

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, June 25, 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. Clifford Uwaine
Ms. Audrey Hidano	Ms. Julia Zeghmi

TRUSTEES ABSENT

Ms. Loretta Fuddy
Mr. Luis Salaveria

ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

Ms. Sandra Yahiro, Acting Administrator	Mr. Tom Morrison, Benefits Consultant
Ms. Donna Tonaki	Mr. Bert Nishihara
Ms. Maria Quartero	Ms. Kathleen Shiroma
Ms. Bonny Kahalewai	Ms. Nicole Wong

OTHERS PRESENT

Ms. Gary Asato, HDS	Ms. Lynne Miura, Royal State
Ms. Sandra Benevides, CVS Caremark	Mr. Larry Nishihara, Akamai
Mr. Andrew Elliott, CVS Caremark	Mr. Kimo Palakiko, HGEA-R
Ms. Monica Engle, VSP	Mr. Hilton Raethel, HMSA
Mr. Christian Fern, HMSA	Mr. Tony Saguibo, HMSA
Ms. Elaine Fujiwara, HDS	Mr. Geoff Sewell, Kaiser-HPMG
Mr. Mark Fukuhara, Akamai	Ms. Brenda Shiroma, Benefit Plan Solutions
Mr. Galen Haneda, HMSA	Mr. Troy Tomita, Kaiser
Ms. Keiko Hiraoka, Lilly	Ms. Linda Susan Yasunaga
Ms. Mae Kishimoto, HSTA-R	

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:03 a.m. by Trustee Dean Hirata, Chairperson, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, June 25, 2013.

II. MINUTES

A. May 28, 2013
The minutes of May 28, 2013 is deferred.

III. COMMITTEE REPORTS

A. Benefits Committee

Chair Krieg reported the topics discussed at the Benefits Committee meeting on June 18, 2013 were to introduce the Benefits Committee to ideas the Committee may want to think about as the Request for Proposals (RFP) for Medical and Drug Health Benefits move forward.

1. Request for Proposals for Health Benefits for 2013/2014

The recommendation of the schedule for the RFP will be discussed in Executive Session. At the next Benefits Committee meeting, discussion will be held on the substance of what should be in the RFP.

B. Administrative Committee

1. Administrative Rules Revisions – Chapters 1-5

Ms. Sandra Yahiro summarized the revisions to the Administrative Rules, Chapters 1-3 as recommended by the Administrative Committee. Discussion held by Trustees, staff, and benefits consultant regarding the revisions for Chapters 1-3 and the procedures for the adopting of the EUTF Administrative Rules. After the Board approves revisions, the EUTF staff will update the Rules with current references and Deputy Attorney General Kyle Chang will review the Administrative Rules revisions to confirm that it is okay to change in Statute and complies with the law. The EUTF staff will make the following revisions: (1) change definition of “Child” to “child means an employee or applicable spouse or partner’s legally adopted child ... partners as defined in these Rules”; (2) reference and add definition of “Civil Union partners”; (3) add definition of “Termination of civil union partnership” (Ms. Sandra Yahiro will check if civil union terminates under Hawaii law or other state); (4) change definition of “Month” to “shall mean the calendar month”; (5) under Rule 1.06(a)(3) Committees of the Board, change the Investment Committee to Investment “Consultant” and report...; (6) under Rule 2.04(e) Administrative Appeals, Mr. Tom Morrison will check if it is submission of receipt or postmark date. If submission is by receipt, Trustees prefer to say receipt...; (7) under Rule 2.05(b)(2)(3)(4) Emergency Appeals, Ms. Yahiro will combine information for Nos. (2)(3)(4); (8) under Rule 2.04(c) in first sentence change to “The Fund administrator shall expeditiously, but in no event later than two business days,” ... and third sentence after “emergency appeal by [~~filing a written request with~~] add “submitting a request to the Fund Administrator.”; (9) under Rule 2.06 Claim Filing and Appeals Information for Self-Insured Plan Administered Benefits, show missing language in first paragraph; and (10) under Rule 3.01(5) Health Benefits, after into [~~a~~] add “another” [domestic]...; and after number (6), last paragraph, first sentence, after enters add “into [~~a domestic~~] another”...

