

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Benefits Committee Meeting
August 12, 2013

TRUSTEES PRESENT

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

Ms. Karolyn Mossman
Mr. Luis Salaveria

TRUSTEES ABSENT

Mr. Clifford Uwaine

ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

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

Mr. Tom Morrison, Consultant
Ms. Bonny Kahalewai
Mr. Bert Nishihara
Ms. Kathleen Shiroma

OTHERS PRESENT

Ms. Sandra Benevides, CVS Caremark
Mr. Joey Borja, HMA
Mr. Paul Carter, HMA
Mr. Andrew Elliott, CVS Caremark
Mr. Christian Fern, HMSA
Ms. Elaine Fujiwara, HDS
Ms. Galen Haneda, HMSA
Ms. Chris Hause, Kaiser Permanente
Ms. Audrey Hidano, EUTF/DLIR

Ms. Vanelle Hirayasu, HMA
Mr. Herbert Hussey, Self
Ms. Lynne Miura, Royal State
Mr. Teruo Nagasako, HMSA
Ms. Lori Nishimura, C&C HR
Mr. Dan Purcell, Self
Mr. Hilton Raethel, HMSA
Mr. Troy Tomita, Kaiser Permanente

I. CALL TO ORDER

The meeting of the Benefits Committee was called to order at 11:00 a.m. by Trustee Barbara Krieg, Chairperson, in EUTF Conference Room, City Financial Tower, Honolulu, Hawaii, on Monday, August 12, 2013.

II. APPROVAL OF MINUTES

The Benefits Committee reviewed the draft minutes of July 19, 2013.

MOTION was made to approve the minutes of July 19, 2013 as circulated. (Salaveria/Mossman) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-2)

III. EXECUTIVE SESSION

MOTION was made for the Benefits Committee to move into Executive Session at 11:01 a.m. for the reasons stated on the agenda. (Salaveria/Fuddy) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-2)

Executive Session adjourned at 11:43 a.m.

Chairperson Krieg reported that the Benefits Committee has taken the following action in Executive Session.

1. Recommendation to the Board to approve, with respect to HB065, as to the non-Medicare retiree plan: (a) Effective January 1, 2014, the co-payment for maintenance medications for both non-Medicare and Medicare retirees will be two co-pays for the 3-month/90-day supply at both mail order and the retail pharmacy; and (b) Effective January 1, 2014, a 3-month/90 day supply of maintenance medications for the non-Medicare retirees will be the minimum required fill at both mail order and the retail pharmacy.

IV. NEW BUSINESS

A. Medicare Part B – Diabetic Supplies

Overview by Ms. Sandra Yahiro and Mr. Tom Morrison regarding Medicare Part B, diabetic supplies. Currently, diabetic testing supplies (test strips, lancets, and meters) are covered under EUTF's drug plan at 100% (retiree pays no copayment - EUTF pays 100%). EUTF recently learned that Medicare Part B covers diabetic testing supplies at 80%. The EUTF researched why the EUTF pays 100% when diabetic supplies could be 80% covered by Medicare. The Committee could recommend, as a change effective January 1, 2014, for Medicare to pay 80% as primary and the EUTF or HMSA to pay 20% for diabetic supplies. The approximate cost to the EUTF is \$1.8 million per year for Medicare retirees' diabetic testing supplies. If this change is made, the EUTF could save approximately over \$1 million per year. However, it would require Medicare retirees to pick up their supplies at a pharmacy that accepts Medicare assignment in order to avoid filing a paper claim with Medicare and paying 80% out of pocket plus the deductible. Ms. Yahiro reported that several pharmacies used by retirees currently use do not accept Medicare assignment. Additionally, 246 retirees using mail order would need to use one of only three mail order pharmacies approved by Medicare. Discussion held by Trustees, staff, and benefits consultant regarding concerns that people may have not have easy access to diabetic testing supplies if they are required to go to a pharmacy that accepts Medicare assignment, but that it may also be the Board's fiduciary responsibility to pursue this change. Additional discussion held regarding the timeline/process for this change. The process to file claims through Medicare would be difficult and may discourage people from diabetic testing. Also, if this change is made by the Board, education, communication and information to members regarding the change needs to be clear.

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Mr. Dan Purcell, member of the public, commented he tends to agree with Trustee Currivan Musto regarding making diabetic testing supplies easily available so as not to discourage testing. Mr. Purcell stated there seems to be a view here that a Longs is always nearby, but people in rural areas have difficulty in accessing Longs. Mr. Purcell also expressed his concern about holding Executive Session in the beginning of this meeting.

Ms. Sandra Benevides from CVS Caremark expressed her concern, from the operations standpoint, that CVS Caremark cannot guarantee a seamless transition. It would have a lot of complications but if the Board proceeds, CVS Caremark would try everything to make it possible. Discussion held by Trustees, staff, and benefits consultant that the staff has not consulted with CVS Caremark yet.

MOTION was made not to recommend a decision on diabetic testing supplies but to present to the Board and continue to pursue, and for the EUTF staff and benefits consultant to provide additional information to the Board. (Mossman/Currivan Musto) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-2)

B. Request for Information (RFI No. 13-001) for Medical and Prescription Drug Plans Presentations

Recessed at 1:10 p.m. and Reconvene 1:15 p.m.

Presentations by the following vendors:

- (1) Kealakai, LLC, Mr. Herbert Hussey (Medical)
- (2) Kaiser Permanente, Mr. Troy Tomita and team (Medical)
- (3) HMA, LLC, Ms. Lori Naylor and team (Medical)
- (4) HMSA, Mr. Christian Fern and team (Medical)
- (5) Kaiser Permanente, Mr. Troy Tomita and team (Drug)
- (6) HMSA, Mr. Christian Fern and team (Drug)
- (7) CVS Caremark, Ms. Sandra Benevides (Drug)

Discussion held by Trustees, staff, vendors, and benefits consultant regarding presentations.

The presenters may send any additional information that may be helpful for the Benefits Committee to the Acting Administrator. [Trustee Fuddy left at 1:50 p.m.]

V. NEXT MEETING DATE

The next Benefits Committee meeting is scheduled for Wednesday, August 28, 2013 at 11:00 a.m.

VI. ADJOURNMENT

There being no objections by the Trustees, the meeting adjourned at 1:52 p.m.

Respectfully submitted,

/s/

Barbara Krieg, Chairperson

APPROVED on October 16, 2013.

DOCUMENTS DISTRIBUTED:

1. Draft Benefits Committee Minutes of 7/19/13. (2 pages)
2. Diabetic Testing Supplies (test strips, lancets, and meters) Handout dated 8/9/13. (1 page)
3. Information Pharmacies Retirees Use. (8 pages)
4. Options for Reducing Health Cost for State Medicare Retirees by Herbert Hussey, August 2013. (18 pages)
5. Humana Group Medicare submitted by Mr. Herbert Hussey. (8 pages)
6. Summary Presentation and Recommendations for EUTF's Medical RFP by Kaiser dated 8/12/13. (19 pages)
7. HMA Article "My Hawaii Wellness". (2 pages)
8. EUTF Medical Plan, Request for Information by HMSA. (4 pages)
9. Summary Presentation and Recommendations for EUTF's Drug RFP by Kaiser dated 8/12/13. (11 pages)
10. Prescription Drug Plan, Request for Information by HMSA. (3 pages)
11. EUTF Improving Health and Reducing Total Cost by CVS Caremark dated 8/12/13. (15 pages)