

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Minutes of the Board of Trustees  
Tuesday, January 28, 2014

TRUSTEES PRESENT

Ms. Linda Currivan Musto, Chairperson	Ms. Barbara Krieg
Ms. Julia Zeghmi, Vice Chairperson	Ms. Karolyn Mossman
Mr. Luis Salaveria, Secretary-Treasurer	Mr. Clifford Uwaine (arrived 9:13 am)
Ms. Audrey Hidano	Ms. Maria Zielinski
Mr. Dean Hirata	

TRUSTEES ABSENT

Ms. Celeste Nip

ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

Ms. Sandra Yahiro, Acting Administrator	Mr. Tom Morrison, Benefits Consultant
Ms. Donna Tonaki	Mr. Raymond Kan
Ms. Maria Quartero	Mr. Bert Nishihara
Ms. Lauren Endo	Ms. Nicole Wong
Ms. Bonny Kahalewai	

OTHERS PRESENT

Ms. Cheryl Archer, Royal State	Ms. Elaine Fujiwara, HDS
Mr. Gary Asato, HDS	Mr. Robb Hadan, ORx
Mr. Nathan Eagle, Civil Beat	Ms. Mae Kishimoto, HSTA-R
Mr. Andrew Elliott, CVS Caremark	Mr. Larry Nishihara, Retiree
Mr. Monica Engle, VSP	Mr. Troy Tomita, Kaiser
Mr. Christian Fern, HMSA	

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:03 a.m. by Trustee Linda Currivan Musto, Chairperson, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, January 28, 2014.

Chair Currivan Musto introduced and welcomed new Trustee Maria Zielinski. Trustee Zielinski is Deputy Comptroller at the Department of Accounting & General Services (DAGS).

II. MINUTES

A. December 10, 2013

The Board reviewed the draft minutes of December 10, 2013.

MOTION was made for the Board to approve the minutes of December 10, 2013 as circulated. (Krieg/Hirata) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

### III. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 9:05 a.m. for the reasons stated on the agenda. (Krieg/Zeghmi) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

Executive Session adjourned at 12:40 p.m.

Chairperson Curriivan Musto reported that the Board has taken the following actions in Executive Session.

1. Approved VSP rates for retiree plans effective January 1, 2014. Previously the Board approved retiree VSP rate; however, the rates were one penny off. The rates in the Retiree Reference Guide for open enrollment are correct, the same VSP rates approved today.
2. Approved rates for active employees effective July 1, 2014 for HMSA, VSP, HDS, and Royal State.
3. Approved Request for Proposals (RFP) for a Pharmacy Benefit Manager claims audit.
4. Approved Arthur J. Gallagher, EUTF insurance broker, assignment with Arthur J. Gallagher and Atlas Insurance pending caveats.
4. Approved 5 Appeals to cover newborns – Enrollment application received beyond 30 days.
5. Disapproval of Appeal requesting to change the effective date of spousal coverage.
6. Approval of Administrator's position.

MOTION was made for the Board to approve to take agenda items VI.B Rates for the Active Employee Prescription Drug Plans Effective July 1, 2014 and VII.A.1-3. Bundling of Medical and Drug Plans for Active Employees Effective July 1, 2014 Due the Federal Affordable Care Act (ACA), out of order. (Hirata/Mossman) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

### VI. NEW BUSINESS

- B. Rates for the Active Employee Prescription Drug Plans Effective July 1, 2014  
Rates for the active employees prescription drug plans effective July 1, 2014 were distributed to the Trustees. Mr. Tom Morrison summarized the rates for the active employee self insured prescription drug plans effective July 1, 2014. Discussion held by Trustees, staff, and benefits consultant regarding the difference of rates for HSTA VB plans.

MOTION was made for the Board to approve the prescription drug rates for the active employee self insured prescription drug plans effective July 1, 2014 for both

EUTF and HSTA VB as presented by the Benefits Consultant. (Krieg/Mossman)  
The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

## VII. REPORTS

### A. Segal – Benefits Consultant Report

1. Bundling of Medical and Drug Plans for Active Employees Effective July 1, 2014  
Due the Federal Affordable Care Act (ACA)
2. Eliminating EUTF and HSTA VB Supplemental Plans Effective June 30, 2014  
Due to ACA
3. Mapping Members Enrolled in Supplemental Plans and Stand Alone Medical and Drug Plans

A copy of Segal’s memorandum regarding “Plan Changes Mandated Under the ACA for Active Plans” dated January 28, 2014 with attachments was distributed to the Board. Mr. Tom Morrison summarized the plan changes mandated under the ACA which Segal recommends or concurs with the changes.

