

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Minutes of the Board of Trustees

Tuesday, February 24, 2015

TRUSTEES PRESENT

Mr. Luis Salaveria, Chairperson
Ms. Maria Zielinski, Vice Chairperson
Ms. Linda Currivan Musto, Secretary-Treasurer
(left 2:08 pm)
Ms. Audrey Hidano
Mr. Dean Hirata (arrived 9:06 am & left 1:36 pm)

Ms. Barbara Krieg (left 10:30 am)
Ms. Karolyn Mossman
Ms. Celeste Nip
Mr. Clifford Uwaine (arrived 9:05 am & left 1:35 pm)
Ms. Julia Zeghmi

TRUSTEES ABSENT: None

ATTORNEY: None

EUTF STAFF

Ms. Sandra Yahiro, Administrator
Mr. Derek Mizuno, Assistant Administrator
Ms. Maria Quartero
Mr. Adam Dreher
Ms. Lauren Endo

Mr. Tom Morrison, Benefits Consultant
Ms. Bonny Kahalewai
Mr. Raymond Kan
Ms. Donna Tonaki

OTHERS PRESENT

Ms. Cheryl Archer, Royal State
Ms. Nikki Bassett, USABLE Life
Ms. Sandra Benevides, CVS Caremark
Mr. Chris Calos, USABLE
Ms. Christine Caloza, UHC
Mr. James Casey, USABLE
Mr. Andrew Elliott, CVS Caremark
Mr. Christian Fern, Kaiser
Ms. Elaine Fujiwara, HDS

Mr. Galen Haneda, HMSA
Ms. Keiko Hiraoka, Lilly
Mr. John Jacobs, USABLE
Mr. Tim Johns, HMSA
Ms. Monica Kim, VSP
Mr. Chris Letoto, HMSA
Ms. Julie Marshall, USABLE
Mr. Ed Murphy, USABLE
Mr. Troy Tomita, Kaiser

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:00 a.m. by Trustee Luis Salaveria, Chairperson, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Tuesday February 24, 2015.

Chair Salaveria summarized the request to hear a late appeal for enrollment of a newborn.

MOTION was made for the Board to approve to amend the agenda to add in Executive Session, agenda item H.3. Late Enrollment of a Newborn. (Krieg/Zeghmi) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

II. MINUTES

A. December 12, 2014

The Board reviewed the draft minutes of December 12, 2014.

MOTION was made for the Board to approve the minutes of December 12, 2014 as circulated. (Zielinski/Nip) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Discussion held by Trustees and staff that Mr. William Sandkuhler from Atlas Insurance did not submit the information requested by the Board. The Administrator inquired twice but no information was received from Atlas Insurance. The Administrator will express the concerns of the Board with Mr. Sandkuhler.

B. December 29, 2014

The Board reviewed the draft minutes of December 29, 2014.

MOTION was made for the Board to approve the minutes of December 29, 2014 as circulated. (Krieg/Nip) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

[Trustee Uwaine arrived at 9:05 a.m. Trustee Hirata arrived at 9:06 a.m.]

Discussion held by Trustees and staff if plan designs, rates, and Trustees decisions should be held in public or Executive Session. Deputy Attorney General Kyle Chang joined the meeting via conference call. Further discussion will be held in Executive Session.

III. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 9:20 a.m. as stated on the agenda. (Hirata/Krieg) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Executive Session adjourned at 1:00 p.m.

Chairperson Salaveria reported that the Board has taken the following actions in Executive Session:

1. Approved selection of Benefits Consultant effective July 1, 2015. The notice of the award will be posted on SPOs website within the next 1-2 days.
2. Ratified the contract extension with Bank of Hawaii.
3. Approved rates/premiums for active employee plans effective July 1, 2015 for HMSA, VSP, Royal State Supplemental and Chiropractic, and US Able Life.
4. Approved selection of a global custody and lending service provider subject to due diligence and contract negotiation.
5. Approved the contract extension with Pension Consulting Alliance for two (2) years.
6. Motion failed for an appeal for retroactive enrollment in retiree plans.

