

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Monday, December 29, 2014

TRUSTEES PRESENT

Ms. Linda Currivan Musto, Secretary-Treasurer	Ms. Celeste Nip (left 4:00 pm)
Ms. Audrey Hidano	Mr. Clifford Uwaine
Mr. Dean Hirata	Ms. Julia Zeghmi
Ms. Barbara Krieg	

TRUSTEES ABSENT

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

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. Mae Kishimoto, HSTA-R
Ms. Nikki Bassett, US Able Life	Ms. Marie Laderta, Public
Ms. Sandra Benevides, CVS Caremark	Ms. Bev Luney, US Able Life
Ms. Wanda Chong-Mendonca, Public	Mr. Teruo Nagasako, HMSA
Mr. Andrew Elliott, CVS Caremark	Ms. Fanny Takehara, DHRD
Ms. Elaine Fujiwara, HDS	Mr. Troy Tomita, Kaiser
Mr. Galen Haneda, HMSA	

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 1:35 p.m. by Trustee Linda Currivan Musto, Secretary-Treasurer, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Monday December 29, 2014.

II. MINUTES

A. December 12, 2014

The December 12, 2014 minutes are not ready for review.

III. OLD BUSINESS

A. Healthcare Transformation Sub-Committee

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

B. Screening Colonoscopy Pricing for the EUTF HMSA Medicare Plan Effective July 1, 2015

Ms. Sandra Yahiro summarized the screening colonoscopy pricing and the recommendation to include screening colonoscopies in the Medicare plan to cover non-Medicare spouses at a cost of .5% (\$375,000 yearly) with an effective date of July 1, 2015. Discussion held by Trustees, staff, and benefits consultant that there are approximately 2,250 non-Medicare spouses enrolled and that the cost is reasonable. It was mentioned that this will increase the OPEB liability by approximately \$16 million in addition to the \$12 million for non-Medicare retiree plans.

MOTION was made for the Board to approve the recommendation of the Administrator to include screening colonoscopies in the Medicare plan to cover non-Medicare spouses at a cost of .5% with an effective date of July 1, 2015.

(Uwaine/Nip) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

IV. REPORTS

A. Segal

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

The EUTF 2015/2016 Prescription Drug Monthly Rates dated 12/4/14 was in the December 12, 2014 Board packet. Mr. Tom Morrison summarized the recommended prescription drug rates for active employees effective July 1, 2015.

MOTION was made for the Board to approve the prescription drug rates for active employees effective July 1, 2015 as presented and recommended by the benefits consultant. (Krieg/Hirata) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

2. Affordable Care Act (ACA) [Patient Centered Outcomes Research Institute (PCORI) and Reinsurance] for Active and Retirees

Mr. Morrison summarized the history of the ACA PCORI and reinsurance fees for actives and retirees. Two years ago, when the budget was approved the Board took action to set aside \$22 million from EUTF reserves to pay these two fees mandated by the ACA. The total for the upcoming two years is within the \$22 million (\$7 million and goes down to \$4 million the following year). The Board may make a Motion to confirm to continue to use assets to pay these two fees and not add it on to the rate which is charged to the employer and employee. Discussion held by Trustees, staff, and benefits consultant regarding the cost. The total cost is \$11 million. Mr. Derek Mizuno stated it was reconfirmed in August 2014 to set aside the \$22.5 million from the reserves.

MOTION was made for the Board to approve using reserves to pay for the ACA PCORI fees for active employees for the period July 1, 2015 to June 30, 2018 and retirees for the period January 1, 2015 to December 31, 2017 and the Transitional

Reinsurance for active employees for the period July 1, 2015 and retirees January 1, 2015 until it terminates at the end of the plan year beginning July 1, 2016. (Krieg/Hidano) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

3. Performance Guarantees

The memorandum regarding performance guarantees was in the December 12, 2014 Board meeting packet. Mr. Tom Morrison summarized the performance guarantees for the current contracts. One carrier will be paying a penalty. Discussion held by Trustees, staff, and benefits consultant regarding the performance guarantees.

B. Administrator

1. Vitech Modified Phase II (no discussion held)

2. Medicare Death Validation Project Update

Discussion held by Trustees and staff that this is an on-going project. Files are received quarterly from Department of Health and matched with the EUTF files.

3. Affordable Care Act Implementation

Ms. Sandra Yahiro reported that the EUTF has begun work on implementing the new medical/drug plans for part-time and temporary employees not eligible to participate in EUTF's regular plans.

4. Expanding EUTF's Office Space (no discussion held)

5. Premium/Rate Splits Different Between Bargaining Units and Between Employers (no discussion held)

6. Business Associate Agreement (BAA) with Department of Accounting & General Services (DAGS) and Employees Retirement System (ERS) [no discussion held]

7. EUTF Website Review (no discussion held)

8. Vitech Rebill Issue

Discussion held by Trustees and staff regarding the status of the Vitech rebill issue which the EUTF is still working on. An update of the timeline will be submitted to the Board at the next Board meeting. EUTF has used the 300 credit hours. On the Modified Phase II, the EUTF will go live with DOE at the end of February 2015. Further discussion by Trustees and staff that the EUTF does track all the Vitech hours. Whenever changes are made, Vitech does charge the EUTF. If Vitech is in error, the charges are negotiated.