MOTION was made for the Board to approve modifying the drug plan to add an annual out of pocket maximum of \$6,350 per individual and \$12,700 per family with the exception of the specialty medical drug plan of \$2,000 as recommended by the benefits consultant. (Krieg/Hirata) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Discussion held by Trustees, staff, and benefits consultant regarding the mapping of employees in the EUTF HMSA Supplemental and HSTA VB Supplemental medical plans. Those enrolled in the Supplemental plans will be informed during open enrollment and will also receive a letter. However, if the employee does not hear about the plans being eliminated and the mapping and wants to change plans, he/she may file an appeal.

MOTION was made for the Board to approve eliminating the EUTF Supplemental Medical Plan and the HSTA VB Supplemental Medical Plan as recommended by the benefits consultant and the mapping of employees enrolled in the Supplemental plans that do not elect a new plan as presented and recommended by the Acting Administrator. (Mossman/Salaveria) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Discussion held by Trustees, staff, and benefits consultant regarding the mapping of employees in the stand-alone Medical plan and stand-alone Drug plan. The member may appeal if not in agreement with the default mapping. Those enrolled in the Supplemental plans will be informed during open enrollment and will also receive a letter. However, if the employee does not hear about the plans being eliminated and the mapping and wants to change plans, he/she may file an appeal.

MOTION was made for the Board to approve eliminating the stand-alone Medical plan and stand-alone Drug plan as recommended by the benefits consultant and the mapping of employees enrolled in the stand-alone plans that do not elect a new plan as presented and recommended by the Acting Administrator. (Mossman/Hidano) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

#### IV. COMMITTEE REPORT

##### A. Administrative Committee Report

The Administrative Committee report was in the Board packet. Ms. Sandra Yahiro summarized the committee report.

1. Internal Controls Status Update
2. Administrative Rules Revision Project Status Update
3. Pharmacy Benefit Manager Claims Audit Request for Proposals  
This item has been discussed and approved in Executive Session.
4. EUTF 2014 Legislation  
This item will be discussed under Old Business.

MOTION was made for the Board to approve to take agenda items and VI.C Administrative Rules Section 4.10(c) Continuation of Coverage Rule Change and V.B. Investment Committee Recommendation Regarding Strategic Allocation out of order. (Hirata/Mossman) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

#### VI. NEW BUSINESS

##### C. Administrative Rules Section 4.10(c) Continuation of Coverage Rule Change

An email dated June 26, 2013 from the benefits consultant regarding the HIPAA rules and IRS code regarding allowable changes under the premium conversion plan was in the Board packet. Trustee Mossman stated she would like the Board to review the language regarding permitting employees transferring within a department if there is a significant change in premium - would the employer be required or consider allowing the employee to change plans in this situation. Under the HIPAA rules, it is not a requirement that employees be allowed to change plans. Mr. Tom Morrison stated the IRS Section 125 plans do not require us to allow the changes. The IRS says an employer may design in their plan a provision to allow for the change if the employer decides (on the premium conversion plan). The premium conversion plan could allow it but the EUTF rules must also allow it. After discussion, the Board did not vote to change its current rules.

#### V. OLD BUSINESS

##### B. Investment Committee Recommendation Regarding Strategic Allocation

MOTION was made for the Board to approve the Investment Committee's recommendation to approve Option 13 of the Strategic Allocation. (Hirata/Zeghmi) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Trustee Hirata left the meeting.

A. 2014 EUTF-Related Legislation

Ms. Sandra Yahiro summarized the 2014 legislative bills related to the EUTF. Discussion held by Trustees, staff, benefits consultant, and deputy attorney general regarding the 2014 legislative proposals related to the EUTF.

