

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Minutes of the Board of Trustees  
Tuesday, April 2, 2013

TRUSTEES PRESENT

Mr. Dean Hirata, Chairperson	Ms. Karolyn Mossman
Ms. Barbara Krieg, Vice Chairperson	Ms. Celeste Nip
Ms. Linda Currivan Musto, Secretary-Treasurer	Mr. Luis Salaveria
Ms. Loretta Fuddy	Mr. Clifford Uwaine
Ms. Audrey Hidano	Ms. Julia Zeghmi (left 11:35 am)

TRUSTEES ABSENT: None

ATTORNEY

Ms. Sarah Hirakami, Deputy Attorney General

EUTF STAFF

Ms. Sandra Yahiro, Acting Administrator	Mr. Tom Morrison, Benefits Consultant
Ms. Donna Tonaki, Assistant Administrator (TA)	Ms. Kathleen Shiroma
Ms. Maria Quartero	Ms. Kellie Betonio
Ms. Bonny Kahalewai	

OTHERS PRESENT

Ms. Gary Asato, HDS	Ms. Lauri Hunter, CVS Caremark/SilverScript
Mr. Tracy Ban, B&F	Mr. Todd Inafuku, CVS Caremark
Ms. Sandra Benevides, CVS Caremark	Ms. Mae Kishimoto, HSTA-R
Mr. Fred Cruz, CVS Caremark	Ms. Lynne Miura, Royal State
Mr. Christian Fern, HMSA	Mr. Kimo Palakiko, HGEA Retiree
Ms. Elaine Fujiwara, HDS	Ms. Christie Robinson, CVS Caremark
Mr. Mark Fukuhara, ABC LLC	Ms. Brenda Shiroma, Benefit Plan Solutions
Ms. Keiko Hiraoka, Lilly	

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:02 a.m. by Trustee Dean Hirata, Chairperson, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, April 2, 2013.

II. MINUTES

A. February 26, 2013

The Board reviewed the draft minutes of February 26, 2013. Discussion held by Trustees and staff regarding corrections of minutes. On page 9, line 1 the cap in “Became” does not have to be lower case because it is part of the title. The minutes will be amended as follows: (1) pages 4 and 5, add subject matter to all EUTF related bill numbers; and (2) page 6, line 23, after “OIMT” add “regarding the Transformation Internship Program”.

MOTION was made for the Board to approve the minutes of April 2, 2013 as amended. (Krieg/Mossman) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

### III. COMMITTEE REPORTS

#### 1. Administrative Committee

Chair Hidano reported that the Administrative Committee met on April 25, 2013 and discussed the agenda items listed. Agenda items 1-3 will be discussed in Executive Session.

1. Segal Company Renewal
2. Segal Contract Additional Services
3. Vitech Contract Amendment
4. Delegation of Contract Execution to Administrator

Chair Hidano stated the Administrative Committee recommends the Board delegate the Administrator to execute the following contracts: Xerox, Pitney Bowes, Employees Retirement System (ERS) [renewals without any changes, such as additional office space], EOH Enterprises (telephone system), and Printing (such as Reference Guides). Discussion held by Trustees and staff that the Administrator has been executing most of these contracts without Board approval but the Administrative Committee would like the Board to make a clear decision. Gallagher was excluded from list because the type and level of coverage would be decided by the Board and the Administrator would handle the procurement; and, if other contracts not on the approval list need to be executed and do not need a policy decision and are administrative, the Administrator may execute and inform the Board.

MOTION was made upon the recommendation of the Administrative Committee for the Board to approve to delegate the Administrator to execute the following contracts: Xerox, Pitney Bowes, Employees Retirement System (ERS) [renewals without any changes, such as additional office space], EOH Enterprises (telephone system), and Printing (such as Reference Guides). (Mossman/Fuddy) After discussion held by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

#### 5. Administrative Rules

Chair Hidano stated that the Administrative Committee reviewed part of the rules, changes were made, and the Administrative Committee will meet again to continue to review the rules.

No comments or questions from members of the public.