7. Approved to extend (to March 31, 2015) six (6) appeals for surviving spouses who were erroneously enrolled in EUTF plans when their spouses passed away.
8. Denied one (1) appeal to re-enroll surviving spouse who was erroneously enrolled in EUTF plans when their spouse passed away.
9. Approved one (1) appeal to re-enroll surviving spouse who was erroneously enrolled in EUTF plans when their spouse passed away.
10. Approved to extend (to June 30, 2015) one (1) appeal for surviving spouse who was erroneously enrolled in EUTF plans when their spouse passed away.
11. Approved one (1) appeal for enrollment of a newborn retroactive to the date of birth.

MOTION was made for the Board to approve to amend the agenda to move Executive Session agenda items III.A. for plan design changes and III.D. for dental enhancements to the public session. (Uwaine/Mossman) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

III. A. Plan Design Changes for EUTF Kaiser Plans for Active Employees Effective July 1, 2015

Ms. Sandra Yahiro summarized the plan design changes for the EUTF Kaiser plans for active employees.

The Benefits Committee recommends that the Board approve the following plan design changes for the Kaiser Comprehensive plan:

- (1) Blood products: changing from 80% to 100%;
- (2) Internal prosthetics: changing from 80% covered to 100% covered;
- (3) Out of pocket maximum: accumulate the maximum out-of-pocket together for medical and drug; and
- (4) Health engagement platform: this is an enhanced wellness program.

The Benefits Committee recommended taking the following items to the Board with no recommendation:

- (1) Prescribed drugs required skilled administration: changing from 100% covered to \$20 per dose (EUTF staff recommends not approving);
- (2) Dialysis: changing from a \$15 copay to 10% co-insurance; and
- (3) Out of area student benefit (EUTF staff recommends not approving).

MOTION was made upon the recommendation of the Benefits Committee for the Board to approve items 1-4: (1) Blood products: changing from 80% to 100%; (2) Internal prosthetics: changing from 80% covered to 100% covered; (3) Out of pocket maximum: accumulate the maximum out-of-pocket together for medical and drug; and (4) Health engagement platform: this is an enhanced wellness program, including the rates as presented by the benefits consultant in Executive Session. (Mossman/Curivan Musto)

The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Discussion held by Trustees, staff, and benefits consultant clarifying that the Committee recommends approving the following plan design change for Kaiser's Standard plan: (1) health engagement platform: this is an enhanced wellness program.

MOTION was made upon the recommendation of the Benefits Committee for the Board to approve the plan design change for Kaiser's Standard plan for health engagement platform to include the rates as presented by the benefits consultant. (Mossman/Zeghmi) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

D. Dental Plan Enhancement for Retiree and Active Employee Plans

Ms. Sandra Yahiro reported that the Board already approved the dental enhancements for fluoride and implants for the retirees and deferred the enhancement for the active employees. Ms. Yahiro summarized the dental plan enhancements for fluoride and implants for the active employee plans effective July 1, 2015.

MOTION was made for the Board to approve enhancing the active employees dental benefits effective July 1, 2015, by adding one (1) additional children's fluoride treatment per year for children through 19, and improving the implant benefit with surgical placement of implant and abutment, once (1) per tooth every five (5) years, with coverage at 60% excluding the enhancement for HSTA VB members and including the rates as presented by the benefits consultant in Executive Session. (Mossman/Nip) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Ms. Yahiro summarized the proposed HDS plan design to increasing the plan maximum from \$1,000 to \$2,000 for retirees. Discussion held by Trustees, staff, and benefits consultant regarding the history when the maximums were changed for actives and not for the retirees, the impact on the Other Post Employment Benefits (OPEB) liability would increase by approximately \$80 million, increasing the maximum to keep up with inflation, and the fiduciary responsibility of the Board to protect all members of the EUTF.

