

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, November 5, 2013

TRUSTEES PRESENT

Ms. Linda Currivan Musto, Chairperson	Ms. Barbara Krieg
Ms. Julia Zeghmi, Vice Chairperson	Ms. Karolyn Mossman (arrived 9:22 am)
Ms. Loretta Fuddy	Ms. Celeste Nip
Mr. Dean Hirata	Mr. Clifford Uwaine (arrived 9:32 am)

TRUSTEES ABSENT

Ms. Audrey Hidano
Mr. Luis Salaveria, Secretary-Treasurer

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. Bonny Kahalewai	Ms. Nicole Wong

OTHERS PRESENT

Ms. Halaki Ancheta	Mr. Steve Johnston, VSP
Mr. Gary Asato, HDS	Ms. Mae Kishimoto, HSTA-R
Ms. Sandra Benevides, CVS Caremark/SilverScript	Ms. Lynne Miura, Royal State
Mr. Andrew Elliott, CVS Caremark	Mr. Teruo Nagasako, HMSA
Mr. Monica Engle, VSP	Ms. Lori Nishimura, C&C, HR
Mr. Christian Fern, HMSA	Mr. Bill Sandkuhler, A.J. Gallagher
Mr. Corey Fujii, Pharmicare	Mr. Bruce Smith, VSP
Mr. Mark Fukuhara, ABC, LLC	Mr. Vaughn Tokashiki, HSTA-R
Mr. Herbert Hussey, Kealakai, LLC	Mr. Troy Tomita, Kaiser

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, November 5, 2013.

II. MINUTES

A. October 1, 2013

The Board reviewed the draft minutes of October 1, 2013. The minutes will be amended as follows: (1) page 3, line 8, after that delete "his" and add "this"; and (2) page 3, line 40, delete "they invested" and after million add "was invested".

MOTION was made for the Board to approve the minutes of October 1, 2013 as amended. (Krieg/Zeghmi) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

III. OLD BUSINESS

A. 2014 EUTF-Related Legislation

Ms. Sandra Yahiro reported that the Board supported HB 1439 from the 2013 legislative session, which allows the Department of Health (DOH) to share death information with State agencies. Discussion held by Trustees, staff, and deputy attorney general that a new bill will be introduced in the 2014 legislative session and will be similar to HB 1439, who will be the sponsoring agency for the new bill, and whether Trustee Krieg and the Acting Administrator should meet with Representative Karl Rhoades.

B. EUTF FY15 Budget

Ms. Sandra Yahiro reported that the Administrative Committee reviewed and recommends the Board approve the EUTF FY15 Budget and summarized the new positions with revisions made by the Administrative Committee. The revisions were to add additional justification for the two new Account Clerk positions and to change the Investment Specialist to Investment Officer with increased pay.

Ms. Donna Tonaki reported when the budget was approved by the Administrative Committee, the Budget for positions were for a whole year but was informed by B&F to submit the Budget for 6 months only. The EUTF FY15 Budget still needs to be reviewed by the Director of Finance.

MOTION was made for the Board to approve the EUTF FY15 Budget with revisions to add additional justification for the two new Account Clerk positions and to change the Investment Specialist to Investment Officer with increased pay. (Krieg/Hirata) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Mr. Vaughn Tokashiki, member of the public, thanked the Board for moving forward and approving the EUTF FY15 Budget.

IV. NEW BUSINESS

A. Communication From Member Regarding Pharmacy Benefit Manager

Ms. Halaki Ancheta summarized her problems with CVS Caremark since CVS Caremark took over. The main problem was that CVS Caremark was requiring her son to have prior authorizations and brand penalty exception completed and approved before he can continue taking the medications he took prior to CVS Caremark taking over and the authorization was taking too long and taking too much of the doctor's time. Additionally, the prior authorizations/appeals expire after one year.

[Trustee Mossman arrived at 9:22 a.m.] Discussion held by Trustees, staff, benefits consultant, and Mr. Andrew Elliott and Ms. Sandra Benevides from CVS Caremark

regarding the transition from informedRx to CVS Caremark, the timeline for prescription prior authorization and brand penalty exception, a remedy or resolution from CVS Caremark when first authorized for a specific medication, and whether a notification can be sent to member when an approval expires. [Trustee Uwaine arrived 9:32 a.m.] Further discussion held by Trustees, staff, benefits consultant, and Ms. Sandra Benevides from CVS Caremark regarding whether CVS Caremark has a procedure in place to warn or contact doctors that do not submit proper information to CVS Caremark, and why there is an expiration date on a waiver of a brand generic co-pay exception since the prescribing drug is not going to change if the merits of the waiver existed at inception of that waiver. Mr. Tom Morrison questioned what happens in a year that changes all of that if this drug does not require prior authorization. Mr. Morrison recommended the Board direct CVS Caremark to extend the waiver of the co-pay differences for the duration of the medication prescribed by the same physician, but that different physicians would need to submit new authorizations. The fact is prescribing physicians/psychiatrists should have that waiver based upon those merits for the duration of the drug.