IV. OLD BUSINESS

1. EUTF-Related Legislation Update

Overview by Ms. Sandi Yahiro regarding EUTF-related bills and two new bills were added (see summary). Discussion held by Trustees and staff regarding HB0065, HD2, SD1-Prescription Drugs, Mail Order, Opt-Out and if the Acting Administrator met with the legislative committee chairs besides submitting testimony.

Mr. Tom Morrison stated, at the previous meeting, CVS Caremark provided the estimated cost impact to the benefit of having the mail order removed, also the Maintenance Choice, and the network would not be exclusive with their interpretation of HB0065. Further discussion held by Trustees, staff, and benefits consultant for a record to schedule a meeting with the chairs of the committees or at a minimum the EUTF Administrator should send a memorandum to the legislative committee explaining the affect of HB0065, HD2, SD1, and as a last resort appeal to the Governor to veto. Continuation of overview by Ms. Yahiro regarding: (1) HB0546, HD1, SD1-EUTF, Alternative Payment Models; (2) HB1459-Captive Insurance bill died and now got morphed in SB0946-EUTF, Trust Fund Annual Required Contribution, OPEB; (3) SB0961, SD1-State departments required to share information, is new and similar to EUTF's death validation bill. The Acting Administrator recommends supporting SB0961 and stated this bill would eliminate the HIPAA problem. Discussion held by Trustees and staff that this is just a general bill and concerns expressed by Trustees regarding HIPAA requirements by EUTF that would cost the Department of Health (DOH). Deputy Attorney General Sarah Hirakami stated that in Chapter 87A the Board has the authority to require information but DOH would need to give the information. (4) HCR081-Urging EUTF Board to Pay Tricare Premiums. Discussion held by Trustees and staff to ask if it is 100% reimbursement of the entire premium. The Acting Administrator was asked to check.

V. NEW BUSINESS

1. International Foundation of Employee Benefit Plans (IFEBC) 59<sup>th</sup> U.S. Annual Conference – October 20-23, 2013

Ms. Sandi Yahiro stated the EUTF budget is for 10 trustees and 1 staff. The Trustees will inform the EUTF staff if they are able to attend the conference. Discussion held by Trustees and staff if it would be beneficial to attend another conference sponsored by the IFEBC if they are not able to attend the Annual Conference. The Acting Administrator will check conferences being offered by the IFEBC which may be beneficial to the EUTF.

2. Pharmaceutical Mail Orders

There being no objections by the Trustees, this item is deferred until the next Board meeting.

3. EUTF Board's Delegation of Its Authority

MOTION was made for the Board to amend the agenda to move agenda item V.1. EUTF Board's Delegation of Its Authority after Executive Session. (Mossman/Hidano) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

4. Reconsideration of Medicare Part B Appeals

Trustees were informed to redact the social security number listed on the confidential handout in their Board packet regarding this item. Trustee Nip gave some background information regarding the reconsideration of Medicare Part B Appeals and summarized a call from a member that he was notified by Social Security that he was not eligible for Medicare Part B. He is now told if he does not get Medicare Part B he would not be covered under EUTF plans July 1, 2013. Ms. Sandi Yahiro stated we are bringing this item not as an appeal but just for general discussion and explained the procedures the EUTF took regarding these appeals. There are a handful of retirees who were told by Social Security or the EUTF that they were not eligible for Medicare Part B which was a mistake and incorrect and if it is now not fair to force them to enroll and pay a penalty of approximately \$50 a month by Social Security for which the EUTF does not reimburse. The EUTF could have those retirees do one more appeal and provide additional information for the Board to make a decision. Discussion held by Trustees and staff if a letter like this is received in the future that the EUTF would be responsible to verify if the information is correct. Trustee Nip stated there was some discussion that he did go to Social Security in Hilo and was told the premiums were \$400-\$500 a month which is much higher. Mr. Tom Morrison stated the penalty is 10% based from your 65<sup>th</sup> birthday. Since Social Security made the mistake, an appeal to Social Security should be made. Mr. Morrison supports the Acting Administrator's recommendation based on: (1) the information Social Security gave out was wrong; and (2) the eligibility for Medicare Part B does not require contributions into the system and anyone can enroll if they meet the eligibility requirements within the 50 States and not outside the States at the time they apply. Discussion held by Trustees, staff and benefits consultant that the EUTF office did contact Social Security and the Hilo Social Security office was incorrect and someone should inform them; social security income benefit links to Medicare Part A, concern that this member could lose benefits June 30, 2013; when is open enrollment for Medicare; and how effective it would be if the EUTF sends a letter to Social Security. Ms. Yahiro stated that the Board will have time because the EUTF will not terminate anyone until July 1, 2013.