MOTION was made for the Board to approve increasing the HDS retiree plan maximum from \$1,000 to \$2,000 to include the rates as presented by the benefits consultant in Executive Session and excluding HSTA VB retirees. (Uwaine/Mossman) The motion failed. (Employer Trustees-3 NO-Hidano, Hirata, Salaveria, 1 YES-Zielinski /Employee-Beneficiary Trustees-5 YES-Currivan Musto, Mossman, Nip, Uwaine, Zeghmi)

MOTION was made for the Board to approve increasing the HDS retiree plan maximum from \$1,000 to \$1,500 to include the rates as presented by the benefits consultant in Executive Session and excluding HSTA VB retirees. (Mossman/Nip) The motion failed. (Employer Trustees-3 NO-Hidano, Hirata, Salaveria, 1 YES-Zielinski/Employee-Beneficiary Trustees-5 YES-Currivan Musto, Mossman, Nip, Uwaine, Zeghmi)

[Trustee Uwaine left at 1:35 p.m. and Trustee Hirata left at 1:36 p.m.]

There being no objections by the Trustees, agenda item V.B. Purchase of Modular Furniture, was taken out of order.

V. NEW BUSINESS

B. Purchase of Modular Furniture

Ms. Sandra Yahiro summarized the EUTF staff's recommendation to purchase all new modular furniture for the 17th floor (where all EUTF, excluding accounting, will likely move to) for the approximate amount of \$184,000. Discussion held by Trustees and staff that the old modular furniture will be put on the State's excess property listing.

MOTION was made for the Board to approve the EUTF staff's recommendation to purchase all new modular furniture for the approximate amount of \$184,000. (Nip/Zeghmi) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

There being no objections by the Trustees, agenda item V.A. Fiscal Year Ending 2014 Financial Audit, is taken out of order. [Trustee Currivan Musto left at 2:08 p.m.]

A. Fiscal Year Ending 2014 Financial Audit

Presentation by Mr. Ralph Kanetoku and Ms. Robyn Kawamura from KKDLY regarding the audit of the EUTF year ended June 30, 2014. A copy of the presentation was distributed to the Board. Discussion held by Trustees, staff, and the auditors regarding the audit and recommendations made in the management letter. Mr. Kanetoku informed the Board that while the recommendations are not required, they are strongly suggested. It was stated that the EUTF staff has implemented some of the recommendations and corrective actions.

The following agenda items are deferred until the next Board meeting.

IV. Investment Committee Report

A. December 31, 2014 Performance Report

B. December 31, 2014 Excess Reserves Performance Report

V. New Business

C. 2015 EUTF-Related Legislation

VI. Reports

A. 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. Health Benefit Plans Claims Audits
12. Converting EUTF's Email System to Office 365
13. New Phone System
14. Halau Lokahi Charter School
15. EUTF Strategic Plan, Including Vision and Mission Statements
16. Act 158, SLH2013, ACA Innovation Waiver Task Force
17. EUTF Meetings with Key Legislators
18. EUTF's 2016/2017 Budget
19. EUTF 2015 Legislation
20. Surviving Spouses and Dependents Covered After Employee Passes Away
21. Kaiser PHI Breach
22. Anthem PHI Breach

B. EUTF Managers' and Program Specialist Operational Reports

1. Member Services Branch (MSB)
 - a. MSB Data Update
 - b. MSB Staffing Level Update
 - c. Carrier Reports
2. Information Technology (IS)
 - a. Retirees' Open Enrollment 2014
 - b. Implementation of BU 14
 - c. V3 BAS Modified Phase II (Employer File Feed)
 - d. Microsoft Office 365 Conversion
 - e. Oracle Database Upgrade and Encryption
 - f. EUTF Local Area Network Server and Workstation Encryption
 - g. Hawaii Health Connector
 - h. Enrollment Counts
3. EUTF Program Specialist
 - a. Wellness Initiatives
 - b. Prescription Drug Claim Auditing Services
 - c. Implementation of the UnitedHealthcare Medicare Advantage Plan
 - d. Implementation of US Able Life Active Employees Group Life Plan