MOTION was made for the Board to take no position on HB0211 Relating to the EUTF Board of Trustees (1 of 5 Trustees to be appointed by Mayors...). (Krieg/Hidano) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to oppose HB0540 Relating to the EUTF (...require every health benefits plan established or contracted to include lower deductible and co-pays...). (Zielinski/Zeghmi) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to oppose HB0541 Relating to the EUTF (Increases the BMC...). (Zielinski/Krieg) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to oppose HB0542 Relating to the EUTF (revises employer's monthly contribution for health benefits...). (Mossman/Uwaine) The motion failed. (Employer Trustees-4 NO-Hidano, Krieg, Salavera, Zielinski/Employee-Beneficiary Trustees-4 YES-Currivan Musto, Mossman, Uwaine, Zeghmi)

MOTION was made for the Board to take no position on HB0542 Relating to the EUTF (revises employer's monthly contribution for health benefits...). (Krieg/Zielinski) The motion failed. (Employer Trustees-4 YES-Hidano, Krieg, Salavera, Zielinski/Employee-Beneficiary Trustees-4 NO-Currivan Musto, Mossman, Uwaine, Zeghmi)

MOTION was made for the Board to oppose HB0543 Relating to the EUTF (eliminates Medicare Part B reimbursement for employee-beneficiaries or spouses of employee-beneficiaries who are hired after 6/30/13...). (Uwaine/Mossman) The motion failed. (Employer Trustees-3 NO-Hidano, Krieg, Zielinski/1 YES-

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Salaveria/Employee-Beneficiary Trustees-4 YES-Currivan Musto, Mossman, Uwaine, Zeghmi)

MOTION was made for the Board to oppose HB0544 Relating to the EUTF (limits health insurance benefits for an employee who is first hired after 6/30/13...) . (Mossman/Zeghmi) The motion failed. (Employer Trustees-3 NO-Hidano, Salaveria, Zielinski ABSTAIN-Krieg/Employee-Beneficiary Trustees-4 YES-Currivan Musto, Mossman, Uwaine, Zeghmi)

Trustee Uwaine left meeting.

MOTION was made for the Board to oppose HB0545 Relating to the EUTF (sets statutorily state/county monthly contributions for employee first hired after 6/30/14...). (Mossman/Zeghmi) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to oppose HB0547 Relating to the EUTF (limits state/county monthly contributions for health benefits for employee first hired after 6/30/14...). (Mossman/Zeghmi) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

Trustee Uwaine returned to meeting.

MOTION was made for the Board to oppose HB0592 Relating to the EUTF (adding eleventh member to the EUTF board of trustees to represent the general public, changes board voting...). (Uwaine/Zeghmi) The motion failed. (Employer Trustees-3 NO-Hidano, Krieg, Salaveria/1 YES-Zielinski /Employee-Beneficiary Trustees-4 YES-Currivan Musto, Mossman, Uwaine, Zeghmi)

MOTION was made for the Board to oppose HB0594 Relating to the EUTF (amends composition and certain powers and duties of EUTF Board). (Mossman/Zeghmi) The motion failed. (Employer Trustees-4 NO-Hidano, Krieg, Salaveria, Zielinski/Employee-Beneficiary Trustees-4 YES-Currivan Musto, Mossman, Uwaine, Zeghmi)

MOTION was made for the Board to oppose HB0801 Relating to the EUTF Defined Contribution Plan (establishes a defined contribution plan...). (Mossman/Zeghmi) The motion failed. (Employer Trustees-4 NO-Hidano, Krieg, Salaveria, Zielinski/Employee-Beneficiary Trustees-4 YES-Currivan Musto, Mossman, Uwaine, Zeghmi)

MOTION was made for the Board to reaffirm opposing captive insurance bills last year and authorize the Administrator to oppose bills that would propose the EUTF become a captive insurance. (Employer Trustees-4 /Employee-Beneficiary Trustees-4)

MOTION was made for the Board to oppose HB1677 Relating to the EUTF (prohibits EUTF from paying Medicare Part B reimbursement to retired public employees/spouses who did not receive health benefits with the State...). (Mossman/Krieg) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to oppose HB1763 Relating to the EUTF (mandates insurance commissioner to assess a fine...). (Krieg/Mossman) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to support HB2265 Relating to the EUTF (extends sunset date and the report due date of the EUTF Task Force...). (Krieg/Salaveria) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to oppose SB0056 Relating to health (requires every employee-beneficiary to undergo a preventive health risk assessment...). (Krieg/Mossman) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

The Board took no position on the following: (1) HB0549 Relating to EUTF (provides for the automatic deposit of general excise tax revenue into the EUTF...); (2) HB0802 (requires the State of Hawaii and its employees, but not the counties and their employees, to make monthly contributions to the EUTF...); (3) HB1175 (repeals provisions relating to the BMC...; and (4) HB1177 (restructures the EUTF...).

