CALL TO ORDER
The regular meeting of the Board of Trustees was called to order at 9:01 a.m. by Trustee Linda Currivan Musto, Chairperson, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, February 25, 2014.

[Trustee Zielinski arrived at 9:02 a.m.]
III. COMMITTEE REPORT
A. Administrative Committee Report
Ms. Sandra Yahiro summarized the Administrative Committee report.

1. Internal Controls Status Update
Discussion held by Trustees and staff regarding procedures and documentation on results. [Trustee Uwaine arrived at 9:07 a.m.] Trustee Hidano informed the Board that she emailed questions to the EUTF staff. The Administrator will document actions taken in writing and provide to the Board. There is only one critical control that needs to be addressed. The Administrator will prepare a plan for documentation and monitoring of Internal Controls and add it to the Administrator’s report.

2. Administrative Rules Revision Project Status Update
Ms. Yahiro reported that copies of comments received from employers/union were in the Board’s packet. The Administrator will meet with managers to review comments and/or recommendations and present recommendations to the Administrative Committee.

3. EUTF 2014 Legislation
This item will be addressed under Old Business on the agenda.

B. Investment Committee Report
1. December 31, 2013 Performance Report
2. December 31, 2013 Excess Reserves Performance Report
Ms. Kay Cesarani joined meeting via conference call at 9:31 a.m. Ms. Cesarani summarized the December 31, 2013 Performance and Excess Reserves Performance reports. Discussion held by Trustees and investment consultant regarding the Performance Report on REITS underperforming, that recommendations will be made by PCA at the next Investment Committee meeting, and that PCA’s fees are not included in this report but on the EUTF Financial Statement. PCA will include its fees in future reports.

3. Presentation on Covered Calls
Ms. Cesarani briefly summarized presentation on covered calls that was presented by Gateway Investment Adviser at the Investment Committee meeting held on February 11, 2014. Ms. Cesarani explained the meaning of covered calls. Discussion held by Trustees and investment consultant regarding covered calls, that when funds grow the EUTF can look to other ways to invest. Trustee Hirata did request that PCA provide a list of passive/non passive funds. No comments from members of the public.
IV. OLD BUSINESS
   A. 2014 EUTF-Related Legislation
      A list of 2014 EUTF related bills were in the Board’s packet. Ms. Sandra Yahiro
      summarized the EUTF related bills that are moving: (1) HB2642 (short bill)-making
      an appropriation to the EUTF; (2) HB2529, HD2 –Hawaii Health Connector; (3)
      HB2525, HD2-health insurance rates; (4) HB2427-housekeeping bill deleting
      directed investment; (5) HB2050-prescription drugs; (6) HB2265-extends task force
      report due date; (7) HB2262-reporting deaths to state agencies; (8) HB1763-
      mandates insurance commissioner to assess a fine; and (8) SB2173-implies dollar
      limits on specialty tiers. SB2173 is not moving and would cost the EUTF a lot of
      money. Discussion held by Trustees and staff regarding short bills normally used as a
      vehicle. Going forward the EUTF staff will submit testimony on EUTF letterhead.

V. NEW BUSINESS
   A. Payment of Affordable Care Act (ACA) Fees for Active Contract for July 1, 2013
      A copy of the memorandum to the Board from Segal dated February 24, 2014
      regarding payment of ACA fees for HMSA and Kaiser active plans was distributed to
      the Board. Mr. Tom Morrison summarized the memorandum regarding payment of
      ACA fees for HMSA and Kaiser active plans. Kaiser did confirm that they will not
      be invoicing the EUTF for these fees. Discussion held by Trustees, staff, and benefits
      consultant regarding why Kaiser and HMSA are handling fees differently, should fees
      be part of rates or administrative fees, reserves and how the surplus can be used, and
      that it is at the Board’s discretion to use as rates or administrative fees.

      MOTION was made for Board to approve the payment of the ACA fees for the
      HMSA active plans for the plan year, July 1, 2013 through June 30, 2014.
      (Krieg/Hirata) The motion passed unanimously. (Employer Trustees-5/Employee-
      Beneficiary Trustees-5)

   B. Filling Benefits & Investment Committees Vacancies

      Trustee Maria Zielinski volunteered to serve on the Benefits and Investment
      Committees.
      Trustee Barbara Krieg volunteered to serve on the Investment Committee.
      Trustee Julia Zeghmi volunteered to serve on the Investment Committee.