4. Financial Services Branch
 - a. Financial Audit (FY2014)
 - b. Personnel for Financial Services Branch
 - c. Financial Statements as of November 30, 2014 and December 31, 2014
- C. Segal
 1. Year to Date Plan Experience Report through September 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. UnitedHealthcare
 8. US Able Life
 9. Vision Service Plan (VSP)

VII. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

- A. March 24, 2015, 9:00 a.m. – Regular Board Meeting

VIII. ADJOURNMENT

MOTION was made for the Board to adjourn meeting at 2:16 p.m. (Hidano/Nip) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Respectfully submitted,

/s/

Linda Currivan Musto, Secretary-Treasurer

APPROVED on April 7, 2015 as amended.

Documents Distributed:

1. Draft Board Minutes of 12/12/14. (8 pages)
2. Draft Board Minutes of 12/29/14. (6 pages)
3. Memorandum to BOT from Investment Committee Regarding 1/20/15 Investment Committee Meeting dated 1/20/15. (1 page)
4. Memorandum to BOT from Investment Committee Regarding 2/10/15 Investment Committee Meeting dated 2/11/15. (1 page)
5. EUTF Quarterly Report-4Q2014 by Pension Consulting Alliance dated 2/2/15. (54 pages)
6. Presentation to the BOT of the EUTF for Audit of the EUTF Year Ended 6/30/14, Exit

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- Conference 2/24/15. (11 pages)
7. EUTF, Report to the Auditor, State of Hawaii, 6/30/14 dated 1/13/15. (14 pages)
 8. EUTF, Financial Statements and Supplemental Information (With Independent Auditors' Report), 6/30/2014 and 2013. (68 pages)
 9. Memorandum to BOT from EUTF Assistant Administrator Regarding 15th or 17th Floor Furniture dated 2/18/15. (1 page)
 10. 2015 Legislative Log – Active EUTF Bills dated 2/13/15. (8 pages)
 11. Administrator's Monthly Report to the Board from 12/6/14–2/17/15 dated 2/17/15. (6 pages)
 12. Memorandum to BOT from Assistant Administrator Regarding Vitech Timelines-Update dated 2/18/15. (1 page)
 13. Letter to State and County Personnel Officers Regarding Affordable Care Act (ACA) Employer Reporting Requirements dated 2/3/15. (9 pages)
 14. EUTF Customer Service Improvement Project Survey Results received between 12/6/14-2/6/15. (2 pages)
 15. Customer Service Automated Call Distribution Report, December 2014 – February 2015 and July to December 2013 & January to December 2014 & January to February 2015. (5 pages)
 16. State Innovation Waiver Task Force Agenda for 1/13/15 and 2/12/15. (2 pages)
 17. Letter to EUTF Administrator from Kaiser Regarding Breach Notification dated 2/12/15. (7 pages)
 18. Email to EUTF Administrator from HMSA Regarding Anthem Breach dated 2/23/15. (2 pages)
 19. Memorandum to BOT from MSB Manager Regarding MSB Operations Report dated 2/3/15. (1 page)
 20. Memorandum to BOT from IS Analyst Regarding December/January IS Operations Report dated 2/13/15. (11 pages)
 21. Memorandum to BOT from Program Specialist Regarding January 2015 Monthly Report dated 2/3/15. (1 page)
 22. Memorandum to BOT from Financial Management Officer Regarding Financial Services Branch Report for February 24, 2015 BOT Meeting. (2 pages)
 23. EUTF Enterprise & Agency Statement of Revenues and Expenses-Budget & Actual Comparison 5 Months Ended November 30, 2014 (Preliminary-Unaudited) dated 2/13/15. (2 pages)
 24. EUTF Enterprise & Agency Statement of Net Assets-Fiscal Year Ending June 30, 2015 (Preliminary-Unaudited). (2 pages)
 25. EUTF OPEB Statement of Net Assets-Fiscal Year Ending June 30, 2015 (Preliminary-Unaudited) dated 2/13/15. (1 page)
 26. EUTF OPEB Statement of Revenues and Expenses-Budget & Actual Comparison 5 Months Ended November 30, 2014 (Preliminary-Unaudited). (1 page)
 27. Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE 6/30/2014 & FYE 6/30/2015, November, dated 1/8/15. (1 page)
 28. Experience Accounting of CVS Caremark Non-Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2014 & FYE 6/30/2015, October, dated 1/8/15. (1 page)
 29. Experience Accounting of SilverScript Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2014 & FYE 6/30/2015, November, dated 2/18/15. (1 page)
 30. EUTF Enterprise Statement of Net Assets-Fiscal Year Ending June 30, 2015 (Actives)