MOTION was made for the Board to approve for the EUTF Administrator to reach out to these people and to do one more Appeal for the Board to reconsider based on information presented by the retiree. (Mossman/Krieg) After discussion held by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

No comments or questions from members of the public.

VI. Reports

A. Acting Administrator

1. Vitech Phase II

Overview by Ms. Sandi Yahiro regarding Vitech Phase II (see written report).

2. Bank of Hawaii Banking Services Progress

Overview by Ms. Sandi Yahiro regarding Bank of Hawaii banking services progress (see written report).

3. Administrative Rules Revision Project

The next Administrative meeting will be held on Thursday, May 2, 2013 at 9:00 a.m. (see written report).

4. 2013 Open Enrollment for Active Employees

Overview by Ms. Sandi Yahiro regarding the 2013 open enrollment for active employees (see written report). Discussion held by Trustees, staff, and benefits consultant regarding active employees open enrollment period not coinciding with collective bargaining that has always been a dilemma in the past which the EUTF does not have control over and that the EUTF will need a number of weeks to process enrollments effective July 1, 2013. Trustee Uwaine also expressed his concern about enrollment not coinciding with collective bargaining and this time it is unique due to new plans being offered. Trustee Uwaine stated that the collective bargaining target date will probably be April 26, 2013 and that the benchmark would be 60% of the dollar value of the 75/25 plan. Discussion held by Trustees, staff, and benefits consultant about concerns that employees would not know the amount they need to pay, at open enrollment they would know about all plans and total amounts, and the possibility of extending open enrollment or any restriction to re-open open enrollment. Ms. Yahiro stated there is no requirement to extend or re-open open enrollment. The dilemma would be pushing the open enrollment date back. Then the EUTF will not be able to process all enrollments timely. Discussion held by Trustees, staff, and benefits consultant regarding having another open enrollment as of January 1, 2014. Mr. Morrison stated the restriction would be the employers' restriction on the Premium Conversion Plan (PCP), there is no Federal regulation that says you have to have an open enrollment. The Board does open enrollment because it decides to but is not mandated. The contract with carriers does not require the EUTF to have annual open enrollment. Ms. Yahiro stated that the PCP is not a problem, they would allow the change and Trustee Krieg could check on it. Discussion held by Trustees, staff, and benefits consultant regarding rates, concerns that information about plans being clear to the employees because there are significant differences, for unions to assist their members to attend open

enrollment sessions, and for the EUTF to send letters to all organizations and employers and to post on the EUTF website. Ms. Yahiro stated that the EUTF will send a letter to employees describing the new plans. Discussion held by Trustees, staff, and benefits consultant that there are no changes to the retirees, a special meeting can be called if the Board wants to extend open enrollment, and for the EUTF to be prepared for a large turnout at the open enrollment sessions. Ms. Yahiro stated the EUTF had problems for scheduling of large sites. The EUTF is taping a presentation at OLELO and the EUTF staff will link to the EUTF website.

Discussion held by Trustees and staff regarding the EUTF scheduling a Benefits Committee meeting to discuss Other Post Employment Benefits (OPEB) and to also query the Trustees for a Board meeting on May 2, 2013 to do a presentation on OPEB.

