

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Friday, December 12, 2014

TRUSTEES PRESENT

Ms. Linda Currivan Musto, Secretary-Treasurer	Ms. Barbara Krieg
Ms. Audrey Hidano	Ms. Celeste Nip
Mr. Dean Hirata	Ms. Julia Zeghmi

TRUSTEES ABSENT

Mr. Luis Salaveria, Chairperson	Ms. Karolyn Mossman
Ms. Maria Zielinski, Vice Chairperson	Mr. Clifford Uwaine

ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

Ms. Sandra Yahiro, Administrator	Mr. Tom Morrison, Benefits Consultant
Mr. Derek Mizuno, Assistant Administrator	Ms. Bonny Kahalewai
Ms. Maria Quartero	Mr. Raymond Kan
Mr. Adam Dreher	Ms. Donna Tonaki
Ms. Lauren Endo	Ms. Nicole Wong

OTHERS PRESENT

Ms. Cheryl Archer, Royal State	Ms. Doreen Kuroda, DHRD
Ms. Nikki Bassett, USABLE Life	Ms. Melissa Kunitake, Kaiser
Ms. Sandra Benevides, CVS Caremark	Ms. Bev Luney, USABLE Life
Mr. Andrew Elliott, CVS Caremark	Mr. Teruo Nagasako, HMSA
Ms. Elaine Fujiwara, HDS	Mr. Kurt Neuenfeld, CVS Caremark
Mr. Galen Haneda, HMSA	Mr. Kimo Palakiko, HGEA-R
Mr. Steven Johnston, VSP	Dr. Marc Rosen, HMSA
Ms. Monica Kim, VSP	Mr. William Sandkuhler, Atlas Insurance
Ms. Mae Kishimoto, HSTA-R	Mr. Troy Tomita, Kaiser

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 2:02 p.m. by Trustee Linda Currivan Musto, Secretary-Treasurer, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Friday December 12, 2014.

EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 2:02 p.m. (Hidano/Krieg) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Executive Session adjourned at 2:23 p.m.

II. MINUTES

A. November 18, 2014

The Board reviewed the draft minutes of November 18, 2014. The draft minutes of November 18, 2014 is amended as follows: (1) page 4, line 20, replace “(3) if vendors do not submit quote, the vendor is to provide written reason(s) why they are not submitting a quote. Mr. William Sandkuhler confirmed he will have the vendors comply with the Trustees request.

MOTION was made for the Board to approve the minutes of November 18, 2014 as amended. (Krieg/Zeghmi) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

There being no objections by the Trustees, agenda item IV.B. EUTF Insurance Renewals – Atlas, was taken out of order.

IV. OLD BUSINESS

B. EUTF Insurance Renewals – Atlas

As requested by the Trustees at the last Board meeting, the additional material/information was emailed to the Board earlier. Mr. William Sandkuhler summarized the additional material for the EUTF insurance renewals.

MOTION was made for the Board to approve the recommendations from our insurance broker to procure insurance from the following carriers for the period December 15, 2014 to December 14, 2015: Cyber Liability & Privacy Insurance: Beazley; Fiduciary Liability: RLI; Crime Coverage: Great American; Public Officials Errors and Omissions: Ace. (Krieg/Zeghmi) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Discussion held by Trustees, staff, and Mr. Sandkuhler regarding encryption of mobile devices and laptops and past history of EUTF lawsuits. The EUTF is in the process of updating the EUTF Privacy Policy with Segal’s assistance.

III. COMMITTEE REPORTS

A. Benefits Committee

Ms. Sandra Yahiro summarized the Benefits Committee report for November 21, 2014 Benefits Committee meeting dated December 4, 2014.

1. Screening Colonoscopies for Non-Medicare Retirees

Discussion held by Trustees, staff, and benefits consultant regarding screening colonoscopies for non-Medicare retirees and the cost.

MOTION was made for the Board to approve the Benefits Committee recommendation to add screening colonoscopies to the EUTF HMSA non-

Medicare retiree plan effective July 1, 2015. (Krieg/Nip) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

2. Medical Plan and/or Prescription Drug Plan Design Changes for Active Employees July 1, 2015 (no discussion held)
3. Medicare Part D Late Enrollment Penalty
Discussion held by Trustees and staff regarding Medicare Part D late enrollment penalty.

