

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, March 25, 2014

TRUSTEES PRESENT

Ms. Linda Currivan Musto, Chairperson	Ms. Barbara Krieg
Ms. Julia Zeghmi, Vice Chairperson	Ms. Karolyn Mossman
Mr. Luis Salaveria, Secretary-Treasurer	Ms. Celeste Nip
Ms. Audrey Hidano	Mr. Clifford Uwaine
Mr. Dean Hirata	Ms. Maria Zielinski

TRUSTEES ABSENT: None

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
Ms. Lauren Endo	Ms. Nicole Wong

OTHERS PRESENT

Ms. Cheryl Archer, Royal State	Ms. Elena Kambitsi, HMSA
Mr. Gary Asato, HDS	Ms. Kessy Kepaa, City DHR
Ms. Sandra Benevides, CVS Caremark	Mr. Monica Kim, VSP
Mr. Andrew Elliott, CVS Caremark	Ms. Melissa Kunitake, Kaiser
Mr. Christian Fern, HMSA	Mr. Kurt Neuenfeld, CVS Caremark
Ms. Elaine Fujiwara, HDS	Mr. Kimo Palakiko, HGEA-R
Mr. Mark Fukuhara, ABC LLC	Mr. Andrew Sutton, CVS Caremark
Mr. Glen Haneda, HMSA	Mr. Troy Tomita, Kaiser
Ms. Jean Farone Jones, United Healthcare	

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:00 a.m. by Trustee Linda Currivan Musto, Chairperson, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, March 25, 2014.

Chair Currivan Musto introduced and welcomed Mr. Derek Mizuno, EUTF Assistant Administrator.

II. MINUTES

A. February 25, 2014

The Board reviewed the draft minutes of February 25, 2014. The minutes will be amended as follows: (1) page 5, line 16 delete "can be used but"; (2) page 5, line 36, delete "in the last two weeks" and change "was" to "had been"; and (3) page 5, lines

39-40, delete "The EUTF should not have been accepting them into imputed income on their W-2s and 1099s."

MOTION was made for the Board to approve the minutes of February 25, 2014 as amended. (Krieg/Hirata) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

III. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 9:03 a.m. for the reasons stated on the agenda. (Hirata/Krieg) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Executive Session adjourned at 11:55 a.m.

Recessed at 11:55 a.m. and Reconvened at 12:00 p.m.

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

1. Approved three (3) Appeals for late enrollment of newborns.
2. Approved Award of Contracts for medical plans. The Notice of Intent to Award will be posted on SPO's website on Thursday, since tomorrow is a holiday.
3. Approved Award of Contract for the Pharmacy Benefit Manager. The Notice of Intent to Award will be posted on SPO's website on Thursday, since tomorrow is a holiday.
4. Approved to issue RFPs for Dental, Vision, and Life Insurance.
5. Approved cancel RFP for Prescription Drug Claims Auditing Services and to reissue an RFP.
6. Approved revised HIPAA Security Policies and Procedures.

IV. COMMITTEE REPORT

A. Benefits Committee Report

Ms. Sandra Yahiro summarized the Benefits Committee report.

1. Request for Proposals for Dental, Vision and Life
This item will be addressed in Executive Session.
2. Medical and Prescription Drug Request for Proposals Status Update
This item will be addressed in Executive Session.
3. Specialty Drug Savings Programs (no Board discussion)

4. New Health Plan for Part-Time and Temporary Employees
The Benefits Committee recommends to the Board to implement the part-time/temporary plan on July 1, 2015.

MOTION was made for the Board to approve to implement the part-time/temporary plan on July 1, 2015. (Salaveria/Zielinski) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

5. Wellness Initiatives (no Board discussion)

V. OLD BUSINESS

A. 2014 EUTF-Related Legislation

An updated list of the “2014 Legislative Session Bill Still Moving” dated 3/2/14 was distributed to the Board. Ms. Sandra Yahiro reported HB2262, HD2, Relating to Reporting Deaths to State Agencies is still moving. Decision making hearing by the JDL Committee is today at 10 a.m.

VI. NEW BUSINESS

A. Airfare to Attend Neighbor Island Retiree Sessions

Trustee Mossman requested for the Board to approve a budget for interisland travel for EUTF to travel to neighbor islands for such things as new employees orientation sessions, pre-retiree sessions, and retiree meetings. Discussion held by Trustees and staff regarding: (1) the EUTF does go to sessions upon request from retiree groups, however; the organization would pay for the airfare; (2) the EUTF has a limited budget; (3) the EUTF does go to the neighbor islands when counties request new hire sessions. Trustee Mossman expressed her concern that she has never seen or known of any of these sessions. In regards to communications, if the Unions could provide contact information to Ms. Nicole Wong so Unions could post EUTF information on their website. The EUTF staff will follow-up regarding the budget for outreach and informational sessions, work on a plan, and report back to the Board.