MOTION was made for the Board to approve the revisions of the Administrative Rules, Chapters 1-3 as recommended by the Administrative Committee to include revisions made by the Board today. (Mossman/Krieg) After discussion held by

the Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

IV. NEW BUSINESS

A. Presentation by HMSA on Healthcare Transformation

Presentation by Mr. Hilton Raethel from HMSA on Healthcare Transformation. Discussion held by Trustees and HMSA regarding patient care and what the Board needs to do in designing and preparing the RFP. Discussion held by HMSA and Mr. Kimo Palakiko regarding readmission and preventable readmissions.

B. Presentation by Segal on The Health Insurance Portability and Accountability Act (HIPAA)

Presentation by Mr. Tom Morrison from Segal regarding HIPAA. Mr. Morrison reported that Segal will do an on-site HIPAA audit of the EUTF in July 2013. Discussion held by Trustees, staff, and benefits consultant regarding the EUTF on-site audit and that there will be no additional charge to the EUTF. The Office of Civil Rights (OCR) within the Department of Health and Human Services (DHHS) is the federal enforcement agency. Trustee Mossman stated when the Trustees had HIPAA training they were never given or emailed the document to sign. Mr. Kimo Palakiko asked if Trustees are exempt because they did not sign the document. Mr. Morrison stated no, the Trustees were trained and that needs to be documented and filed for purposes of an audit by the OCR.

Recessed at 10:45 a.m. and Reconvened at 10:55 a.m.

V. REPORTS

A. Acting Administrator

Overview by Ms. Sandra Yahiro regarding the Acting Administrator's report.

1. Vitech Phase II

Trustee Hidano asked the Deputy Attorney General Kyle Chang if she can contact Mr. Randy Baldemor directly. Mr. Chang stated he will check if Trustee Hidano is able to contact Mr. Baldemor directly.

2. Bank of Hawaii Banking Services Update

Discussion held by Trustees and staff regarding issues that are being worked out which Bank of Hawaii is looking into. The EUTF staff will follow-up with Bank of Hawaii this week.

3. 2013 Open Enrollment for Active Employees

Discussion held by Trustees and staff regarding the reasons the EUTF is still behind in processing open enrollment for active employees and how many are still not processed. Ms. Nicole Wong stated approximately 44% are not completed. The percentage is about the same as the last time reported. Discussion held by Trustees and staff that the EUTF will send a memorandum through the

Departmental Personnel Officers (DPO) to all employees via e-mail that if they did not receive their ID cards and need to go to the doctor July 1st or 2nd to send EUTF an e-mail. In the subject line type “Urgent-Confirmation of Coverage Needed” EUTF will process a rush enrollment.

4. Medicare Death Validation Project Update
Ms. Yahiro reported that the Medicare death validation project is not off the ground yet. Discussion will be held in Executive Session.
5. Direct Deposit Project Update
6. Affordable Care Act Implementation
7. CVS Implementation Guarantee
8. Legislative Update
9. Cyber Risk Insurance
10. Specialty Medications
11. HIPAA Security & Compliance Audit
12. COBRA Training for EUTF Staff
13. Expanding EUTF’s Office Space
14. EUTF’s Internal Controls
15. Correction of Bargaining Unit Designations
Discussion held by Trustees and staff regarding EUTF identifying and correcting bargaining unit designations and the issue on how to handle retroactive corrections. Discussion held by Trustees, staff, and Mr. Lawrence Nishihara, member of the public, to make sure bargaining unit code/designations changes are properly reported to the EUTF. The employers have been notified to submit an EC-1 form for any changes including bargaining unit code/designations. The item on proceeding to collect monies from employees that would owe money will be discussed in Executive Session.
16. Premium/Rate Splits Different Between Bargaining Units and Between Employers
Discussion held by Trustees and staff that there may be different premium/rate splits for Bargaining Unit 13 and other jurisdictions that the EUTF computer system is not programmed to handle. Changes for Bargaining Unit 13 retroactive payments would not be processed until January 1, 2014. Trustee Uwayne requested a copy of the Executive Order when released. Discussion held by Trustees and staff that there are going to be additional costs to the reprogramming, additional staff time will be needed to complete this project, and additional funding will come from Vitech contract or the legislature.
17. EUTF HIPAA Security
18. Business Associate Agreement (BAA) with Dept of Accounting & General Services (DAGS) and Employees Retirement System (ERS)