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- (Preliminary-Unaudited). (2 pages)
31. EUTF Enterprise Statement of Revenues and Expenses-(Actives) 6 Months Ended December 31, 2014 (Preliminary-Unaudited) dated 2/23/15. (2 pages)
 32. EUTF Agency Statement of Net Assets-Fiscal Year Ending June 30, 2015 (Retirees) (Preliminary-Unaudited). (1 page)
 33. EUTF Agency Statement of Revenues and Expenses-(Retirees) 6 Months Ended December 31, 2014 (Preliminary-Unaudited) dated 2/23/15. (1 page)
 34. EUTF OPEB Statement of Net Assets-Fiscal Year Ending June 30, 2015 (Preliminary-Unaudited) dated 2/23/15. (1 page)
 35. EUTF OPEB Statement of Revenues and Expenses-6 Months Ended December 31, 2014 (Preliminary-Unaudited) dated 2/23/15. (1 page)
 36. Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE 6/30/2014 & FYE 6/30/2015, December, dated 2/23/15. (1 page)
 37. Experience Accounting of CVS Caremark Non-Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2014 & FYE 6/30/2015, December, dated 2/23/15. (1 page)
 38. Experience Accounting of SilverScript Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2014 & FYE 6/30/2015, December, dated 2/23/15. (1 page)
 39. EUTF Year to Date Contract Plan Experience Report Contract YTD through September 2014 dated 1/27/15. (126 pages)
 40. CVS Monthly Carrier Report for December 2014 dated 1/8/15. (9 pages)
 41. CVS Monthly Carrier Report for January 2015 dated 2/9/15. (20 pages)
 42. SilverScript Monthly Carrier Report December 2014 dated 1/9/15. (3 pages)
 43. SilverScript Monthly Carrier Report January 2015 dated 2/9/15. (3 pages)
 44. HDS Monthly Carrier Report for December 2014 dated 1/8/15. (3 pages)
 45. HDS Monthly Carrier Report for January 2015 dated 2/9/15. (4 pages)
 46. HMSA Monthly Carrier Report for December 2014 dated 1/15/15. (2 pages)
 47. Kaiser Monthly Carrier Report for December 2014 dated 1/9/15. (2 pages)
 48. Kaiser Monthly Carrier Report for January 2015 dated 2/10/15. (2 pages)
 49. Royal State Insurance Monthly Carrier Reports for December 2014 (Group Term Life Plan, Chiropractic Plan, Supplemental Medical Plan,) dated 1/9/15. (6 pages)
 50. Royal State Insurance Monthly Carrier Reports for January 2015 (Group Term Life Plan, Chiropractic Plan, Supplemental Medical Plan,) dated 2/4/15. (6 pages)
 51. UnitedHealthcare Monthly Carrier Report for January 2015 dated 1/6/15. (1 page)
 52. UnitedHealthcare Monthly Carrier Report for February 2015 dated 2/3/15. (1 page)
 53. US Able Life Monthly Carrier Report for December 2014 dated 1/9/15. (2 pages)
 54. US Able Life Monthly Carrier Report for January 2015 dated 2/9/15. (3 pages)
 55. VSP Monthly Carrier Report for December 2014 dated 1/7/15. (8 pages)
 56. VSP Monthly Carrier Report for January 2015 dated 2/9/15. (9 pages)