- B. Discussion on Hawaii Health Connector by Gordon Ito, Insurance Commissioner
Presentation by Mr. Gordon Ito, Insurance Commissioner on the Hawaii Health Connector. Mr. Ito stated that he is not promoting or advocating for the Hawaii Health Connector but would like the EUTF to consider partnering up with the Hawaii Health Connector to build up the functionality. Discussion held by Trustees, staff, and benefits consultant regarding the possibility of the EUTF partnering with the Hawaii Health Connector and issues that would be involved ; EUTF’s role, who would be funding, and Vitech system. Concern was expressed that the Board would need much more detailed information to be able to have any meaningful discussion and once the legislative session ends the fate of the Hawaii Health Connector will likely be known.

C. Retiree Open Enrollment Dates

Ms. Sandra Yahiro recommends the Board approve the retiree open enrollment dates from October 1, 2014 to October 31, 2014.

MOTION was made for the Board to approve the retiree open enrollment dates from October 1, 2014 to October 31, 2014 as recommended by the Administrator. (Salaveria/Zeghmi) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Mr. Christian Fern from HMSA stated that HMSA has the resources to support going to neighbor islands.

VII. REPORTS

A. Administrator

The Administrator's report was in the Board's packet.

1. Vitech Modified Phase II (no Board discussion)
2. Administrative Rules Revision Project (no Board discussion)
3. Medicare Death Validation Project Update (no Board discussion)
4. Direct Deposit Project Update (no Board discussion)
5. Affordable Care Act Implementation (no Board discussion)
6. HIPAA Security & Compliance Audit (no Board discussion)
7. Expanding EUTF's Office Space (no Board discussion)
8. EUTF's Internal Controls
Ms. Sandra Yahiro reported that out of the 8 internal controls that the EUTF did not meet only two are outstanding. The EUTF is working with the Attorney General's office regarding the internal controls on collections. The EUTF staff will assist in answering questions emailed from Trustee Hidano and respond directly to her.
9. Premium/Rate Splits Different Between Bargaining Units and Between Employers (no Board discussion)
10. Business Associate Agreement with Department of Accounting & General Services and Employees Retirement System (no Board discussion)
11. EUTF Website Review (no Board discussion)
12. Vitech Rebill Issue
At the next Administrative Committee meeting, the EUTF will submit a status report on Vitech to include deliverables that were paid.
13. HB65, Act 226 SLH2013 (no Board discussion)
14. Customer Service Improvement Project (no Board discussion)

15. Other Post Employment Benefits Actuarial Valuation (no Board discussion)

16. FY15 Budget

Ms. Yahiro reported that House Finance deleted two positions (Health Management Project Coordinator and Investment Specialist), changed an account clerk position to a temporary position, and deleted funding for additional office space. Impact statements were provided to Budget & Finance and we are waiting to see what the Senate does. Without the Wellness position the EUTF will be very limited in what it can do in the area of wellness. There is no concern for the Investment position at this time because Mr. Derek Mizuno, EUTF Assistant Administrator, is well versed in investments and able to assist the EUTF. The EUTF office space was thoroughly reviewed by DAGS and it shows that the EUTF is under spaced. Discussion held by Trustees and staff that the EUTF is not general funded but trust funded, which were communicated to the Legislature. The EUTF staff did meet with the WAM staff and several questions were answered.

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

18. Retroactive Rate Changes – BU 00, 10, 12 and 13 (no Board discussion)

19. RFPs for Medical and Prescription Drug Plans (no Board discussion)

20. 2013 W-2s and 1099s for Same-Sex Married Couples (no Board discussion)

21. Request for Proposals for Dental, Vision and Life (no Board discussion)

B. EUTF Managers' and Program Specialist Operational Reports

The EUTF Managers' and Program Specialist operational reports were in Board packet.

1. Member Services Branch (MSB)

- a. MSB Data Update (no Board discussion)
- b. MSB Staffing Level Update (no Board discussion)
- c. Carrier Reports for the Month of February (no Board discussion)
- d. Active Employee and COBRA Open Enrollment (no Board discussion)

2. Information Technology (IT)

- a. Employer and Employee Retroactive Rate Change for BU's 00, 10, 12 and 13 (no Board discussion)
- b. Active Employee's Open Enrollment 2014 (no Board discussion)
- c. IT Staff Vacancy (no Board discussion)
- d. V3 BAS Modified Phase II (Employer File Feed) [no Board discussion]
- e. Microsoft Office 365 Conversion (no Board discussion)
- f. HIPAA ePHI Security Policy Procedures (no Board discussion)
- g. Enrollment Counts (no Board discussion)

3. EUTF Program Specialist
 - a. Wellness Initiatives (no Board discussion)
 - b. Prescription Drug Claim Auditing Services Request for Proposal (RFP) [no Board discussion]

4. Accounting
 - a. Bank of Hawaii (no Board discussion)
 - b. Retiree Premiums (no Board discussion)
 - c. Personnel for Accounting (no Board discussion)

- d. Financial Statements as of December 31, 2013

Mr. Derek Mizuno summarized the financial statements as of December 31, 2013. Mr. Mizuno stated he will review with Ms. Donna Tonaki if there are monies the EUTF can invest in the short term, review the portion of unrestricted net assets that must be retained, and report to the Board on options. The Statement of Cash Flows will be removed from the report. Discussion held by Trustees, staff, and benefits consultant regarding OPEB funds from the counties and if a letter was sent to the counties informing them of the establishment of the irrevocable trust. Maui County has not been submitting OPEB funds. The EUTF will follow-up with the counties. Further discussion held by Trustees, staff, and benefits consultant regarding line item 29, Benefits Liability for Self-Funded Plans of the Statement of Net Assets. The three lines under cash were reduced to one line as the reserves are no longer applicable.