The Board previously approved to support HB2262 Relating to Reporting Deaths to State Agencies (authorizes the DOH to disclose list of names of persons whose death have been recorded by DOH...)

- B. Investment Committee Recommendation Regarding Strategic Allocation  
As amended, this item was discussed and approved earlier on agenda.

## VI. NEW BUSINESS

- A. 60<sup>th</sup> Annual Employee Benefits Conference, Boston, MA – October 12-15, 2014  
This item is deferred.

- B. Rates for the Active Employee Prescription Drug Plans Effective July 1, 2014  
As amended, this item was discussed and approved earlier on agenda.
- C. Administrative Rules Section 4.10(c) Continuation of Coverage Rule Change  
As amended, this item was discussed earlier on agenda.
- D. Concern From Active Employee Regarding Pharmacy Benefits Manager  
It is noted that employee was not in attendance.

## VII. REPORTS

- A. Segal – Benefits Consultant Report
  - 1. Bundling of Medical and Drug Plans for Active Employees Effective July 1, 2014  
Due to the Federal Affordable Care Act (ACA)
  - 2. Eliminating EUTF and HSTA VB Supplemental Plans Effective June 30, 2014  
Due to ACA
  - 3. Mapping Members Enrolled in Supplemental Plans and Stand Alone Medical and Drug PlansAs amended, agenda items A.1-3 were discussed and approved earlier on agenda.

The following agenda items are deferred.

- B. Acting Administrator
  - 1. Vitech Modified Phase II
  - 2. Bank of Hawaii Banking Services Progress
  - 3. Administrative Rules Revision Project
  - 4. Medicare Death Validation Project Update
  - 5. Direct Deposit Project Update
  - 6. Affordable Care Act Implementation
  - 7. CVS Implementation Guarantee
  - 8. HIPAA Security & Compliance Audit
  - 9. Expanding EUTF's Office Space
  - 10. EUTF's Internal Controls
  - 11. Premium/Rate Splits Different Between Bargaining Units and Between Employers
  - 12. Business Associate Agreement with Department of Accounting & General Services and Employees Retirement System
  - 13. EUTF Website Review
  - 14. Vitech Rebill Issue
  - 15. HB65, Act 226 SLH2013
  - 16. Customer Service Improvement Project
  - 17. RFP for Actuarial Consultant
  - 18. FY15 Budget



19. Calendar Year 2013 W-2 Reporting Cost of Employee/Employer Health Plan Coverage
  20. Health Benefit Plans Claims Audits
  21. Retroactive Rate Changes – BU 10, 12 and 13
  22. RFPs for Medical and Prescription Drug Plans
- C. EUTF Managers' and Program Specialist Operational Reports
- a. Member Services Branch (MSB)
    - a. MSB Data Update
    - b. MSB Staffing Level Update
    - c. Active Employee Open Enrollment
    - d. Carrier Reports for the Month of December
  2. Information Technology (IT)
    - a. V3 Benefits Administration System
    - b. Employer and Employee Retroactive Rate Change for Bus 00, 10, 12 and 13
    - c. Employer-Provided Health Coverage Reporting – Form W-2 for 2013
    - d. IT Staff Vacancy
    - e. V3 BAS Modified Phase II (Employer File Feed)
    - f. Active Employee's Open Enrollment 2014
    - g. Microsoft Office 365 Conversion
    - h. 100% Employer Contribution of the Base Monthly Contribution (BMC) Cap
    - i. Enrollment Counts
  3. EUTF Program Specialist
    - a. Prescription Drug Claim Auditing Services Request for Proposal (RFP)
    - b. Wellness Initiatives
  4. Accounting
    - a. Financial Statement as of October 31, 2013
- D. Carrier Reports
1. CVS Caremark
  2. SilverScript
  3. Hawaii Dental Service (HDS)
  4. Hawaii Medical Service Association (HMSA)
  5. Kaiser Health Foundation
  6. Royal State Insurance
  7. Vision Service Plan (VSP)

VIII. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

- A. February 25, 2014, 9:00 a.m. – Regular Board Meeting

IX. ADJOURNMENT

MOTION was made for the Board to adjourn meeting at 2:05 p.m. (Krieg/Mossman)  
The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/

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Luis Salaveria, Secretary-Treasurer

APPROVED on February 25, 2014 as amended.