MOTION was made for the Board to approve the Benefits Committee recommendation that EUTF cease paying the Medicare Part D late enrollment penalty starting January 1, 2015. (Hidano/Krieg) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

4. Affordable Care Act (ACA) Breast Cancer Preventative Drugs (no discussion held)
5. Maximum Out-of-Pocket – Medical and Prescription Drug – July 1, 2015
Ms. Yahiro explained that errors were in the report and replacement pages were distributed to the Board deleting, in the last two paragraphs of page 2 “The prescription drug MOOPs would fill in the difference up to the ACA maximum allowable” (because there is a fee) and the second line of page 3, changing “BP” to “VB”.

MOTION was made for the Board to approve the Benefits Committee recommendation to: (1) keep the maximum out-of-pocket separate between the medical and drug plans; (2) change HMSA’s maximum out-of-pocket for the family from three [3] times the single to two [2] times the single maximum out-of-pocket to match the Affordable Care Act maximum; (3) for the prescription drug plan attached to the EUTF HMSA 90/10, 80/20 and HMO plans and the HSTA VB HMSA plans, change the maximum out-of-pocket to \$4,100/\$8,200 and the drug plan attached to the 75/25 plan to \$1,600/\$3,200, effective July 1, 2015. (Krieg/Zeghmi) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

6. Including Nicotrol as a Covered Drug (no discussion held)
7. Compound Medications for Commercial Plan and Employer Group Waiver Plan (EGWP)
Discussion held by Trustees, staff, benefits consultant, and Mr. Kurt Neuenfeld, from CVS Caremark, regarding compound medications not approved by the Federal Drug Administration (FDA) - EGWP plans do cover bulk powders and creams at this time.

MOTION was made for the Board to approve the Benefits Committee recommendation that for the EUTF active employee prescription drug plans, non-Medicare retiree plans, and the Medicare retiree plans, excluding HSTA VB plans, to exclude bulk powders and creams, effective July 1, 2015. (Krieg/Hirata) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Discussion held by staff, benefits consultant, member of the public, and Mr. Kurt Neuenfeld from CVS Caremark regarding cost for bulk powders and creams that are covered and not covered for the EGWP plans.

8. Change in Specialty Copay for Human Immunodeficiency Virus (HIV), Hepatitis B, and Transplant Drugs

Discussion held by Trustees, staff, and Ms. Sandra Benevides from CVS Caremark regarding the change in specialty co-pay for HIV, Hepatitis B, and Transplant Drugs and the cost.

9. Extended Day Supply Network for Active Employees – July 1, 2015 (no discussion held)

10. Kaiser Plan Design Changes for Retirees and Active Employees
Pricing of the various options of this item will be discussed in Executive Session.

Discussion held by staff, benefits consultant, Mr. Troy Tomita from Kaiser, and Mr. Kimo Palakiko, member of the public, regarding the cost of the co-pay for dialysis if Kaiser's change is approved. Mr. Tomita stated that the cost would be \$1,200 monthly.

11. Hawaii Medical Service Association's (HMSA) Dashboard [no discussion held]

IV. OLD BUSINESS

- A. Healthcare Transformation Sub-Committee

There being no objections by the Trustees, this item is deferred until the next Board meeting.

- B. EUTF Insurance Renewals – Atlas

This item was discussed earlier on the agenda.

- C. EUTF 2015 Legislation

Ms. Sandra Yahiro explained that Trustee Mossman's intent was that there were a lot of elements in bills that the Board may have not discussed and the chart she created is by subject matter if the Board would like to discuss. There being no objections by the Trustees, this item is for information until legislative session.