C. Segal – Benefits Consultant Report

1. Quarterly Financial Report

Mr. Tom Morrison summarized the Quarterly Financial report for September 30, 2013. The next report will have claims experience by bargaining units as requested by Trustees.

D. Carrier Reports

1. CVS Caremark

Written report received. (no Board discussion)

2. SilverScript

Written report received. Discussion held by Trustees, staff, and Ms. Benevides that the fix so CVS Caremark is able to read the 834 file is on schedule and should be resolved by June 2014. A Trustee expressed concern on SilverScript's report under "Breakdown of Calls by Subject Matter, the category "Others" seems to be very high and wondered whether another problem was being camouflaged under this category. Ms. Benevides stated it is a cumulative category which is small.

3. Hawaii Dental Service (HDS)
Written report received. (no Board discussion)
4. Hawaii Medical Service Association (HMSA)
Written report received. Mr. Christian Fern introduced Ms. Elena Kambitsi, Senior Vice President at HMSA.
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. (no Board discussion)

VIII. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

A. April 22, 2014, 9:00 a.m. – Regular Board Meeting

IX. ADJOURNMENT

MOTION was made for the Board to adjourn meeting at 1:30 p.m. (Krieg/Hirata) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Respectfully submitted,

/s/

Luis Salaveria, Secretary-Treasurer

APPROVED on April 22, 2014.

Documents Distributed:

1. Draft Board Minutes of 2/25/14. (10 pages)
2. Memorandum to BOT from Administrative Committee Regarding 3/24/14 Meeting dated 3/24/14. (1 page)
3. 2014 Legislative Session on Bills Related to the EUTF dated 3/19/14. (9 pages)
4. 2014 Legislative Session on Bills Related to the EUTF on Bills Still Moving dated 3/21/14. (2 pages)
5. Presentation by Gordon Ito, Insurance Commissioner, "EUTF Update, Insurance Division dated 3/25/14" Regarding Hawaii Health Connector. (6 pages)
6. Administrator's Monthly Report to the Board for 2/20/14-3/19/14 dated 3/19/14. (7 pages)

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7. Customer Service Automated Call Distribution Report, July to December 2013 & January to 3/16/14 and February – March 2014 dated 1/22/14. (3 pages)
8. EUTF Customer Service Improvement Project Survey Results dated 2/19/14. (2 pages)
9. Customer Service Automated Call Distribution Report January, February 2014 and July to December 2013 and January to February 18, 2014. (3 pages)
10. Memorandum to BOT from MSB Manager Regarding MSB Operations Report dated 3/19/14. (1 page)
11. Memorandum to BOT from IS Analyst Regarding February IT Operations Report dated 3/18/14. (11 pages)
12. Memorandum to BOT from Program Specialist Regarding February 2014 Monthly Report dated 3/14/14. (1 page)
13. Memorandum to BOT from Financial Management Officer Regarding Accounting Operations Report for March 19, 2014. (1 page)
14. EUTF Statement of Net Assets – Fiscal Year Ending June 30, 2014 (Unaudited) for Current Month 12/31/13 dated 3/14/14. (2 pages)
15. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 6 Months Ended 12/31/13 (Unaudited) dated 3/14/14. (2 pages)
16. EUTF Statement of Cash Flows 6 Month Ended 12/31/13 (Unaudited) dated 3/19/14. (1 page)
17. Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE 6/30/2013 & FYE 6/30/2014 up to December 2013 dated 3/19/14. (1 page)
18. 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 3/19/14. (1 page)
19. Experience Accounting of SilverScript Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2013 & FYE 6/30/2014 through 6/30/14 dated 3/19/13. (1 page)
20. EUTF Year to Date Contract Plan Experience Report Contract YTD through September 2013 dated February 25, 2014 by Segal. (134 pages)
21. CVS Monthly Carrier Report for February 2014 dated 3/10/14. (7 pages)
22. SilverScript Monthly Carrier Report February 2014 dated 3/10/14. (3 pages)
23. HDS Monthly Carrier Report for February 2014 dated 3/10/14. (3 pages)
24. HMSA Monthly Carrier Report for February 2014 dated 3/14/14. (3 pages)
25. Kaiser Monthly Carrier Report for February 2014 dated 3/7/14. (4 pages)
26. Royal State Insurance Monthly Carrier Reports for February 2014 (Supplemental Medical Plan, Chiropractic Plan, Group Term Life Plan) dated 3/5/14. (6 pages)
27. VSP Monthly Carrier Report for February 2014 dated 3/10/14. (9 pages)