5. Medicare Death Validation Project Update  
Overview by Ms. Sandi Yahiro regarding the Medicare death validation project update (see written report).
6. Direct Deposit Project Update  
Overview by Ms. Sandi Yahiro regarding the direct deposit project update (see written report). Discussion held by Trustees and staff that the EUTF has not received many calls regarding direct deposits.
7. Affordable Care Act Implementation  
Overview by Ms. Sandi Yahiro regarding the Affordable Care Act implementation (see written report).
8. Biennium Budget  
Overview by Ms. Sandi Yahiro regarding the biennium budget (see written report).
9. Implementation of EGWP Wrap Benefit Update  
Overview by Ms. Sandi Yahiro regarding the implementation of the EGWP Wrap benefit update (see written report). Ms. Yahiro stated that CVS Caremark reported that in one day there were 4,390 claims paid and out of the 4,390 claims 250 claims had a positive effect because of the implementation of the EGWP Wrap plan. So far so good.
10. CVS Implementation Guarantee  
Overview by Ms. Sandi Yahiro regarding the implementation of the CVS implementation guarantee (see written report). Ms. Yahiro stated that CVS was offering back approximately \$375,000. Mr. Tom Morrison stated that is CVS's first offer on their self performance, the potential at 100% is the \$1.5 million

range. At this time, the benefits consultant is working with the Acting Administrator regarding the negotiations with CVS Caremark. Discussion held by Trustees, staff, and benefits consultant on how long the process will take. Mr. Morrison stated that by next Board meeting we should have a firm decision. Discussion held by Trustees, staff, and benefits consultant that there are still issues unresolved and may be on-going.

11. Staffing Update of EUTF Administration Office  
Overview by Ms. Sandi Yahiro regarding the staffing in the EUTF Administrative office (see written report). Ms. Yahiro introduced Mr. Bert Nishihara who is on temporary assignment as the Financial Management Officer. The EUTF hired a Procurement Specialist who will start on April 4, 2013.
12. Legislative Bills/Hearings  
This item has been discussed under Old Business (see written report).
13. Cyber Risk Liability Insurance  
Overview by Ms. Sandi Yahiro regarding the Cyber Risk Liability insurance (see written report).
14. Specialty Medications  
Ms. Yahiro gave background information regarding specialty medications Ms. Yahiro and Mr. Tom Morrison summarized the problem regarding specialty medications with OnCare and Pharmicare. As of March 1, 2013, they are objecting to having the drugs supplied by CVS Caremark and prefer status quo. They are now referring all patients to the hospital. EUTF is working on this problem and CVS Caremark is working with OnCare and Pharmicare. Discussion held by Trustees, staff, and benefits consultant regarding concerns expressed by Trustees that people are very ill people and are stuck in the middle, that it is OnCare's choice not to administer the medication, how many members are involved, and if there is a workaround. Mr. Morrison stated the Board could grandfather current treating patients of OnCare but not new patients. Discussion held by Trustees, staff, and benefits consultant why we are requiring a change. Mr. Morrison stated it is because of the higher cost of the medications when the provider obtains it from the manufacturer, marks it up, submits the bill to HMSA for both cost of drug and markup, and delivers the medication. The specialty medications under informedRx were being carved out except for the hospital fee. OnCare was being reimbursed by HMSA that was an oversight by the previous PBM. OnCare and Pharmicare are providers exclusively for oncology. Because the EUTF prescription drug is self-insured plan, the Board can say OnCare can continue the course of treatment that has already been started for current patients. Discussion held by Trustees, staff, and benefits consultant that they are concerned about the 29 patients and what the amount is for OnCare. Ms. Sandra Benevides stated that as of last year under 100 were under OnCare. The count has been