V. NEW BUSINESS

A. Emergency Appeals Committee

Ms. Sandra Yahiro recommends the Board appoint a sub-committee for Emergency Appeals as is authorized in the revised Administrative Rules. Discussion held by Trustees and staff that even if the Board appoints a sub-committee, the Board will still be able to review Emergency Appeals if they chose to. Trustees Linda Currivan Musto and Audrey Hidano volunteered to be on the sub-committee. Trustees Julia Zeghmi and Barbara Krieg volunteered to be the alternates for the sub-committee. Trustee Linda Currivan Musto will serve as Chair of the sub-committee.

Discussion held by Trustees, staff, deputy attorney general, and Mr. Kimo Palakiko, member of the public, that the Board may decide to hear an Emergency Appeal instead of the sub-committee.

MOTION was made for the Board to approve to take agenda item VII. Executive Session, out of order. (Krieg/Nip) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

VII. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 3:15 p.m. as stated on the agenda. (Krieg/Hidano) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Executive Session adjourned at 4:35 p.m.

Secretary-Treasurer Linda Currivan Musto reported that the Board has taken the following actions in Executive Session:

1. Approved to waive the back premiums for surviving spouses who were erroneously covered in EUTF plans after their actively employed spouses passed away.
2. Motion failed to approve an Appeal to enroll a newborn enrollment after 60 days.
3. Approved an Appeal to enroll a newborn on the date of coverage.
4. Approved an Appeal for a surviving spouse cancellation of plans but limiting the remedy of reinstating benefits coverage until June 30, 2015.
5. Approved an Appeal to extend two (2) month's coverage for a retiree's prescription drug.

Due to lack of quorum, the following agenda items are deferred until the next Board meeting.

VI. REPORTS

A. Segal

1. Prescription Drug Rates for Active Employees Effective July 1, 2015

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2. Affordable Care Act (ACA) [Patient Centered Outcomes Research Institute (PCORI) and Reinsurance] for Actives and Retirees
3. Performance Guarantees
- B. Administrator
 1. Vitech Modified Phase II
 2. Medicare Death Validation Project Update
 3. Affordable Care Act Implementation
 4. Expanding EUTF's Office Space
 5. Premium/Rate Splits Different Between Bargaining Units and Between Employers
 6. Business Associate Agreement (BAA) with Department of Accounting & General Services (DAGS) and Employees Retirement System (ERS)
 7. EUTF Website Review
 8. Vitech Rebill Issue
 9. HB65, Act 226 SLH2013 – Mandatory Mail
 10. Customer Service Improvement Project
 11. Other Post Employment Benefits (OPEB) Actuarial Valuation
 12. Health Benefit Plans Claims Audits
 13. Converting EUTF's Email System to Office 365
 14. New Phone System
 15. Halau Lokahi Charter School
 16. Medicare Savings Program
 17. EUTF Strategic Plan, Including Vision and Mission Statements
 18. Act 158, SLH2013, ACA Innovation Waiver Task Force
 19. EUTF Meetings with Key Legislators
 20. EUTF's 2016/2017 Budget
 21. EUTF 2015 Legislation
 22. Surviving Spouses and Dependents Covered After Employee Passes Away
- C. EUTF Managers' and Program Specialist Operational Reports
 1. Member Services Branch (MSB)
 - a. MSB Data Update
 - b. MSB Staffing Level Update
 2. Information Technology (IT)
 - a. Retirees' Open Enrollment 2014
 - b. V3 BAS Modified Phase II (Employer File Feed)
 - c. Microsoft Office 365 Conversion
 - d. Oracle Database Upgrade and Encryption
 - e. EUTF Local Area Network Server and Workstation Encryption
 - f. Hawaii Health Connector
 - g. Enrollment Counts
 3. EUTF Program Specialist
 - a. Wellness Initiatives
 - b. Prescription Drug Claim Auditing Services Request for Proposal (RFP)
 - c. Implementation of the UnitedHealthcare Medicare Advantage Plan

- d. Implementation of the Retiree USABLE Life Insurance Plan
4. Financial Services Branch
 - a. Financial Audit (FY2014)
 - b. Personnel for Financial Services Branch
 - c. Financial Statements as of September 30, 2014
- 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. January 27, 2015, 9:00 a.m. – Regular Board Meeting

IX. ADJOURNMENT

Due to lack of quorum, the Board meeting adjourned at 4:35 p.m.

