

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Benefits Committee Meeting
June 18, 2013

TRUSTEES PRESENT

Ms. Barbara Krieg, Chairperson
Ms. Linda Currivan Musto
Ms. Loretta Fuddy

Ms. Karolyn Mossman
Mr. Luis Salaveria
Mr. Clifford Uwaine

TRUSTEES ABSENT: None

ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

Ms. Sandra Yahiro, Acting Administrator
Ms. Donna Tonaki
Ms. Maria Quartero

Ms. Lauren Endo
Ms. Bonny Kahalewai

OTHERS PRESENT

Mr. Gary Asato, HDS
Ms. Sandra Benevides, CVS Caremark
Ms. Monica Engle, VSP
Ms. Elaine Fujiwara, HDS
Mr. Nandana Kalupahana, Hse Fin

Ms. Lynne Miura, Royal State
Ms. Lori Nishimura, C&C, HR
Mr. Kimo Palakiko, HGEA-R
Mr. Tony Saguibo, HMSA
Mr. Troy Tomita, Kaiser Permanente

I. CALL TO ORDER

The meeting of the Benefits Committee was called to order at 10:02 a.m. by Trustee Barbara Krieg, Chairperson, in EUTF Conference Room, City Financial Tower, Honolulu, Hawaii, on Tuesday, June 18, 2013.

II. Approval of Minutes – April 10, 2013

The Benefits Committee reviewed the draft minutes of April 10, 2013. The minutes will be amended as follows: (1) page 2, line 26, after Administrative delete “Rules”, add “Committee”, delete “will make” add “recommends making”.

MOTION was made for the Benefits Committee to approve the minutes of April 10, 2013 as amended. (Salaveria/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

III. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 10:05 a.m. for the reasons stated on the agenda. (Fuddy/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Executive Session adjourned at 12:18 p.m.

Recessed at 12:18 p.m. and Reconvened at 12:25 p.m.

Chairperson Krieg reported that the Benefits Committee recommendation made in Executive Session will be addressed at the regular Board meeting in Executive Session.

IV. New Business

A. What's New and Trending in Health Benefit Plans – Presentation by Segal

B. Plan Design Changes

C. EUTF and Other Post Employment Benefits (OPEB)

Mr. Tom Morrison presented and reviewed the “2012 Study of State Employee Health Benefits” survey. Mr. Morrison pointed out that: 1) Among medical plans in which employees pay some of the premium cost, the percentage paid by employees did not change remaining at 19% for employee-only and 24% for family; 2) total premium cost paid by both employees and states increased between 2011 and 2012 – 3% for PPO plans and 10% for HMO plans; 3) annual deductibles increased by 3% for employee-only coverage; and 4) the average generic retail drug co-pay increased 6% and general mail-order by 7%. Mr. Morrison stated that EUTF's 80/20 and 90/10 plans are exceptions, compared to the survey results, because there are no annual deductibles – this makes Hawaii in the top ten percentile compared to other states. Mr. Morrison pointed out that EUTF is unique in that, in addition to State and County Employees, it covers the statewide Department of Education and statewide University system. Regarding EUTF's out-of-pocket it is around the mid-point compared to other State plans. Affordable Care, starting Jan. 1, 2014, dictates that out-of-pocket maximums cannot be more than \$6250 per year for the combined medical and drug plans. As such, for EUTF's 7/1/14 plan year for actives, EUTF will need to work with CVS and HMSA to make sure they work together when determining the ACA out-of-pocket maximums.

Trustees Fuddy and Salaveria left at 1:00 p.m.

Mr. Morrison reported, Regarding Other Post Employment Benefits (OPEB), the State needs to consider 4 main things: 1) what contributions are between retirees and the sponsors (State/County); 2) cost of benefit being offered, 3) who is eligible; and 4) what the funding position of the employer is (pay as you go or pre-fund). But, the primary driver is the plan design. Other things to consider in reducing the State's OPEB cost are looking into offering Medicare Advantage plans, taking advantage of a Federal subsidy to offset the costs, and adding a national network of Medicare Advantage plans for those retirees living outside of the United States.

Upon asking for any comments from the public, Mr. Kimo Palakiko, member of the public, asked if the idea is because we have lower co-pays we increase the co-pays for Kaiser and HMSA to reduce premiums. Mr. Morrison stated yes. Mr. Palakiko then asked if the idea to increase co-pay and lower premiums is intended to help stay below the cap (base monthly contribution)? Mr. Morrison stated that the base

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monthly contribution generally is tied to the federal Medicare cost increase or decrease each year. If Medicare goes up, the base monthly contribution goes up. Further discussion held by Trustees, staff, and benefits consultant that many retirees might be willing to pay a higher co-pay so that their premiums do not exceed the base monthly contribution, which would make them pay a portion of the premium. Trustee Mossman stated that the benefits consultant is not making a specific recommendation but just informational for all to consider when Board reviews.

Discussion held by Trustees, staff, and benefits consultant on the fact that EUTF's annual out-of-pocket maximum is calculated on a calendar year basis, which is somewhat unique to Hawaii. Most plans outside of Hawaii calculate it on the plan year. However, with the Affordable Care Act, this will need to be reviewed by HMSA and Kaiser to see if it is still allowable.

V. ADJOURNMENT

There being no objections by the Trustees, the meeting adjourned at 1:11 p.m.

Respectfully submitted,

/s/

Barbara Krieg, Chairperson

APPROVED on July 19, 2013.

DOCUMENTS DISTRIBUTED:

1. Draft Benefits Committee Minutes for 4/10/13. (3 pages)
2. Segal Survey, 2012 Study of State Employee Health Benefits, Spring 2013. (8 pages)
3. EUTF Reference Guide (EUTF & HSTA VB) for Active Employee Benefits Plans Effective 7/1/13-6/30/13. (60 pages)
4. EUTF Retiree Reference Guide (EUTF & HSTA VB) Effective 1/1/13-12/31/13. (60 pages)