requested from OnCare but they have not responded. OnCare is a primary oncology provider and Pharmicare does specialty pharmacy. Discussion held by Trustees, staff, and benefits consultant to keep status quo, if patients travel to OnCare or Pharmicare why can't they travel to the hospital, and in the past specialty drugs were all paid by HMSA which was not supposed to be done. Trustee Nip disclosed that her husband did work at Pharmicare. Discussion held by Trustees, staff, and benefits consultant that EUTF had the contract and HMSA was not supposed to have done that before and what would be the financial impact to the EUTF. Ms. Crissy Robinson from CVS Caremark explained the difference between OnCare and Pharmicare. Discussion held by Trustees, staff, and benefits consultant if the EUTF would be setting a precedent and if there is anything to communicate to OnCare that what they are doing is not acceptable or issue a warning. Ms. Sarah Hirakami stated the EUTF is already in litigation about accrued rights and benefits mostly for retirees. Anything that the Board does can be argued as accrued benefits that can never be reduced in the future. The case is still unresolved but it is always an issue. Ms. Yahiro stated she did have a discussion with OnCare, they claimed they would do the infusions if CVS Caremark would sign an indemnification contract with them. CVS Caremark prepared a letter which OnCare has. Discussion held by Trustees and staff if the Board needs to take action now and Trustees confirming if they would be grandfathering 29 patients because OnCare and CVS Caremark cannot agree due to liability. OnCare is now informing their patients to go directly to the hospital for their infusions. The EUTF will continue to pursue this issue with OnCare. Mr. Morrison stated that the communication to OnCare will be critical only now not for future and to work it out with CVS Caremark. Discussion held by Trustees, staff, and CVS Caremark on how it affects the neighbor islands. Ms. Crissy Robinson from CVS Caremark explained there are no private physicians administering at centers now, everything covered at infusion centers on the neighbor islands. Discussion held by Trustees, staff, benefits consultant, and Ms. Robinson regarding the distinction between Pharmicare and CVS Caremark regarding specialty medications. Ms. Robinson stated most specialty medications are sent to their home or with courier service unless members want to pick up their medications. Discussion held by Trustees, staff, and CVS Caremark regarding cost and that there is no difference in service, just preference. Ms. Sandra Benevides stated the only service OnCare would provide would be infusion services. Mr. Tom Morrison stated they get paid for the service not the drug. Mr. Christian Fern from HMSA, stated that OnCare has approximately 30 patients at this time and Queens said it takes a week to schedule a patient when contacted by OnCare. Mr. Fern also confirmed that HMSA can confirm who can be grandfathered.

MOTION was made for the Board to grandfather those currently receiving services for these specialty drugs on Oahu. (Mossman/Uwaine)



AMENDED MOTION was made for the Board to grandfather those currently receiving non-self-injectible medications on Oahu. (Mossman/Uwaine) After discussion held by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

15. HIPAA Security & Compliance Audit  
Overview by Ms. Sandi Yahiro regarding the HIPAA security and compliance audit (see written report).
16. COBRA Training  
Overview by Ms. Sandi Yahiro regarding COBRA training (see written report).
17. Expanding EUTF's Office Space  
Overview by Ms. Sandi Yahiro regarding expanding EUTF's office space (see written report).
18. EUTF's Internal Controls  
Overview by Ms. Sandi Yahiro regarding EUTF's internal controls (see written report). Ms. Yahiro reported that Mr. Wesley Machida from Employees Retirement System (ERS) was invited to do a presentation regarding ERS's internal controls at the Administrative Committee meeting. ERS uses a private consulting firm and ERS will have a full report soon. This item is referred to the Administrative Committee. The contract that ERS has with their vendor is for approximately \$500,000-\$600,000 which is a multi-year project which is extensive and comprehensive for ERS. Discussion held by Trustees and staff if it is in the best interest of the Board to have a higher level than the EUTF staff. Ms. Yahiro stated that she will be completing EUTF's internal control self assessment and presenting it to the Administrative Committee. After that a discussion can occur on whether EUTF should consider contracting an outside vendor to assist.
19. HGEA Favored Nation Project  
Overview by Ms. Sandi Yahiro regarding the HGEA favored nation project (see written report).  
Ms. Yahiro reported that this item is not really under the HGEA favored nation project, but an offshoot from this project. Some employees in the EUTF files have the wrong Bargaining Unit (BU) and caused them to have incorrect payroll deductions. A matching was done with the Department of Human Resources (DHRD) and there are quite a few more BUs that are incorrect that we now need to collect money from. Trustee Krieg stated that it is a good opportunity to make sure that all information is current and to send a memorandum to all employers if there are any data changes, EUTF must be informed. Ms. Yahiro stated it will take quite a bit of resources on the EUTF's part to make these corrections and the

EUTF wants to stay cooperative in assisting because some errors were made by EUTF and some by the employer.

