

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Minutes of the Board of Trustees

Wednesday, December 9, 2015

TRUSTEES PRESENT

Ms. Celeste Nip, Chairperson
Ms. Audrey Hidano, Secretary-Treasurer
Mr. Roderick Becker
Ms. Linda Currivan Musto

Mr. James Nishimoto
Ms. Colleen Pasco
Mr. Clifford Uwaine

TRUSTEES ABSENT

Ms. Julia Zeghmi, Vice Chairperson
Mr. Wesley Machida

Dr. Virginia Pressler

ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

Ms. Sandra Yahiro, Administrator

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

Mr. Thomas Morrison, Benefits Consultant (via
conference call)
Ms. Linda Green
Ms. Bonny Kahalewai
Mr. Raymond Kan
Ms. Donna Tonaki

OTHERS PRESENT

Ms. Marissa Adachi, HMSA
Ms. Nikki Bassett, USABLE Life
Ms. Sandra Benevides, CVS Caremark
Mr. Andrew Elliott, CVS Caremark
Ms. Elaine Fujiwara, HDS
Mr. Galen Haneda, HMSA
Ms. Susan Goya, HGEA Retirees
Mr. Wilbert Holck, HSTA
Mr. John Jacobs, USABLE
Ms. Monica Kim, VSP
Mr. Mike Kido, Aon

Ms. Mae Kishimoto, HSTA-R
Ms. Iris Koike, HMSA
Ms. Doreen Kuroda, DHRD
Mr. Christopher Letoto, HMSA
Mr. Tracy Matsumoto, ChiroPlan Hawaii
Mr. Douglas Murata, Royal State
Ms. Cindy Richardson, Kaiser
Ms. Brenda Shiroma, Benefit Plan Solutions, Inc.
Mr. Vaughn Tokashiki, HSTA-R
Mr. Troy Tomita, Kaiser

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 1:15 p.m. by Trustee Celeste Nip, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Wednesday, December 9, 2015.

II. MINUTES

A. September 21, 2015

The Board reviewed the draft minutes of September 21, 2015.

MOTION was made for the Board to approve the minutes of September 21, 2015 as circulated. (Currivan Musto/Uwaine) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to add one more Appeal for Executive Session. (Currivan Musto/Hidano) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

III. NEW BUSINESS

A. EUTF Insurances – Cyber Liability and Fiduciary

Mr. Chad Karasaki from Aon summarized the proposed cyber and fiduciary renewal policies. Discussion held by Trustees, staff, and Mr. Karasaki regarding the insurance renewal policies.

MOTION was made for the Board to approve procuring RLI Insurance for EUTF's fiduciary liability policy for the period December 15, 2015 to December 14, 2016 for the premium (Renewal Option 1 and Settlor) as presented by Aon and noted in Aon's report. (Hidano/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to approve procuring Beazley for EUTF's cyber liability policy for the period December 15, 2015 to December 14, 2016 for the premium as presented by Aon and noted in Aon's report. (Currivan Musto/Hidano) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to move agenda item VI.A.5. Hawaii Dental Service Plan Design Change for HSTA VB Retirees January 1, 2016 out of order to the beginning of the agenda. (Uwaine/Pasco)

Recessed at 1:33 p.m. and reconvened at 1:35 p.m.

The Motion was withdrawn by Trustees Uwaine and Pasco.

IV. OLD BUSINESS

A. Administrative Rule Changes

Mr. Derek Mizuno summarized the history and comments received for the Administrative Rule changes approved by the Board at the August 25, 2015 Board meeting. Discussion held by Trustees and staff that employees will be notified by certified mail before being terminated from health benefit plans.

MOTION was made for the Board to send the Administrative Rule Changes approved by the Board at the August 25, 2015 Board meeting to the Governor's office for approval and filing by the Lt. Governor's office. (Currivan Musto/Nishimoto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

V. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 1:43 p.m. as stated on the agenda. (Hidano/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Executive Session recessed at 4:05 p.m.

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

1. Approved the Executive Session minutes of September 21, 2015.
2. Disapproved one (1) Appeal for reinstatement of coverage.
3. Approved one (1) Appeal for late open enrollment.
4. Approved three (3) Appeals for retroactive reinstatement of coverage.
5. Approved one (1) Appeal for waiver of Medicare Part B requirement through June 30, 2016.

The Board meeting will reconvene on Tuesday, December 15, 2015 at 9:00 a.m. in the EUTF conference room.

The Regular meeting recessed at 4:06 p.m.