      Discussion held by Trustees and staff that if committees are increased to six (6) that it
      is difficult to hold a committee meeting because all committee members prefer to be
      present and how many should be present to hold a committee meeting. Quorum for
      committee meetings is: one (1) Employer Trustee/one (1) Employee-Beneficiary
      Trustee. There being no objections by the Board, if a committee needs to meet, a
      committee meeting will be held if there is a quorum (1/1).

Ms. Sandra Yahiro summarized her recommendation that if Trustees do not attend the 60th Annual Employee Benefits Conference that she be authorized to fill the empty slots to send the deputy attorney general and EUTF staff to the conference. Discussion held by Trustees, staff, and benefit consultant if Trustees choose to not or cannot otherwise attend this conference that they be able to attend another conference of relevance to the EUTF Trustees. Other conferences offered on public entities are focused on specific topics. The EUTF staff will poll Trustees on who is able to attend the IFEBP annual conference or prefer to attend another conference this year. Trustees Hidano and Mossman expressed that they may want to attend another conference.

MOTION was made for Board to approve for ten (10) Trustees to attend the 60th Annual Employee Benefits Conference in Boston, MA from October 12-15, 2014, to allow Trustees to attend another conference if they prefer, and to authorize the Administrator to fill open slots for deputy attorney general and EUTF staff if Trustees are not attending any conference. (Krieg/Zeghmi) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

VI. REPORTS

A. Segal – Benefits Consultant Report

1. Presentation by Dr. Sadhna Paralkar, Segal, on Wellness and Total Health Management

   Dr. Sadhna Paralkar summarized her presentation on Wellness and Total Health Management.

Recessed at 10:39 a.m. and Reconvened at 10:46 a.m.

B. Administrator

   The Administrator’s report was in Board’s packet.

   1. Vitech Modified Phase II (no Board discussion)
   2. Bank of Hawaii Banking Services Progress (no Board discussion)
   3. Administrative Rules Revision Project (no Board discussion)
   4. Medicare Death Validation Project Update (no Board discussion)
   5. Direct Deposit Project Update (no Board discussion)

   6. Affordable Care Act Implementation

      Ms. Sandra Yahiro reported that the part-time/temporary employees health coverage plan that EUTF plans to implement to assist State/County employers meet ACA requirement does not need to be implemented until July 1, 2016; however, in discussion with Benefits Committee Chair, Trustee Krieg; the EUTF will implement the plan July 1, 2015. This will give EUTF and the State/Counties one year lead time to work out any problems prior to the required July 1, 2016
date. Discussion held by Trustees, staff, and benefits consultant that it would be
the board’s decision on when to implement the coverage.

7. HIPAA Security & Compliance Audit (no Board discussion)
8. Expanding EUTF’s Office Space (no Board discussion)
9. EUTF’s Internal Controls (no Board discussion)
10. Premium/Rate Splits Different Between Bargaining Units and Between
    Employers (no Board discussion)
11. Business Associate Agreement with Department of Accounting & General
    Services and Employees Retirement System (no Board discussion)
12. EUTF Website Review (no Board discussion)

13. Vitech Rebill Issue
    Discussion held by Trustees and staff regarding status of the rebill issue, who is
    responsible to pay, that the Administrator requested to switch project managers,
    that the credit will be used for the Modification Phase II, the EUTF has limited IT
    staff at this time, status of Vitech Phases, concerns expressed by Trustees
    regarding the on-going issues with Vitech, deliverables should be in writing. The
    Administrator will submit a report on Vitech status on projects, what is in the
    scope of the contract that Vitech is or is not doing and why not, and the
    deliverables in writing at the next Administrative Committee meeting to find out
    what has or needs to be done regarding outstanding issues. The EUTF Board
    requested that Vitech be invited to the next Administrative Committee meeting.