MOTION was made for the Board to approve directing CVS Caremark to extend the waiver of the co-pay differences for the duration of the medication prescribed by the same physician, but that different physicians would need to submit new authorizations. (Krieg/Mossman) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

Discussion held by Trustees, staff, benefits consultant, Sandra Benevides from CVS Caremark, and Ms. Halaki Ancheta on how the authorization will work because medication was just switched. Ms. Benevides stated CVS Caremark will work with EUTF and the benefits consultant to set up parameters and procedures.

B. EUTF Insurance Renewals

Mr. William Sankuhler summarized recommendations for the EUTF Fiduciary Liability, Crime Coverage, and Public Officials Errors and Omissions insurance renewals and explained the waiver of recourse for Trustees to pay \$25 individually payable to Arthur J. Gallagher. Paying \$25 individually would protect Trustees from personal liability. Discussion held by Trustees and Mr. Sandkuhler reasons why carriers have not submitted quotes.

MOTION was made for the Board to approve the insurance policies for: (1) Fiduciary Liability, (2) Crime Coverage; and (3) Public Officials Errors and Omissions, for the period December 15, 2014 to December 15, 2014 as recommended and presented by Mr. William Sandkuhler. (Fuddy/Hirata) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

MOTION was made for the Board to reject coverages for: (1) TRIA/Terrorism coverage; and (2) Kidnap and Ransom, as recommended and presented by Mr. William Sandkuhler. (Fuddy/Hirata) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

Mr. Vaughn Tokashiki commented that the Governor appointed Trustees, so the State should pay the \$25 not the individual Trustee. Mr. Sandkuhler stated this waiver of recourse is for Trustees as individuals, so must pay personally.

C. W-2 Reporting Issue

Ms. Yahiro reported that the W-2 reporting issue with the Department of Accounting and General Services (DAGS) has been resolved and will be covered under the Acting Administrator's report.

V. COMMITTEE REPORTS

A. Administrative Committee

1. Administrative Rules Revision Project, Section 2.04

Ms. Sandra Yahiro summarized the Administrative Rules revision to Section 2.04 that the Administrative Committee recommends the Board approve. The change would put a 90 day limit on the time a member may appeal to the Board; currently the Rules have no limits.

MOTION was made as recommended by the Administrative Committee for the Board to approve the Administrative Rules revision to Section 2.04 Administrative Appeals, after end of second sentence, add "within 90 days of the administrator's action. If no action is taken by the administrator within 30 days of the written appeal to the administrator being filed in the Fund's office, then the written appeal to the Board must be filed in duplicate in the Fund's office within 120 days of the written appeal to the administrator being filed in the Fund's office". (Krieg/Mossman) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

2. FY15 Budget

This item was discussed and approved earlier on the agenda.

3. 2014 Legislative Proposals

This item was discussed earlier on the agenda.

VI. REPORTS

A. Acting Administrator

1. Vitech Modified Phase II

Discussion held by Trustees and staff regarding the history and status of the Vitech Modified Phase II project. Concern expressed by a Trustee that this

project is dragging. Ms. Sandra Yahiro stated that the entire Office of Information Management & Technology (OIMT) staff who worked on this project is gone and the project will have to start over and will meet with the new OIMT staff.

Recessed at 10:21 a.m. and Reconvened at 10:26 a.m.

2. Bank of Hawaii Banking Services Progress (no Board discussion)
3. Administrative Rules Revision Project (no Board discussion)
4. Medicare Death Validation Project Update (no Board discussion)
5. Direct Deposit Project Update (no Board discussion)
6. Affordable Care Act Implementation (no Board discussion)
7. CVS Implementation Guarantee
Discussion held by Trustees, staff, and benefits consultant regarding the status of the CVS Implementation Guarantee, that no monies were received to date, what was reported at the last Board meeting, what options the EUTF has if an agreement is not reached, and if a deadline should be set so legal action can be taken.