Documents Distributed:

1. Draft Board Minutes of 9/21/15. (7 pages)
2. Memorandum to BOT from Administrator Regarding EUTF Administrative Rule Changes – Consultation with Employers and Employee Organizations dated 11/7/15. (2 pages)
3. Draft EUTF Annual Report For the Period 7/1/14 - 6/30/15 dated December 2015. (6 pages)
4. Memorandum to BOT from Administrator Regarding Supplemental Budget Request for FY 2017 dated 9/16/15. (10 pages)
5. EUTF July 1, 2015 GASB 45 Retiree Medical (OPEB) Valuation Results by Gabriel Roeder Smith & Company (GRS) dated December 2015. (16 pages)
6. Administrative Fee Handout with Information on Funds. (1 page)
7. Memorandum to BOT from Administrator Regarding Supplemental Budget Request for FY 2017 dated 9/16/15. (10 pages)
8. Memorandum to BOT from Benefits Committee Regarding 9/21/15 and 11/16/15 Benefits Committee Meeting dated 11/16/15. (3 pages)
9. Memorandum to Benefits Committee from Autism Speaks dated 11/13/15. (6 pages)
10. Memorandum to Benefits Committee from Administrator Regarding Dr. Dean Ornish's Program for Reversing Health Disease dated 11/16/15. (4 pages)
11. EUTF CVS/Caremark Prescription Drug Coverage Overview Updated 11/16/15. (16 pages)
12. Handout on Prescription Drug Options 1-5. (1 page)
13. Memorandum to BOT from Administrator Regarding 2016 Medicare Part B Premiums and the

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

December 9, 2015 Minutes

Page 4

- Base Monthly Contribution (for informational purposes only). (4 pages)
14. Memorandum to BOT from Investment Committee Regarding 11/13/15 Investment Committee meeting dated 11/16/15. (2 pages)
 15. Administrator's Monthly Report to the Board from 11/10/15-13/3/15 dated 12/3/15. (4 pages)
 16. EUTF Customer Service Improvement Project Survey Results from 11/4/15-12/2/15. (1 page)
 17. Customer Service Automated Call Distribution Report for November 2015, December 2015, July to December 2013 and January to December 2014, and January to December 1, 2015 dated 9/14/15. (4 pages)
 18. Letter to Parent of Adult Disabled Child Covered Under Your EUTF Plans dated 10/2015. (2 pages)
 19. Letter to EUTF Retiree or Retiree Dependent Regarding EUTF Kaiser Senior Advantage Plan dated 11/3/15. (1 page)
 20. Letter to State & County Employees & Retirees Regarding Well-Being Initiatives dated December 2015. (2 pages)
 21. Article "2016 Medicare Premiums, Deductibles and Coinsurance Announced" by Segal dated 11/19/15. (5 pages)
 22. Memorandum to BOT from MSB Manager Regarding November 2015 MSB Monthly Report dated 12/3/15. (2 pages)
 23. Memorandum to BOT from IS Analyst Regarding November IS Operations Report dated 12/3/15. (11 pages)
 24. Memorandum to Administrator from Program Specialist Regarding November 2015 Monthly Report dated 11/30/15. (2 pages)
 25. Memorandum to BOT from Financial Management Officer Regarding Financial Services Branch Report for December 9, 2015 BOT Meeting. (2 pages)
 26. Revised EUTF Enterprise (Actives) Statement of Net Position 12 Months Ended June 30, 2015 (Preliminary-Unaudited) dated 11/8/15, EUTF Enterprise (Actives) Statement of Revenue, Expenses and Changes in Net Position 12 Months Ended June 30, 2015 (Preliminary-Unaudited) dated 11/8/15, EUTF Agency (Retirees) – Statement of Fiduciary Net Position 12 Months Ended June 30, 2015 dated 11/8/15, EUTF Agency (Retirees) – Statement of Revenue and Expenses and Changes in Net Position 12 Months Ended June 30, 2015 (Preliminary-Unaudited) dated 11/8/15, EUTF OPEB – Statement of Net Position 12 Months Ended June 30, 2015 (Preliminary-Unaudited) dated 11/8/15, EUTF OPEB – Statement of Revenue and Expenses 12 Months Ended June 30, 2015 (Preliminary-Unaudited) dated 11/8/15. (6 pages)
 27. EUTF Enterprise (Actives) Statement of Net Position 1 Months Ended July 31, 2015 (Preliminary-Unaudited) dated 11/8/15, EUTF Enterprise (Actives) Statement of Revenue, Expenses and Changes in Net Position 1 Months Ended July 31, 2015 (Preliminary-Unaudited) dated 11/8/15, EUTF Agency (Retirees) – Statement of Fiduciary Net Position 1 Months Ended July 31, 2015 dated 11/8/15, EUTF Agency (Retirees) – Statement of Revenue and Expenses and Changes in Net Position 1 Months Ended July 31, 2015 (Preliminary-Unaudited) dated 11/8/15, EUTF OPEB – Statement of Net Position 1 Months Ended July 31, 2015 (Preliminary-Unaudited) dated 11/8/15, EUTF OPEB – Statement of Revenue and Expenses 1 Months Ended July 31, 2015 (Preliminary-Unaudited) dated 11/8/15. (6 pages)
- Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

