	$7.16	$5.21	-27.2%	$5.46	4.8%
Retirees						
Self	$4.07	$4.07	$4.71	15.7%	$4.65	-1.3%
Family	$8.75	$8.75	$10.12	15.7%	$9.99	-1.3%
Life Insurance[1]						
Aetna						
Actives	$4.12	$4.12	$4.12	0.0%	$4.12	0.0%
Retirees	$4.12	$4.12	$4.12	0.0%	$4.12	0.0%

[1] There is no dependent life insurance coverage.

TABLE 44
Page 4 of 4
Kaiser Mainland Rates
Premium Rates for Self and Family
Hawaii Employer-Union Health Benefits Trust Fund

Benefit Providers	One MC Advantage	Two MC Advantage	One MC Adv. Plus 1	One Non-MC Retiree	Two Non-MC Retiree	Three Non-MC Retiree
Rocky Mountain Region						
Retiree	$144.41	$288.82	$664.95	$520.54	$1,041.09	$1,504.36
Mid Atlantic Region						
Retiree	$190.00	$380.00	$673.57	$483.57	$1,000.99	$1,392.68
Southeast Region						
Retiree	$207.94	$415.88	$845.96	$638.02	$1,276.04	$1,914.07
Northwest Region						
Retiree	$122.95	$245.90	$631.10	$508.15	$1,016.30	$1,524.45
California						
Retiree	$199.68	$399.36	$634.83	$435.15	$870.30	$1,231.47