B. EUTF Managers' Operational Reports

The EUTF Managers' reports were in Board packet (see written reports).

Chair Hirata asked if the Board had any questions for the managers/supervisor.

1. Member Services Branch (MSB)

a. MSB Data Update

b. MSB Staffing Level Update

Ms. Kellie Betonio reported that there are two Enrollment Technicians and one Outreach & Training Specialist positions vacant. Interviews will resume after open enrollment sessions end.

c. User Acceptance Testing of the V3 Benefits Administration System (BAS)

d. Employee-Beneficiary Concerns

Discussion held by Trustees and Ms. Betonio that things are improving with calls. Ms. Betonio stated that with open enrollment starting, they do anticipate the call volume to go up but the customer service branch is now fully staffed so should be able to handle calls. Trustee Hidano thanked CVS Caremark for their in-house support.

2. Information Technology (IT)

a. Prescription Drug Transition – Active Employees and Non-Medicare Retirees

Discussion held by Trustees and staff regarding the modified 834 logic code that IT is working with CVS Caremark.

b. Prescription Drug Transition – Medicare Retirees

c. Migrate EUTF Website to New System

d. Office of Information Management & Technology (OIMT) Transformations  
Internship Program Update

Discussion held by Trustees and staff communication with Randy Baldemor. Ms. Kathleen Shiroma stated she sent an email and had a conversation with Randy Baldemor and the EUTF is waiting for a response. Ms. Shiroma will follow-up and inform the Board.

e. Open Enrollment 2013 System Requirements

f. Computer Security Sign-On Agreement

g. Enrollment Counts

3. Accounting
  - a. Financial Audit for FY 2012

Overview by Mr. Bert Nishihara regarding the Financial Audit for FY 2012 (see report). Discussion held by Trustees and Ms. Tonaki if the EUTF has a timeline to address these issues in the audit report. Ms. Tonaki stated that the outstanding item on page 4 of the Audit Report regarding the enrollment system that a change request has been submitted to Vitech to identify immediately. On page 6 of the Audit Report, Ms. Yahiro reported that the internal controls are ongoing. Moving forward, these two items will be added or updated on the Acting Administrator's report.
  - b. Personnel for Accounting
  - c. Financial Statement as of January 31, 2013

Overview by Mr. Bert Nishihara regarding the Financial Statement as of January 31, 2013. Discussion held by Trustees and staff regarding rebates that are in the RFP and guaranteed, and that rebates are submitted quarterly in arrears. Mr. Morrison stated rebates vary from types of drugs and the estimate of CVS Caremark rebates are approximately \$1.3 million and SilverScript rebates are approximately \$1.5 million. Discussion held by Trustees, staff, and benefits consultant if the benefits of the wrap will be reported on the financial statement or a separate line item. Mr. Morrison stated Segal will include it in their report to the Board. Ms. Tonaki stated that it cannot be separated for the EGWP Wrap plan. Mr. Morrison stated he can get the information. Discussion held by Trustees and Ms. Tonaki regarding the Combined Statement of Revenue and Expenses line item 3, Interest Income. Chair Hirata stated that in past we did not invest but in future we should list. Ms. Tonaki stated that they will add it in the report. Discussion held by Trustees and Ms. Tonaki regarding the Combined Statement of Revenue and Expenses line item 27, office space, variance of (\$3,273). Ms. Tonaki stated that the amount was underestimated because the CAM increased. In the future, accounting will note what happened, like when the CAM increased and effective when. Ms. Tonaki stated that the variance has been on-going.
- C. Segal – Benefits Consultant Report
  1. Affordable Care Act (ACA) Update