December 9, 2015 Minutes

Page 5

- 6/30/2014 & FYE 6/30/2015, June, dated 11/8/15, Experience Accounting of CVS Caremark Non-Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2014 & FYE 6/30/2015, June, dated 11/8/15, Experience Accounting of SilverScript Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2014 & FYE 6/30/2015, June, dated 11/8/15. (3 pages)
28. EUTF Enterprise (Actives) Statement of Net Position 2 Months Ended August 31, 2015 (Preliminary-Unaudited) dated 11/8/15, EUTF Enterprise (Actives) Statement of Revenue, Expenses and Changes in Net Position 2 Months Ended August 31, 2015 (Preliminary-Unaudited) dated 11/8/15, EUTF Agency (Retirees) – Statement of Fiduciary Net Position 2 Months Ended August 31, 2015 dated 11/8/15, EUTF Agency (Retirees) – Statement of Revenue and Expenses and Changes in Net Position 2 Months Ended August 31, 2015 (Preliminary-Unaudited) dated 11/8/15, EUTF OPEB – Statement of Net Position 2 Months Ended August 31, 2015 (Preliminary-Unaudited) dated 11/8/15, EUTF OPEB – Statement of Revenue and Expenses 2 Months Ended August 31, 2015 (Preliminary-Unaudited) dated 11/8/15. (6 pages)
- Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE 6/30/2014 & FYE 6/30/2015, June, dated 11/8/15, Experience Accounting of CVS Caremark Non-Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2014 & FYE 6/30/2015, June, dated 11/8/15, Experience Accounting of SilverScript Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2014 & FYE 6/30/2015, June, dated 11/8/15. (3 pages)
29. Memorandum to BOT from Segal Regarding Projection of Potential Exposure to Excise Tax under the Affordable Care Act dated 9/14/15. (6 pages)
30. Segal Consulting “2016 Segal Health Plan Cost Trend Survey”, Summer 2015. (10 pages)
31. 2016 Segal Health Plan Cost Trend Survey Supplement. (2 pages)
32. Memorandum to BOT from Segal Consulting Regarding June 30, 2015 IBNR Calculation dated 7/29/15. (2 pages)
33. CVS Caremark Monthly Carrier Report for September 2015 dated 10/10/15. (12 pages)
34. CVS Caremark Monthly Carrier Report for October 2015 dated 11/10/15. (9 pages)
35. SilverScript Monthly Carrier Report for September 2015 dated 10/8/15. (5 pages)
36. SilverScript Monthly Carrier Report for October 2015 dated 11/4/15. (4 pages)
37. HDS Monthly Carrier Report for September 2015 dated 10/9/15. (8 pages)
38. HDS Monthly Carrier Report for October 2015 dated 11/10/15. (2 pages)
39. HMSA Monthly Carrier Report for September 2015 dated 10/15/15. (3 pages)
40. HMSA Monthly Carrier Report for October 2015 dated 11/13/15. (2 pages)
41. Kaiser Monthly Carrier Report for September 2015 dated 10/9/15. (5 pages)
42. Royal State Insurance Monthly Carrier Reports for September 2015 (Chiropractic and Supplemental Medical Plans) dated 10/8/15. (4 pages)
43. Royal State Insurance Monthly Carrier Reports for October 2015 (Chiropractic and Supplemental Medical Plans) dated 11/9/15. (4 pages)
44. UnitedHealthcare Monthly Carrier Report for September 2015 dated 10/6/15. (1 page)
45. UnitedHealthcare Monthly Carrier Report for October 2015 dated 11/9/15. (1 page)
46. US Able Life Monthly Carrier Report for September 2015 dated 10/10/15. (2 pages)
47. VSP Monthly Carrier Report for September 2015 dated 10/9/15. (9 pages)
48. VSP Monthly Carrier Report for October 2015 dated 11/10/15. (8 pages)

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
RECONVENED – Tuesday, December 15, 2015

TRUSTEES PRESENT

Ms. Celeste Nip, Chairperson

Ms. Audrey Hidano, Secretary-Treasurer

Mr. Roderick Becker

Ms. Linda Currvan Musto

Mr. Wesley Machida (left 2:37 pm)

Mr. James Nishimoto (left 9:30 am & returned 12:44 pm)

Ms. Colleen Pasco

Mr. Clifford Uwaine (left 9:11 am)