Documents Distributed:

1. Draft Board Minutes of 12/10/13. (9 pages)
2. Memorandum to BOT from Administrative Committee Regarding 1/10/14 Meeting dated 1/22/14. (2 pages)
3. Testimony by Acting Administrator Regarding HCR No. 81, 3/27/13. (1 page)
4. 2014 Legislative Log dated 1/23/14. (11 pages)
5. Memorandum to BOT from Investment Committee Regarding 11/12/13 Investment Committee meeting. (1 page)
6. 60<sup>th</sup> Annual Employee Benefits Conference Brochure, 10/12-15/2014 in Boston, MA. (4 pages)
7. Acting Administrator's Monthly Report to the Board for 12/3/13- 1/22/14 dated 1/21/14. (5 pages)
8. Customer Service Automated Call Distribution Report, December 2013 to January 2014 dated 1/22/14. (3 pages)
9. EUTF Customer Service Improvement Project Survey Results dated 1/22/14. (2 pages)
10. Memorandum to BOT from MSB Manager Regarding MSB Operations Report dated 1/21/14. (1 page)
11. Memorandum to BOT from IS Analyst Regarding January IT Operations Report dated 1/17/14. (10 pages)
12. Memorandum to BOT from Program Specialist Regarding December 2013 Monthly Report dated 1/17/14. (1 page)
13. EUTF Statement of Net Assets – Fiscal Year Ending June 30, 2014 (Unaudited) for Current Month 10/31/13 dated 1/27/14. (2 pages)
14. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 4 Months Ended 10/31/13 (Unaudited) dated 1/27/14. (2 pages)
15. EUTF Statement of Cash Flows 4 Month Ended 10/31/13 (Unaudited) dated 1/27/14. (1 page)
16. Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE 6/30/2013 & FYE 6/30/2014 up to October 2013 dated 1/22/14. (1 page)
17. Experience Accounting of CVS Caremark Non-Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2013 & FYE 6/30/2014 through 6/30/14 dated 1/22/14. (1 page)

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18. Experience Accounting of SilverScript Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2013 & FYE 6/30/2014 through 6/30/14 dated 1/22/14. (1 page)
19. Memorandum to BOT from Segal Regarding Plan Changes Mandated Under the Affordable Care Act for Active Plans dated 1/18/14. (3 pages)
20. Article on “Journal of Accountancy”, The benefits of captive insurance companies, March 2013. (5 pages)
21. CVS Monthly Carrier Report for November 2013 dated 10/10/13. (2 pages)
22. CVS Monthly Carrier Report for December 2013 dated 1/10/14. (19 pages)
23. SilverScript Monthly Carrier Report for November 2013 dated 12/10/13. (3 pages)
24. SilverScript Monthly Carrier Report for December 2014 dated 1/10/14. (6 pages)
25. HDS Monthly Carrier Report for November 2013 dated 12/9/13. (3 pages)
26. HDS Monthly Carrier Report for December 2013 dated 1/10/14. (3 pages)
27. HMSA Monthly Carrier Report for November 2013 dated 12/13/13. (3 pages)
28. HMSA Monthly Carrier Report for December 2013 dated 1/15/14. (2 pages)
29. Kaiser Monthly Carrier Report for November 2013 dated 12/9/13. (2 pages)
30. Kaiser Monthly Carrier Report for December 2013 dated 1/9/14. (2 pages)
31. Royal State Insurance Monthly Carrier Reports for November 2013 (Supplemental Medical Plan, Chiropractic Plan, Group Term Life Plan) dated 12/9/13. (6 pages)
32. Royal State Insurance Monthly Carrier Reports for December 2013 (Supplemental Medical Plan, Chiropractic Plan, Group Term Life Plan) dated 1/3/14. (6 pages)
33. VSP Monthly Carrier Report for November 2013 dated 12/9/13. (9 pages)
34. VSP Monthly Carrier Report for December 2013 dated 1/10/14. (9 pages)
35. Excerpt from ERS Newsletter on News from the EUTF for Actives and Retirees. (2 pages)