Respectfully submitted,

/s/

Linda Currivan Musto, Secretary-Treasurer

APPROVED on February 24, 2015.

Documents Distributed:

1. Draft Board Minutes of 11/18/14. (11 pages)
2. Memorandum to BOT from Benefits Committee Regarding 11/21/14 Benefits Committee Meeting dated 12/4/14. (4 pages)
3. Replacement Pages 2 & 3 of Memorandum to BOT from Benefits Committee Regarding 11/21/14 Benefits Committee Meeting dated 12/12/14. (2 pages)
4. Screening Colonoscopies dated 11/24/14. (1 page)
5. Article on “What’s the Part D late enrollment penalty? from Medicare.gov printed 11/17/14. (2 pages)
6. CVS Caremark, Clinical Advisor White Paper, March 2014, Compounded Medications for Topical Use. (6 pages)
7. CVS Caremark, EGWP Compound Utilization Summary, EUTF Benefits Committee, November 21, 2014. (1 page)

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8. Bills Related to EUTF dated 11/12/14. (3 pages)
9. Excerpt from Administrative Rules, Section 2.05, Emergency Appeals of Eligibility. (1 page)
10. EUTF 2015/2016 Prescription Drug Monthly Rates dated 12/4/14 (1 page)
11. Memorandum to BOT from Segal Consulting Regarding Performance Guarantees Reporting for 2013 through the Third Quarter of 2014 dated 12/5/14. (11 pages)
12. Administrator's Monthly Report to the Board from 11/13/14 – 12/5/14 dated 12/5/14. (5 pages)
13. Draft EUTF Report to the 2015 Legislature Required by Act 226, SLH2013, Relating to Prescription Drugs dated 12/5/14. (1 page)
14. EUTF Customer Service Improvement Project Survey Results received between 11/13/14-12/5/14. (1 page)
15. Customer Service Automated Call Distribution Report, July to December 2013 & January to December 3, 2014 and November 2014-December 2014 dated 12/3/14. (3 pages)
16. Medicare Savings Program Project dated 12/10/14. (1 page)
17. State Innovation Waiver Task Force Agenda for 11/13/14. (1 page)
18. State Innovation Waiver Task Force Agenda for 12/11/14. (1 page)
19. Memorandum to BOT from MSB Manager Regarding MSB Operations Report dated 12/1/14. (1 page)
20. Memorandum to BOT from IS Analyst Regarding November IS Operations Report dated 12/3/14. (11 pages)
21. Memorandum to BOT from Program Specialist Regarding November 2014 Monthly Report dated 12/3/14. (1 page)
22. Memorandum to BOT from Financial Management Officer Regarding Financial Services Branch Report for December 12, 2014 BOT Meeting dated 12/5/14. (1 page)
23. EUTF Statement of Net Assets – Fiscal Year Ending June 30, 2015 (Preliminary-Unaudited) for Current Month 9/30/14 dated 12/8/14. (2 pages)
24. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 3 Months Ended 9/30/14 (Preliminary-Unaudited) dated 12/8/14. (2 pages)
25. Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE 6/30/2014 & FYE 6/30/2015, September dated 12/2/14. (1 page)
26. Experience Accounting of CVS Caremark Non-Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2014 & FYE 6/30/2015, September dated 12/2/14. (1 page)
27. Experience Accounting of SilverScript Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2014 & FYE 6/30/2015, September dated 12/8/14. (1 page)
28. CVS Monthly Carrier Report for November 2014 dated 12/10/14. (8 pages)
29. SilverScript Monthly Carrier Report November 2014 dated 12/10/14. (4 pages)
30. HDS Monthly Carrier Report for November 2014 dated 12/9/14. (3 pages)
31. Kaiser Monthly Carrier Report for November 2014 dated 12/10/14. (2 pages)
32. Royal State Insurance Monthly Carrier Reports for November 2014 (Group Term Life Plan, Chiropractic Plan, Supplemental Medical Plan,) dated 12/9/14. (6 pages)
33. VSP Monthly Carrier Report for November 2014 dated 12/9/14. (8 pages)