TRUSTEES ABSENT

Ms. Julia Zeghmi, Vice Chairperson

Dr. Virginia Pressler

ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

Ms. Sandra Yahiro, Administrator

Mr. Derek Mizuno, Assistant Administrator

Ms. Maria Quartero

Mr. Adam Dreher

Ms. Lauren Endo

Mr. Thomas Morrison, Benefits Consultant

Ms. Linda Green

Ms. Bonny Kahalewai

Mr. Raymond Kan

Ms. Donna Tonaki

OTHERS PRESENT

Ms. Marissa Adachi, HMSA

Ms. Nikki Bassett, USABLE Life

Ms. Sandra Benevides, CVS Caremark

Mr. Calvert Chun, EUTF Member

Mr. Zach DiIunno, HSTA

Mr. Andrew Elliott, CVS Caremark

Ms. Elaine Fujiwara, HDS

Mr. Galen Haneda, HMSA

Ms. Susan Goya, HGEA Retirees

Ms. Danielle Jones, UHC

Ms. Monica Kim, VSP

Ms. Mae Kishimoto, HSTA-R

Mr. Myles Kiyabu, Royal State

Ms. Iris Koike, HMSA

Ms. Doreen Kuroda, DHRD

Ms. Louisa Lee, B&F

Mr. Christopher Letoto, HMSA

Ms. Bev Luney, USABLE Life

Mr. Douglas Murata, Royal State

Ms. Cindy Richardson, Kaiser

Dr. Robert Sherman, HDS

Ms. Brenda Shiroma, Benefit Plan Solutions, Inc.

Mr. Vaughn Tokashiki, HSTA-R

Mr. Troy Tomita, Kaiser

Ms. Nicole Troche, Kaiser

I. CALL TO ORDER

The meeting of the Board of Trustees was reconvened and called to order at 9:07 a.m. by Trustee Celeste Nip, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, December 15, 2015.

MOTION was made for the Board to a move agenda items III.I. HSTA VB Retiree Dental Plan Design Changes Effective January 1, 2016 and IV.B. Administrative Fee for Retirees

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

December 9, 2015 Minutes

Page 7

for 1/1/16 to 12/31/16 and Actives 7/1/16 to 6/30/17 and Unrestricted, Unreserved Net Assets out of order to the beginning of the agenda. (Uwaine/Pasco) The motion failed. (Employer Trustees-1 YES-Hidano, 3 NO-Becker, Machida, Nishimoto/Employee-Beneficiary Trustees-4 YES-Currivan Musto, Nip, Pasco, Uwaine)

Trustee Uwaine left at 9:11 a.m.

Recessed at 9:11 a.m. and reconvened at 9:16 a.m.

MOTION was made for the Board to move agenda item III.H. Actuarial Valuation Report July 1, 2015 out of order to the beginning of the agenda. (Hidano/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to move agenda items III.B. Kaiser Medicare Members Living on Molokai, Lanai, Kauai and Part of Hawaii Island (Naalehu, Pahala, Hawaii Volcanoes National Park), III.C Medicare Retirees Living Outside the U.S. Enrolled in the Commercial Prescription Drug Plan, III.D. Board Meeting Schedule, VI.8. Base Monthly Contribution Update, VI.9. 5 Year Plan for EUTF Active Employee Medical and Prescription Drug Plans, and VI.10. EUTF's Wellness and Disease Management Programs/Activities after agenda item VI.B. Committee Reports, Investment Committee. (Currivan Musto/Machida) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

III. NEW BUSINESS

H. Actuarial Valuation Report July 1, 2015

Presentation by Mr. Joseph Newton and Mehdi Riazzi from Gabriel Roeder Smith & Company (GRS) on the Actuarial Valuation Report July 1, 2015. [Trustee Nishimoto left at 9:30 a.m.] Discussion held by Trustees and GRS regarding the Actuarial Valuation report.

MOTION was made for the Board to move into Executive Session at 10:09 a.m. (Machida/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Executive Session adjourned at 11:42 a.m.

Chairperson Nip reported that the Board has taken the following action in Executive Session:

1. Approved one (1) Appeal to waive mandatory enrollment in Medicare Part B for adult disabled dependents.

III. NEW BUSINESS (continued)

Agenda items B.C.D. are deferred after agenda item VI.B. Investment Committee.

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

December 9, 2015 Minutes

Page 8

- B. Kaiser Medicare Members Living on Molokai, Lanai, Kauai and Parts of Hawaii Island (Naalehu, Pahala, Hawaii Volcanoes National Park)
- C. Medicare Retirees Living Outside the U.S. Enrolled in the Commercial Prescription Drug Plan
- D. Board Meeting Schedule

- E. Active Employee Open Enrollment Dates April 1 - April 29, 2016

MOTION was made for the Board to conduct active employee open enrollment April 1-29, 2015. (Pasco/Machida) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

- F. EUTF's Annual Report to the Legislature-Draft

MOTION was made for the Board to approve the draft EUTF Annual Report subject to review and amendments by the Board. (Hidano/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

- G. 2016 IFEBP Conference – November 13-16, 2016, Orlando, Florida
Ms. Sandra Yahiro summarized the history and the budget to send five (5) Trustees and one (1) staff to the IFEBP conference.

MOTION was made for the Board to send four (4) Trustees and two (2) staff to the IFEBP Conference in Orlando, Florida, November 13-16, 2016 and if any Trustees are not able to attend this conference or any other conference during the year that the Administrator may select EUTF staff to attend. (Hidano/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

- H. Actuarial Valuation Report July 1, 2015
This item was addressed earlier on the agenda.