9. HB65, Act 226 SLH2013 – Mandatory Mail (no discussion held)

10. Customer Service Improvement Project (no discussion held)

11. Other Post Employment Benefits (OPEB) Actuarial Valuation (no discussion held)

12. Health Benefit Plans Claims Audits (no discussion held)
13. Converting EUTF's Email System to Office 365 (no discussion held)
14. New Phone System (no discussion held)

15. Halau Lokahi Charter School
Ms. Yahiro reported that she has been in touch with the consultant of the school. The EUTF did receive a letter from the school but they are revising it. Effective December 31, 2014, five employees will be terminated and the others are being retained.

16. Medicare Savings Program (no discussion held)
17. EUTF Strategic Plan, Including Vision and Mission Statements (no discussion held)
18. Act 158, SLH2013, ACA Innovation Waiver Task Force (no discussion held)
19. EUTF Meetings with Key Legislators (no discussion held)
20. EUTF's 2016/2017 Budget (no discussion held)
21. EUTF 2015 Legislation (no discussion held)

22. Surviving Spouses and Dependents Covered After Employee Passes Away
A copy of "Surviving Spouses of Employees Who Passed Away While Actively Employed" update was distributed to the Board. Ms. Yahiro summarized the update and the number of total letters processed. Except for any appeals, this project is concluded.

C. EUTF Managers' and Program Specialist Operational Reports

1. Member Services Branch (MSB)
 - a. MSB Data Update (no discussion held)
 - b. MSB Staffing Level Update (no discussion held)
2. Information Technology (IT)
 - a. Retirees' Open Enrollment 2014 (no discussion held)
 - b. V3 BAS Modified Phase II (Employer File Feed) [no discussion held]
 - c. Microsoft Office 365 Conversion (no discussion held)
 - d. Oracle Database Upgrade and Encryption (no discussion held)
 - e. EUTF Local Area Network Server and Workstation Encryption (no discussion held)
 - f. Hawaii Health Connector (no discussion held)
 - g. Enrollment Counts (no discussion held)
3. EUTF Program Specialist
 - a. Wellness Initiatives (no discussion held)
 - b. Prescription Drug Claim Auditing Services Request for Proposal (RFP) [no discussion held]
 - c. Implementation of the UnitedHealthcare Medicare Advantage Plan (no discussion held)

- d. Implementation of the Retiree USABLE Life Insurance Plan (no discussion held)
4. Financial Services Branch
 - a. Financial Audit (FY2014) [no discussion held]
 - b. Personnel for Financial Services Branch (no discussion held)
 - c. Financial Statements as of September 30, 2014 and October 31, 2014
Ms. Donna Tonaki summarized the financial statements as of October 31, 2014. Ms. Tonaki is working with the auditors and the next financials will be the audited copy for the year ending June 30, 2014 figures. Discussion held by Trustees, staff, and benefits consultant regarding various deposits from employers for this fiscal year.

D. Carrier Reports

1. CVS Caremark (no discussion held)
2. SilverScript (no discussion held)
3. Hawaii Dental Service (HDS) [no discussion held]
4. Hawaii Medical Service Association (HMSA)
Written report received. (no discussion held)
5. Kaiser Health Foundation (no discussion held)
6. Royal State Insurance (no discussion held)
7. Vision Service Plan (VSP) [no discussion held]

Ms. Mae Kishimoto, member of the public, stated that retirees would like premiums to be automatically deducted from their pension. Ms. Sandra Yahiro stated that it was briefly discussed with the Hawaii Employees' Retirement System (ERS), who said it will need to have a statutory change to allow automatic deductions from their pension. She will confirm with ERS if that information is correct.

V. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 2:23 p.m. as stated on the agenda. (Krieg/Zeghmi) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Due to lack of quorum, Executive Session adjourned at 4:20 p.m.

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

1. Motion to approve two (2) Appeals to reinstate health benefits coverage failed.
2. Motion to approve an Appeal for enrollment in plans failed.
3. Approved an Appeal for disenrollment in medical and drug plans and for EUTF staff to explain Premium Conversion Plan (PCP) to Appellant.

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4. Motion to approve an Appeal for receipt of enrollment application after 30 days failed.
5. Motion to approve the dental plan enhancement of increasing the annual maximum from \$1,000 to \$2,000 for retirees, excluding HSTA VB failed.

VI. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

A. January 27, 2015, 9:00 a.m. – Regular Board Meeting

VII. ADJOURNMENT

Due to lack of quorum, the Board meeting adjourned at 4:20 p.m.

Respectfully submitted,

/s/

Linda Currivan Musto, Secretary-Treasurer

APPROVED on February 24, 2015.

Documents Distributed:

1. EUTF Statement of Net Assets – Fiscal Year Ending June 30, 2015 (Preliminary-Unaudited) for Current Month 10/31/14 dated 12/22/14. (2 pages)
2. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 4 Months Ended 10/31/14 (Preliminary-Unaudited) dated 12/22/14. (2 pages)
3. Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE 6/30/2014 & FYE 6/30/2015, October, dated 12/22/14. (1 page)
4. Experience Accounting of CVS Caremark Non-Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2014 & FYE 6/30/2015, October, dated 12/22/14. (1 page)
5. Experience Accounting of SilverScript Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2014 & FYE 6/30/2015, October, dated 12/22/14. (1 page)
6. HMSA Monthly Carrier Report for November 2014 dated 12/15/14. (2 pages)