Mr. Tom Morrison reported that he is getting approximately three regulations a week regarding health care reform and summarized the current regulations: (1) plan changes for the drug benefits for July 1, 2014 for active employees. Regulations require that if there are separate vendors (medical vs. drug) they both have at least a maximum out of pocket per year of no more than \$6,250 for an individual and \$12,500 for a family as a transition rule. As of July 1, 2015, all out

of pocket limitations for medical and prescription benefits must be combined and may not exceed a maximum of \$6,250 for single individuals and \$12,500 for active employees. Currently, there is no out of pocket for the drug benefits for actives, so that would be a plan change that this Board will have to consider and make prior to July 1, 2014. Medical plans on that same date may also not have an out of pocket greater than \$6,250 or \$12,500. None of the current plans have an out of pocket greater than \$6,250 or \$12,500. The decision before the Board will be now that you have to combine a drug out of pocket maximum with the medical, must address the current medical out of pocket to raise and accommodate that. Once the out of pocket maximum is reached under these regulations, there can be no co-pays charged for any services provided in network. What goes away are all copayments once an individual hits the out of pocket with the possible exclusion for non formulary medications and use of non network providers and pharmacies. Not only do they get everything in the medical plan with no co payment, no deductible, no co-insurance in network but also for the drug benefit there can be no co-insurance, co-payment, formulary high co-payment, specialty drug co-payment once that maximum is reached. There are two steps: (1) By July 1, 2014 for active employees, the plans for drugs have to include an out of pocket maximum. Segal will work with CVS Caremark to see if anyone would fit that out-of-pocket given the EUTF's current co-pay structure. None of this applies to retiree plans, SilverScript, or to Medicare Advantage. It applies to Kaiser because they are an integrated benefit. CVS Caremark has to put in an out of pocket limit on it which is no greater than \$6,250 for single and \$12,500 for family and by the following year those two out-of-pockets will have to be integrated into one. We have written confirmations that both companies are working on integrating their information that has to be exchanged daily to say that this member had another drug co-payment and reached their out-of-pocket. Mr. Morrison stated he heard this morning on the news that the States has been given an extra year to implement the small business exchange. There is no comment yet if it would extend the individual exchange.

Trustee Hidano stated that Segal should be submitting monthly written reports. Mr. Morrison stated that the EUTF Financial Report is submitted quarterly and that additional reports will be submitted in writing in the future.

D. Carrier Reports

Mr. Tom Morrison explained the current performance guarantees for phone call answer rate which is in the Request for Proposals (RFP) and will be reported with any penalties at the next Board meeting. Discussion held by Trustees, staff and benefits consultant regarding the benchmark contractually is 30 seconds and what the Board wants. There being no objections by the Trustees, if the vendors can meet 10 seconds that is what the Board would want.

1. CVS Caremark

Written report received.

Ms. Sandra Benevides reported that the EGWP wrap started and went well yesterday. There was one error in coding, with no costs to the EUTF or member. 81 members did not get cards but should receive today. Ms. Benevides introduced Mr. Fred Cruz and Mr. Todd Inafuku from CVS Caremark.

[Trustee Julia Zeghmi left at 11:35 a.m.]

2. SilverScript

Written report received. Ms. Lauri Hunter reported that the service warranty checks were distributed March 18, 2013 and in the future these types of items should be listed in the monthly written report. Discussion held by Trustees and Ms. Hunter that SilverScript will add breakdown of all calls in the future.

Ms. Hunter stated that based on feedback and Board directive that SilverScript sent follow up communication/clarification the week of March 18, 2013 that Trustee Currivan Musto stated that it read well.

3. Hawaii Dental Service (HDS)

Written report received.

4. Hawaii Medical Service Association (HMSA)

Written report received. Discussion held by Trustees, staff, benefits consultant, and Mr. Christian Fern regarding the average turnaround time for complaints of 42 days. Mr. Tom Morrison requested that HMSA explain and also list call center complaints/activities separately from appeals. Mr. Fern stated that the HMSA's report is incorrect and HMSA will make the change for next month. Discussion held by Trustees, staff, and benefits consultant on who is reviewing the carrier reports. Moving forward, the EUTF staff will review carrier reports before it is sent to the Board.