- I. HSTA VB Retiree Dental Plan Design Changes Effective January 1, 2016
This item is deferred.

IV. OLD BUSINESS (continued)

- B. Administrative Fee for Retirees for 1/1/16 to 12/31/16 and Actives 7/1/16 to 6/30/17 and Unrestricted, Unreserved Net Assets
Mr. Derek Mizuno summarized the recommendation for the administrative fees. Discussion held by Trustees and staff on the unrestricted, unreserved net assets and that the amount of administrative fees for fiscal year 2016 is approximately \$7 million.

MOTION was made for the Board to pay the administrative fees for retirees for 1/1/16 to 12/31/16 and active employees for 7/1/16 to 6/30/17 from the unrestricted, unreserved

net assets of approximately \$7 million. (Machida/Becker) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Recessed at 11:58 a.m. and reconvened at 12:00 p.m.

III. NEW BUSINESS (continued)

J. EUTF FY17 Budget

Mr. Derek Mizuno summarized the recommendation to add three positions to add to the EUTF FY17 supplemental budget request. Discussion held by Trustees and staff regarding the procedure to submit these positions to the Governor for approval to the legislature. The Administrator will follow-up on the proper procedure to submit the late budget request.

MOTION was made for the Board to add three positions: (1) Audit Specialist; (2) Account Clerk; and (3) Business Analyst for approximately \$200,000 to the EUTF FY17 supplemental budget request. (Currivan Musto/Hidano) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

VI. Committee Reports

A. Benefits Committee

1. Presentation by CVS

Ms. Sandra Benevides presented the following items to the Board.

- a. Overview of Plan Performance, including Trend
- b. Current Programs in Place
- c. Adding Hepatitis C Class of Drugs to the Specialty Step Therapy for EUTF Active Employee and Non-Medicare Retiree Plans

MOTION was made for the Board to add the Hepatitis C class of drugs to the Specialty Preferred Drug Plan Design for EUTF Active Employee and EUTF Non-Medicare Retiree plans, excluding HSTA VB plans and excluding any members currently taking the non-preferred drugs, effective April 1, 2016. (Currivan Musto/Becker) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

- d. Exclude Coverage of Certain Hepatitis C Treatments on EUTF Medicare Retiree Plans

MOTION was made for the Board to exclude from coverage Viekira Pak Hepatitis C treatment for the EUTF Medicare wrap plan, excluding HSTA VB plans and excluding any members currently taking the excluded drug, effective April 1, 2016. (Currivan Musto/Becker) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

- e. Exclude Topical Pain Patches Not Approved by the Federal Drug Administration (FDA) from Active Employee Plans and Retiree Plans

MOTION was made for the Board to exclude from coverage topical pain patches not approved by the FDA for topical use from Active Employee, Non-Medicare and Medicare Retiree plans, including HSTA VB plans, effective April 1, 2016. (Pasco/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

- f. Generic Step Therapy

- 1. Add Acne Class of Medication Therapy

MOTION was made for the Board to add the acne class of medication therapy to the generic step therapy program for EUTF Active Employee and EUTF Non-Medicare Retiree plans, excluding HSTA VB plans and excluding for 24 months those currently taking the non-generic acne medication with an effective date of April 1, 2016. (Becker/Hidano) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

- 2. Change Step Therapy Program From Requiring One Trial of Generics to Two Trials

No action was taken.

- g. Drug Savings Review

MOTION was made for the Board to implement the Drug Savings Review Program for Active Employees and Non-Medicare Retiree plans, including HSTA VB plans, effective April 1, 2016. (Currivan Musto/Becker) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

- h. Benefit Plan Design Proposed Changes

MOTION was made for the Board to approve option 2, which is \$5 for generics, \$25 for preferred brand, and \$50 for non-preferred brand, for non-specialty drugs and as detailed in the CVS Health projection analysis for EUTF Active Employee plans, excluding HSTA VB Active Employee plans, under the self-funded prescription drug plan, effective July 1, 2016. (Becker/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

- i. Retail 90 Network

[Trustee Nishimoto returned at 12:44 p.m.]

MOTION was made to adopt the Retail 90 network with copayments of two (2) times the 30 day supply copayment for a 90 day supply of medication filled at a Retail 90 network pharmacy and mail order, and copayments of three (3) times the 30 day supply copayment for a 90 day supply of medication filled at a non-Retail 90 network pharmacy for EUTF Active Employee plans, excluding HSTA VB active employee plans, under the self-funded prescription drug plan, effective July 1, 2016. (Machida/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

- j. Formulary Options
This item is deferred.