14. HB65, Act 226 SLH2013 (no Board discussion)
15. Customer Service Improvement Project (no Board discussion)
16. Other Post Employment Benefit (OPEB) Actuarial Valuation (no Board
    discussion)
17. FY15 Budget (no Board discussion)
18. Health Benefit Plans Claims Audits (no Board discussion)
19. Retroactive Rate Changes – BU 00, 10, 12 and 13 (no Board discussion)
20. RFPs for Medical and Prescription Drug Plans (no Board discussion)

21. 2013 W-2s and 1099s for Same-Sex Married Couples
    Ms. Yahiro reported the EUTF had been doing something for the last few months
    that was incorrect for same-sex marriages in another state or foreign countries that
    recognizes same-sex marriages and covers their spouse under the EUTF plan.
    Lawfully married same-sex couples are no longer to be assessed imputed income
    for income tax purposes. The EUTF staff met with DAGS and DHRD to discuss
    this issue. EUTF and DHRD posted a notice regarding 1099s and W-2s on their
    own websites. Other employer jurisdictions were sent the notices and are passing
    it on so employees affected are notified.
C. 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 January (no Board discussion)
   d. Concerns Regarding Retiree Prescription Drug Coverage
      Discussion held by Trustees, staff, and Ms. Sandra Benevides regarding
      erroneous letters sent to EUTF members that were due to coding and
      enrollment processing errors. Apology letters were sent to EUTF members to
disregard letters. Counseling and additional quality checks were put in place
by SilverScript.

2. Information Technology (IT)
   a. Employer and Employee Retroactive Rate Change for BUs 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
      Discussion held by Trustees and staff regarding the implementation of an on-
line Health Risk Assessment and an on-worksite Biometric Screening
program and asking B&F to participate in a pilot program. Trustee Krieg
asked if the EUTF is working with HMSA and Kaiser and what the EUTF
would do with the assessments because DHRD has done it before. The
Administrator stated that the EUTF plans to present to the Benefits Committee
the implementation of a pilot program. Trustee Salaveria suggests that the
EUTF start with a smaller department. Further discussion will be held at the
Benefits Committee meeting.

   b. Prescription Drug Claim Auditing Services Request for Proposals (RFP) (no
Board discussion)
4. Accounting
   a. Financial Statement as of November 30, 2013
      Ms. Donna Tonaki summarized the Financial Statement as of November 30, 2013 and Experience reports. Discussion held by Trustees, staff, and benefits consultant regarding IBNR, reserves, counties pre-funding of OPEB funds. Ms. Tonaki will work with Administrator to send communication to counties regarding OPEB funds. Discussion held by Trustees, staff, and benefits consultant if the experience reports could be reconciled/combined for the Commercial and EGWP Wrap. In the upcoming year Segal could split the accounting to attempt to put the Commercial and EGWP in a separate report. Ms. Tonaki will also add the same footnote in CVS Caremark’s report on the SilverScript Experience report.

D. Carrier Reports
1. CVS Caremark
   Written report received. A Trustee commended CVS Caremark for its decision to stop selling cigarettes. Ms. Sandra Benevides introduced Mr. Rick Edwards, Manager for Strategic Account at CVS Caremark.

2. SilverScript
   Written report received. (no Board discussion)

3. Hawaii Dental Service (HDS)
   Written report received. (no Board discussion)

4. Hawaii Medical Service Association (HMSA)
   No report received. (no Board discussion)

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)

Mr. Vaughn Tokashiki, member of the public, commented regarding collecting Medicare Part B overpayments. He inquired how long should an executor of someone’s account be responsible to pay the deceased person’s bill(s). The executor is responsible as long as bill(s) are received. A suggestion was made by a Trustee that EUTF should deduct retiree’s health premium (for those that pay a portion) from his/her ERS pension. The Administrator stated in a previous discussion with the ERS Administrator, he stated it would require a statutory amendment.
VII. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 11:50 a.m. for the reasons stated on the agenda. (Krieg/Hirata) The motion passed unanimously.
(Employer Trustees-5/Employee-Beneficiary Trustees-5)

Executive Session adjourned at 12:59 p.m.