5. Kaiser Health Foundation

Written report received.

6. Royal State Insurance

Written report received.

7. Vision Service Plan (VSP)

Written report received. Discussion held by Trustees, staff, and benefits consultant regarding percentage of call answered within 60 seconds. Since no representative from VSP is available, Mr. Tom Morrison will follow-up with VSP.

Trustee Uwaine stated that it would be more appropriate for Ms. Nicole Wong to review the carrier monthly written reports instead of Ms. Sandi Yahiro. There being no objections from the Trustees, Ms. Nicole Wong, Member Services Branch Manager, is delegated to review monthly written reports from carriers before the EUTF submits the reports to the Board.

Ms. Mae Nishimura, member of the public, thanked Ms. Sandra Benevides from CVS Caremark for her presentation that was excellent and helpful.

Mr. Kimo Palakiko, member of the public, also thanked Ms. Benevides for the neighbor islands, members no longer have concerns because she addressed it.

VII. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 11:48 a.m. for the reasons stated on the agenda. (Krieg/Mossman) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Executive Session adjourned at 1:12 p.m.

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

1. Approved to renew the Segal contract.
2. Approved to amend the Vitech contract.
3. Approved the Hawaii Dental Service rates effective July 1, 2013.
4. Denied the Appeal to change the effective date of coverage.

VIII. COMMUNICATIONS FROM THE HAWAII COMMUNITY PHARMACISTS ASSOCIATION REGARDING PHARMACY BENEFIT MANAGER ISSUES  
Representative did not attend Board meeting.

IX. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

A. May 28, 2013, 9:00 a.m. – Regular Board Meeting

Chair Hirata announced the next regular Board meeting will be held on May 28, 2013 at 9:00 a.m.

X. ADJOURNMENT

There being no objections by the Trustees, the meeting adjourned at 1:14 p.m.

Respectfully submitted,

/s/

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Linda Currivan Musto, Secretary-Treasurer

APPROVED on May 28, 2013.

Documents Distributed:

1. Draft Board Minutes of February 26, 2013. (11 pages)
2. List of Legislative Bills Related to the EUTF dated 3/27/13. (5 pages)
3. 59<sup>th</sup> Annual Employee Benefits Conference 10/20-23/2013 in Las Vegas, Nevada. (4 pages)
4. Acting Administrator's Monthly Report to the Board for 2/15/13-3/15/13 dated 3/25/13. (6 pages)
5. EUTF Reference Guide for Active Employee Benefits Plans Effective 7/1/2013-6/30/2014. (59 pages)
6. Affordable Care Act Timelines dated 3/27/13. (3 pages)
7. Letter from SilverScript to Medicare Eligible Dependents dated 3/21/2013. (2 pages)
8. Memorandum to BOT from MSB Manager Regarding MSB Operations Report dated 3/11/13. (1 page)
9. Memorandum to BOT from IS Analyst Regarding April IT Operations Report dated 3/25/13. (11 pages)
10. Memorandum to BOT from Financial Management Officer Regarding Accounting Operations Report for 4/4/13 BOT meeting dated 3/25/13. (1 page)
11. EUTF Statement of Net Assets – Fiscal Year Ending June 30, 2013 (Unaudited) for Current Month 1/31/13 dated 3/25/13. (2 pages)
12. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 7 Months Ended 1/31/13 (Unaudited). (2 pages)
13. EUTF Statement of Cash Flows 7 Months Ended 1/31/13 (Unaudited) dated 3/22/13. (1 page)
14. Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE 6/30/2013 up to January 2013 dated 3/28/13. (1 page)
15. Experience Accounting of SilverScript Medicare & CVS Caremark Non-Medicare Retirees Self-Funded Plans Summary of FYE 6/30/2013 up to January 2013 dated 3/28/13. (1 page)
16. Comments from Miri Yi, Mina Pharmacies with Responses dated 3/22/13. (4 pages)
17. Mail Order Information dated 3/22/13. (3 pages)
18. Article on "This is Gonna Hurt" in the Honolulu Star-Advertiser dated 3/17/13. (3 pages)