- 2. HMSA Medical Plan Design Changes for Active Employees and Retirees
 - a. Proposed Changes to the EUTF HMSA 80/20 and 75/25 PPO Plans Effective July 1, 2016 (excludes HSTA VB HMSA plans)

MOTION was made for the Board to change the HMSA 80/20 and 75/25 plan designs for EUTF Active Employee plans, excluding the HSTA VB plans, effective July 1, 2016 by:

- 1) Adding a \$250/\$750 out-of-network deductible to the 80/20 plan;
- 2) Changing copayments of \$14 and \$20 for primary care and specialist office visits, and inpatient physician services, respectively, to 20% for the 80/20 plan and \$20 for primary care and specialist offices visits and inpatient physician services to 25% coinsurance for the 75/25 plan;
- 3) Changing all out-of-network services to 40% for both 80/20 and 75/25 plans excluding out-of-network hospice care which will be Not Covered and emergency room facility charges which is required to remain at the in-network charge;
- 4) Changing from No Charge to 20% and 25% coinsurance for the 80/20 and 75/25 plans respectively for outpatient diagnostic lab services;
- 5) Changing from No Charge to Not Covered for out-of-network hospice care for both the 80/20 and 75/25 plans.

(Becker/Hidano) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to change the HMSA 80/20 and 75/25 plan designs for EUTF Active Employee plans, excluding the HSTA VB plans, effective July 1, 2016 by changing from copayments of \$100 for in- and out-of-network emergency room facility services for both the 80/20 and 75/25 plans to coinsurance of 20% and 25% for the 80/20 and 75/25 plans, respectively (Becker/Hidano). The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

- b. Autism, Orthodontic, and Other Services

Approximately 30 letters were received in support of Autism and Orthodontic benefits. Mr. Calvert Chun, member of the public, shared his personal testimony and commented in favor of the EUTF covering Autism and Orthodontic benefits up to the age of 21. Mr. Zack DiIonno, representing HSTA, distributed a letter to the Board.

MOTION was made for the Board to move into Executive Session at 1:24 p.m. (Currivan Musto/Machida) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

Executive Session adjourned at 1:46 p.m.

MOTION was made for the Board to add the autism benefits for individuals under 14 years of age up to \$25,000 per year for the EUTF HMSA Active Employee plans effective July 1, 2016. (Nishimoto/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to add the autism benefits for individuals under 14 years of age up to \$25,000 per year for the HSTA VB HMSA Active Employee plans effective July 1, 2016. (Pasco/Nip) The motion failed. (Employer Trustees-4 NO-Becker, Hidano, Machida, Nishimoto/Employee-Beneficiary Trustees-2 YES-Nip, Pasco, 1 NO-Currivan Musto)

MOTION was made for the Board to add the orthodontic services for children born with orofacial anomalies under age 26 up to \$5,500 per treatment phase to the EUTF HMSA Active Employee plans effective July 1, 2016. (Nishimoto/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to add the orthodontic services for children born with orofacial anomalies under age 26 up to \$5,500 per treatment phase to the HSTA VB HMSA Active Employee plans effective July 1, 2016. (Pasco/Nip) The motion failed. (Employer Trustees-4 NO-Becker, Hidano, Machida, Nishimoto/Employee-Beneficiary Trustees-2 YES-Nip, Pasco, 1 NO-Currivan Musto)

MOTION was made for the Board to cover advanced care planning office visits to the EUTF HMSA Active Employee and Retiree plans effective July 1, 2016 and January 1, 2016, respectively. (Currivan Musto/Nishimoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to cover advanced care planning office visits to the HSTA VB HMSA Active Employee and Retiree Plans effective July 1, 2016 and January 1, 2016, respectively. (Pasco/Nip) The motion failed.

(Employer Trustees-4 NO-Becker, Hidano, Machida, Nishimoto/Employee-Beneficiary Trustees-2 YES-Nip, Pasco, 1 NO-Currivan Musto)

MOTION was made for the Board to add the autism and orthodontic services benefits to the EUTF HMSA Retiree medical plans effective January 1, 2016. (Currivan Musto/Becker) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to add the autism and orthodontic services benefits to the HSTA VB HMSA Retiree medical plans effective January 1, 2016. (Pasco/Nip) The motion failed. (Employer Trustees-4 NO-Becker, Hidano, Machida, Nishimoto/Employee-Beneficiary Trustees-2 YES-Nip, Pasco, 1 NO-Currivan Musto)

MOTION was made for the Board to pay the increase in premiums from unrestricted, unreserved net assets for adding the autism and orthodontic services benefits to the HMSA retiree medical plans effective January 1, 2016. (Pasco/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

c. Dr. Dean Ornish Program

MOTION was made for the Board to add the Dr. Dean Ornish program to the EUTF HMSA Active Employee plans effective January 1, 2016. (Currivan Musto/Machida)

After discussion by the Trustees, the Motion was withdrawn by Trustees Currivan Musto and Machida.