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

1. Approved four (4) Appeals to enroll newborns.
3. Approved amendment to Pension Consulting Alliance’s contract for study regarding sharing of investment information and services by EUTF and ERS.

II. MINUTES

1. January 28, 2014

The Board reviewed the draft minutes of January 28, 2014. The minutes will be amended as follows: (1) page 2, line 22, delete “assigning contracted to Atlas Insurance pending caveats (per Linda???)” and add “assignment with Arthur J. Gallagher and Atlas Insurance pending caveats”.

MOTION was made for Board to approve the minutes of January 28, 2014 as amended. (Mossman/Krieg) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

VIII. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

A. March 25, 2014, 9:00 a.m. – Regular Board Meeting

Trustee Mossman requested to add “Presentation on Neighbor Islands” on the next Board meeting agenda.

IX. ADJOURNMENT

MOTION was made for the Board to adjourn meeting at 1:05 p.m. (Hirata/Uwaine) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Respectfully submitted,

/s/

Luis Salaveria, Secretary-Treasurer
APPROVED on March 25, 2014 as amended.

Documents Distributed:
1. Draft Board Minutes of 1/28/14. (11 pages)
2. Memorandum to BOT from Administrative Committee Regarding 2/19/14 Meeting dated 2/19/14. (1 page)
3. Letter to Administrator from City & County of Honolulu Regarding Proposed Changes to EUTF Administrative Rules dated 2/7/14. (12 pages)
4. Letter to Administrator from County of Hawaii Regarding Proposed Changes to EUTF Administrative Rules dated 2/6/14. (2 pages)
5. Letter to Administrator from UPW Regarding Proposed Changes to EUTF Administrative Rules dated 2/3/14. (1 page)
6. Letter to Administrator from Judiciary Regarding Proposed Changes to EUTF Administrative Rules dated 1/10/14. (2 pages)
7. Memorandum to BOT from Investment Committee Regarding 2/11/14 Investment Committee meeting. (1 page)
9. Presentation to the EUTF by Gateway Investment Adviser, LLC Regarding Covered Calls dated 2/11/14. (29 pages)
10. 2014 Legislative Session on Bills Related to the EUTF dated 2/20/14. (13 pages)
11. Memorandum to BOT from Segal Consulting Regarding Payment of Affordable Care Act Fees for HMSA and Kaiser Active Plans dated 2/24/14. (1 page)
12. 60th Annual Employee Benefits Conference Brochure, 10/12-15/2014 in Boston, MA. (4 pages)
13. Wellness and Total Health Management Presentation by Dr. Sadhna Paralkar, 2013. (19 pages)
14. Administrator’s Monthly Report to the Board for 1/22/14-2/19/14 dated 2/19/14. (6 pages)
16. EUTF Customer Service Improvement Project Survey Results dated 2/19/14. (2 pages)
18. Memorandum to BOT from MSB Manager Regarding MSB Operations Report dated 2/18/14. (1 page)
19. Memorandum to BOT from IS Analyst Regarding February IT Operations Report dated 2/18/14. (11 pages)
21. EUTF Statement of Net Assets – Fiscal Year Ending June 30, 2014 (Unaudited) for Current Month 11/30/13 dated 2/20/14. (2 pages)
22. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 5
Months Ended 11/30/13 (Unaudited) dated 2/20/14. (2 pages)
   (1 page)
24. Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE
   6/30/2013 & FYE 6/30/2014 up to November 2013 dated 2/20/14. (1 page)
25. Experience Accounting of CVS Caremark Non-Medicare Retirees Self-Funded Plan
   Summary of FYE 6/30/2013 & FYE 6/30/2014 through 6/30/13 dated 2/20/14. (1 page)
26. Experience Accounting of SilverScript Medicare Retirees Self-Funded Plan Summary of
   FYE 6/30/2013 & FYE 6/30/2014 through 6/30/14 dated 6/30/13. (1 page)
27. CVS Monthly Carrier Report for January 2014 dated 2/10/14. (3 pages)
31. Royal State Insurance Monthly Carrier Reports for January 2014 (Supplemental Medical
    Plan, Chiropractic Plan, Group Term Life Plan) dated 2/6/14. (6 pages)