MOTION was made for the Board to approve to set a deadline of December 31, 2013 if an agreement is not reached with the CVS Implementation Guarantee. (Uwaine/Hirata) The motion failed. (Employer Trustees-2 YES-Fuddy/Hirata, 1 NO-Krieg/Employee-Beneficiary Trustees-5 YES-Currivan Musto/Mossman/Nip/Uwaine/Zeghmi)

8. HIPAA Security & Compliance Audit
This item will be discussed in Executive Session.
9. Expanding EUTF's Office Space (no Board discussion)
10. EUTF's Internal Controls (no Board discussion)
11. Premium/Rate Splits Different Between Bargaining Units and Between Employers (no Board discussion)
12. Business Associate Agreement with Department of Accounting & General Services (DAGS) and Employees Retirement System (ERS) (no Board discussion)
13. EUTF Website Review (no Board discussion)
14. Medicare Part B Project Started December 2011 (no Board discussion)
15. New Requirement for the Early Retiree Reinsurance Program (no Board discussion)
16. Vitech Rebill Issue (no Board discussion)
17. HB65, Act 226 SLH2013 (no Board discussion)

18. Customer Service Improvement Project

Ms. Yahiro reported she implemented a new phase of the customer service project. Customers visiting the EUTF window are asked to complete a short survey. At the end of each quarter, participants will have a chance to win a gift certificate. Copies of the responses were in the Board packet. All responses were excellent except for one which the EUTF staff is reviewing.

19. Retiree Open Enrollment (no Board discussion)

20. RFP for Actuarial Consultant (no Board discussion)

21. FY15 Budget (no Board discussion)

22. Calendar Year 2013 W-2 Reporting Cost of Employee/Employer Health Plan Coverage

Ms. Yahiro summarized the history and requirements for W-2 reporting by employer from the Affordable Care Act (ACA). A draft W-2 Agreement and Disclaimer was distributed to Board. Ms. Yahiro reported that she will move forward with the Disclaimer with DAGS which she was advised should accomplish the same goal as the agreement and to advise DAGS that EUTF's information may contain errors.

23. Health Benefit Plans Claims Audits (no Board discussion)

24. State's Hiring Freeze

Ms. Yahiro reported that the State's hiring freeze applies to all State agencies includes EUTF. Discussion held by Trustees and staff that an exception to the freeze can be made, on a case-by-case basis, by a written justification to Governor.

B. EUTF Managers' and Program Specialist Operational Reports

1. Member Services Branch (MSB)

a. MSB Data Update

Discussion held by Trustees and staff why the MSB report regarding call statistics has different numbers from the Customer Service Automated Call Distribution reports.

b. MSB Staffing Level Update (no Board discussion)

c. Carrier Reports for September (no Board discussion)

2. Information Technology (IT)

a. V3 Benefits Administration System (BAS) (no Board discussion)

b. New E-Mail Solution Project (no Board discussion)

c. New Automated Call Distribution (ACD) System (no Board discussion)

d. Information Systems (IS) Branch Reorganization and IT Staff Vacancy (no Board discussion)

- e. Temporary Assignment - EUTF Information Systems Analyst
Discussion held by Trustees and staff regarding the timeline for filling this position and the hiring freeze. The EUTF would need to submit a request to Governor to request an exemption from the hiring freeze.

3. Program Specialist

a. Wellness

Chair Currihan Musto commented that there were two wellness workshops at the International Foundation of Employee Benefits Plans (IFEBP) Annual conference. The EUTF staff will send a copy of one wellness handout to Trustee Fuddy.

b. Claims Audits (no Board discussion)

4. Accounting

a. Financial Statement as of August 31, 2013

Mr. Bert Nishihara summarized the Financial Statement as of August 31, 2013. Discussion held by Trustees, staff, and benefits consultant if the Investment Committee reviewed this report regarding the investments. The Investment Committee will be meeting next week, November 12, 2013, and will review the quarterly report ending September 30, 2013. Discussion held by Trustees, staff, and benefits consultant regarding the reasons for losses. Mr. Tom Morrison explained it is cash and will see it in rebate. The Board will see only a small loss when Mr. Morrison presents his report.

C. Segal – Benefits Consultant Report

1. June 30, 2013 Quarterly Plan Financial Performance Report

Mr. Tom Morrison summarized the EUTF Year to Date Contract Plan Experience Report Contract YTD through June 2013. Discussion held by Trustees and staff for the benefits consultant to include Bargaining Units as part of the quarterly/annual report to the Board.

D. Carrier Reports

1. CVS Caremark

Written report received.

Discussion held by Trustees and Ms. Sandra Benevides of CVS Caremark regarding Botox not covered if it is cosmetic.

2. SilverScript

Written report received. (no Board discussion)

3. Hawaii Dental Service (HDS)

Written report received. (no Board discussion)

4. Hawaii Medical Service Association (HMSA)
Written report received. (no Board discussion)
5. Kaiser Health Foundation
Written report received. (no Board discussion)
6. Royal State Insurance
Written report received. (no Board discussion)
7. Vision Service Plan (VSP)
Written report received.
Ms. Monica Engle introduced Mr. Bruce Smith (her former boss) and
Mr. Steve Johnston (her new boss).