MOTION was made for the Board to add the Dr. Dean Ornish program to the EUTF HMSA Active Employee plans for one year, effective January 1, 2016 through December 31, 2016 and to evaluate the program at that point. (Currivan Musto/Becker) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to add the Dr. Dean Ornish program to the HSTA VB HMSA Active Employee plans for one year, effective January 1, 2016 through December 31, 2016 and to evaluate the program at that point. (Pasco/Nip) The motion failed. (Employer Trustees-4 NO-Becker, Hidano, Machida, Nishimoto/Employee-Beneficiary Trustees-2 YES-Nip, Pasco, 1 NO-Currivan Musto)

No action taken by the Trustees regarding adding the Dr. Dean Ornish program to the EUTF HMSA Retiree plans.

MOTION was made for the Board to add the Dr. Dean Ornish program to the HSTA VB HMSA Retiree plans for one year, effective January 1, 2016 through December 31, 2016 and to evaluate the program at that point. (Pasco/Nip) The motion failed. (Employer Trustees-4 NO-Becker, Hidano, Machida, Nishimoto/Employee-Beneficiary Trustees-2 YES-Nip, Pasco, 1 NO-Currivan Musto)

3. Kaiser Medical Plan Design Changes for Active Employees July 1, 2016

MOTION was made for the Board to add Out of Area Student Coverage to the EUTF Kaiser Active Employee plans, both Comprehensive and Standard, effective July 1, 2016. (Pasco/Currivan Musto) The motion failed. (Employer Trustees-4 NO-Becker, Hidano, Machida, Nishimoto/Employee-Beneficiary Trustees-3 YES-Currivan Musto, Nip, Pasco)

MOTION was made for the Board to add the autism benefit for individuals under 14 years of age up to \$25,000 per year to the EUTF Kaiser Active Employee plans, both Comprehensive and Standard, effective July 1, 2016. (Currivan Musto/Nishimoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to add orthodontic services for children born with orofacial anomalies under age 26 up to \$5,500 per treatment phase to the EUTF Kaiser Active Employee plans, both Comprehensive and Standard, effective July 1, 2016. (Currivan Musto/Nishimoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

In vitro fertilization coverage for EUTF Kaiser Active Employee plans, both Comprehensive and Standard, is deferred.

MOTION was made for the Board to add the Active & Fit program to the EUTF Kaiser Active plans, both Comprehensive and Standard, effective July 1, 2016. (Hidano/Becker) The motion failed. (Employer Trustees-4 NO-Becker, Hidano, Machida, Nishimoto/Employee-Beneficiary Trustees-2 NO-Nip, Pasco, 1 ABSTAIN-Currivan Musto)

MOTION was made for the Board to change the flat \$15 prescription drug copayment to \$5 for generic tier 1, \$10 for generic tier 2, \$35 for brand, and \$75 for specialty for the EUTF Kaiser Active Employee Comprehensive plan effective July 1, 2016. (Currivan Musto/Nishimoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to change the \$5/\$10/\$35 prescription drug copayment to \$5 for generic tier 1, \$15 for generic tier 2, \$50 for brand, and \$75 for specialty for the EUTF Kaiser Active Employee Standard plan effective July 1, 2016. (Becker/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

4. Hawaii Dental Service Plan Design Change for Active Employees July 1, 2016
Discussion held by Trustees, staff, and Dr. Robert Sherman from HDS regarding changing the age limits from 16 to 19 for implants and whether it is a safety issue.

MOTION was made for the Board to change the minimum age limit for implants from 16 to 19 for the EUTF Dental Active Employee plan effective July 1, 2016. (Currivan Musto/Nishimoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to change the minimum age limit for implants from 16 to 19 for the HSTA VB Dental Active Employee plan effective July 1, 2016. (Pasco/Nip) The motion failed. (Employer Trustees-3 NO-Becker, Hidano, Machida, Nishimoto/Employee-Beneficiary Trustees-3 YES-Currivan Musto, Nip, Pasco)

5. Hawaii Dental Service Plan Design Change for HSTA VB Retirees January 1, 2016
This item is deferred.

Trustee Machida left at 2:37 p.m.

6. Vision Service Plan Design Change for Active Employees July 1, 2016

MOTION was made for the Board to enhance the Vision Service Plan (VSP) design to cap the eye doctor's contact fitting and evaluation charge at \$60, which would be paid by the member out of pocket, and allow the full \$120 contact lenses benefit to be available to the member for contact lenses for the EUTF VSP Active Employee plan effective July 1, 2016. (Currivan Musto/Becker) The motion failed. (Employer Trustees-3 NO-Becker, Hidano, Nishimoto/Employee-Beneficiary Trustees-3 YES-Currivan Musto, Nip, Pasco)

7. Change in the Maximum Out of Pocket Due to ACA for Active Employees Effective July 1, 2016

MOTION was made for the Board to increase the maximum out of pocket by \$250 for self and \$500 for family plans to EUTF and HSTA VB Active Employee self insured prescription drug plans effective July 1, 2016 as recommended by Segal Consulting. (Becker/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to move agenda item VI.B.4.b. Real Estate – Passive REIT Fund Recommendation and Private Real Estate Primer out of order to address now. (Hidano/Nishimoto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

VI. Committee Reports (continued)
Investment Committee

4. Pension Consulting Alliance (PCA)

b. Real Estate – Passive REIT Fund Recommendation and Private Real Estate Primer

MOTION was made upon the recommendation of the Investment Committee for the Board to replace the Vanguard REIT Index Fund with a separate account managed by AB (formally known as AllianceBernstein) for the EUTF's passively managed REIT strategy that tracks the MSCI U.S. REIT Index. (Becker/Nishimoto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

8. Base Monthly Contribution Update

This item is deferred.