Mr. Vaughn Tokashiki, member of the public, inquired about the retiree open enrollment session. Ms. Nicole Wong reported that approximately 278 people attended the retiree open enrollment sessions. Discussion held by Trustees, staff, and Mr. Tokashiki regarding concerns that other insurance companies are aggressively pursuing retirees to enroll in their Medicare plan.

VII. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 11:10 a.m. for the reasons stated on the agenda. (Fuddy/Krieg) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

Executive Session adjourned at 1:04 p.m.

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

1. Approved one reconsideration of Appeal for enrollment application received beyond 30 days for newborn.
2. Approved one Appeal for enrollment application received beyond 30 days for newborn.

VIII. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

A. December 10, 2013, 9:00 a.m. – Regular Board Meeting

IX. ADJOURNMENT

MOTION was made for the Board to adjourn meeting at 1:26 p.m. (Nip/Mossman) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

There being no objections by the Trustees, the meeting adjourned at 1:26 p.m.

Respectfully submitted,

/s/

Luis Salaveria, Secretary-Treasurer

APPROVED on December 10, 2013.

Documents Distributed:

1. Draft Board Minutes of 10/01/13. (8 pages)
2. Memorandum to BOT from Administrative Committee Regarding 10/16/13 Administrative Committee meeting. (1 page)
3. Draft Administrative Rules Section 2.04 Revision dated 10/11/13. (1 page)
4. Acting Administrator's Monthly Report to the Board for 9/25/13- 10/30/13 dated 10/31/13. (6 pages)
5. Customer Service Automated Call Distribution Report, July 2013 to October 29, 2013 dated 10/30/13. (2 pages)
6. EUTF Customer Satisfaction Survey. (6 pages)
7. Memorandum to BOT from MSB Manager Regarding MSB Operations Report dated 10/28/13. (1 page)
8. Memorandum to BOT from IS Analyst Regarding November IT Operations Report dated 10/29/13. (10 pages)
9. Memorandum to BOT from Program Specialist Regarding Claims Audits and Health & Wellness Programs dated 10/30/13. (1 page)
10. Memorandum to BOT from Financial Management Officer Regarding Accounting Operations Report for 11/5/13 BOT meeting dated 10/30/13. (1 page)
11. EUTF Statement of Net Assets – Fiscal Year Ending June 30, 2014 (Unaudited) for Current Month 8/31/13 dated 10/31/13. (2 pages)
12. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 2 Months Ended 8/31/13 (Unaudited) dated 10/31/13. (2 pages)
13. EUTF Statement of Cash Flows 2 Month Ended 8/31/13 (Unaudited) dated 10/31/13. (1 page)
14. Experience Accounting of CVS Caremark Actives Self-Funded Plan Summary of FYE 6/30/2013 & FYE 6/30/2014 dated 11/4/13. (1 page)
15. Experience Accounting of CVS Caremark Non-Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2013 & FYE 6/30/2014 dated 11/4/13. (1 page)
16. Experience Accounting of SilverScript Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2013 & FYE 6/30/2014 dated 11/4/13. (1 page)
17. EUTF Year to Date Contract Plan Experience Report Contract YTD through June 2013 dated 11/5/13. (108 pages)
18. EUTF Monthly Active and Retiree Rates dated 10/9/13. (6 pages)

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Board of Trustees Meeting

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19. CVS Monthly Carrier Report for September 2013 dated 10/10/13. (3 pages)
20. CVS Caremark Pipeline Month in Review, July 2013. (4 pages)
21. CVS Caremark Pipeline Month in Review, August 2013. (5 pages)
22. CVS Caremark Pipeline Month in Review, September 2013. (6 pages)
23. SilverScript Monthly Carrier Report for September 2013 dated 10/10/13. (3 pages)
24. HDS Monthly Carrier Report for September 2013 dated 10/10/13. (1 page)
25. HMSA Monthly Carrier Report for September 2013 dated 10/15/13. (3 pages)
26. HMSA island scene, Fall 2013. (74 pages)
27. Kaiser Monthly Carrier Report for September 2013 dated 10/9/13. (2 pages)
28. Royal State Insurance Monthly Carrier Reports for September 2013 (Supplemental Medical Plan, Chiropractic Plan, Group Term Life Plan) dated 10/8/13. (6 pages)
29. VSP Monthly Carrier Report for September 2013 dated 10/8/13. (9 pages)