9. 5 Year Plan for EUTF Active Employee Medical and Prescription Drug Plans

This item is deferred.

10. EUTF's Wellness and Disease Management Programs/Activities

This item is deferred.

V. Executive Session (continued)

K. Appeals

There are no additional Appeals.

L. Segal's Pharmacy Benefit Manager Claims Audit Report

This item is deferred.

M. Personnel

This item was addressed earlier in Executive Session.

VI. Committee Reports (continued)

B. Investment Committee

Agenda Items 1, 2, 3, 4a, and 5 are deferred.

1. Investment Officer Position Update

2. Update – BlackRock TIPS and Core Fixed Income Commingled Funds

3. Excess Reserve Portfolio Asset Allocation

4. Pension Consulting Alliance (PCA)

- a. September 30, 2015 Performance Report Including Excess Reserves
 - b. Real Estate – Passive REIT Fund Recommendation and Private Real Estate Primer
This item was addressed earlier on agenda.
5. Granite Investment Partners – Annual Presentation

The following items are deferred.

VII. Reports

A. Administrator

1. Vitech Modified Phase II
2. Expanding EUTF's Office Space
3. Vitech Rebill Issue
4. Improve EUTF's Customer Service
5. Health Benefit Plans Claims Audit
6. Converting Email System From Lotus Notice to Office365
7. Wellness Benefits & Disease Management Services
8. Death Validation Project
9. Direct Deposit Project
10. Adult Disabled Child Project
11. Kaiser Senior Advantage Plan Project
12. HMSA Covering Chiropractic Services
13. Student Certification Project
14. Letter from Hawaii Civil Rights Commission dated October 27, 2015

B. EUTF Managers' and Program Specialist Operations Reports

1. Member Services Branch (MSB)
 - a. MSB Data
 - b. MSB Staffing Update
 - c. Carrier Reports
2. Information Systems (IS)
 - a. V3 BAS Modified Phase II (Employer File Feed)
 - b. Microsoft Office 365 Conversion
 - c. Oracle Database Upgrade and Encryption
 - d. EUTF Local Area Network Server and Workstation Encryption
 - e. EUTF IS Vacancies
 - f. Enrollment Counts
3. Program Specialist Report
 - a. Wellness Benefits
 - b. Disease Management (DM) Services and Reporting
 - c. Data Report
 - d. Plan Audits
 - e. Transition From One Vender to Another
4. Financial Services Branch

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

December 9, 2015 Minutes

Page 18

- a. Management Letter Corrective Action Plan Status
- b. Financial Audit for Fiscal Year Ending 2015
- c. Actuarial Valuation Report Effective July 1, 2015
- d. Financial Services Branch Staffing Update
- e. Financial Statements as of June 30, July 31, August 31, and September 30, 2015

C. Segal

1. June 30, 2015 Quarterly Report and Annual Fiscal Year Ending June 30, 2015 Report
2. Projection of Potential Exposure to Excise Tax Under the Affordable Care Act
3. Trends 7/1/16 through 6/30/22
4. Incurred But Not Reported (IBNR)

D. Carrier Reports

1. CVS Caremark
Written report submitted.
2. SilverScript
Written report submitted.
3. Hawaii Dental Service (HDS)
Written report submitted.
4. Hawaii Medical Service Association (HMSA)
Written report submitted.
5. Kaiser Health Foundation
Written report submitted.
6. Royal State Insurance
Written report submitted.
7. UnitedHealthcare
Written report submitted.
8. US Able Life
Written report submitted.
9. Vision Service Plan (VSP)
Written report submitted.

VIII. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

- A. January 19, 2016, 9:00 a.m. – Regular Board Meeting

The next regular Board meeting was moved from January 26, 2016 to January 19, 2016.

IX. ADJOURNMENT

MOTION was made for the Board to adjourn meeting at 2:55 p.m. (Nishimoto/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Respectfully submitted,

/s/

Audrey Hidano, Secretary-Treasurer

APPROVED on January 19, 2016 as amended.

APPROVED on March 22, 2016 as amended.

Documents Distributed:

1. Letter to the Department of the Attorney General from Alston Hunt Floyd & Ing Regarding SB792 & HB174 dated 12/15/15. (2 pages)