19. EUTF Website Review

20. New Requirement for the Early Retiree Reinsurance Program (ERRP)

This item will be discussed in Executive Session.

21. Vitech Rebill Issue

Ms. Yahiro reported that she had a discussion with Vitech regarding the Vitech rebill issue and will be meeting with the EUTF managers on how proceed to fix the problem. EUTF just executed the contract with Vitech and EUTF's plan is to use monies in this contract and this will also take additional staff time.

B. EUTF Managers' Operational Reports

The managers' operational reports were in the Board's packet.

1. Member Services Branch (MSB)

a. MSB Data Update

b. MSB Staffing Level Update

Discussion held by Trustees and staff on the vacancies in MSB , MSB has three (3) 89-day hires in exempt positions and how long an agency can keep an 89-day hire.

2. Information Technology (IT)

a. Computer Equipment Move

b. Software Update Project

Discussion held by Trustees and staff that the software update project will finish at the end of August 2013 and OIMT has not contacted the EUTF.

c. Data Encryption Solutions

d. Information Systems Branch Reorganization and IT Staff Vacancy

e. Enrollment Counts

Discussion held by Trustees and staff on how many retirees are left that are going to be terminated for not turning in Medicare Part B cards. An inquiry will be done by the EUTF at the end of the month.

3. Accounting

a. Personnel for Accounting

b. Financial Statement as of April 30, 2013

Mr. Bert Nishihara summarized the financial statement as of April 30, 2013. Discussion held by Trustees and staff regarding the financial statement as of

April 30, 2013. On the next financial statement, Mr. Nishihara will include the updated interest income of \$23,000. Discussion held by Trustees and staff why line items 28(Transportation-Intra State) and 34 (Training and Registration are separate line items, and line item 29 (Office Space) CAM should be budgeted. The EUTF staff will confirm in the contract if the CAM can be increased.

C. Segal – Benefits Consultant Report

1. Quarterly Performance Report

Mr. Tom Morrison summarized his report regarding the medical, dental and vision plan experience. There is a correction on the second sentence of the first paragraph, should be “June 30, 2013”. Discussion held by Trustees, staff, and benefits consultant regarding the surpluses and the timeline for carriers returning the surplus to the EUTF. Chair Hirata asked if the Benefits Committee can review options/recommendations for rate settings. Trustee Krieg stated the Benefits Committee will need to prioritize and focus on the RFP for Health Benefits. Trustee Krieg requested a summary of what do we have out there that the Board needs to address in terms of reserves or surpluses, sources of funds, and possible options the Board could consider. Then it could be decided if the Benefits Committee should review.

2. Performance Guarantees for Carriers

The performance guarantee reporting for 2012 was in the Board packet at the May 28, 2013 Board meeting. All carriers reported meeting all of the performance standards as required in the contract except, as mentioned, for CVS Caremark. In Executive Session for the RFP, the Board may discuss if they would like to change the performance standards to be more aggressive.

3. Pharmacy Benefit Manager Audit

Overview by Mr. Tom Morrison regarding the pharmacy benefit manager audit. An RFP will need to be written. CVS Caremark will pay the auditor fee up to \$30,000.00.

D. Carrier Reports

1. CVS Caremark

Ms. Sandra Benevides introduced Mr. Andrew Elliott, the new Account Manager.

2. SilverScript

3. Hawaii Dental Service (HDS)

4. Hawaii Medical Service Association (HMSA)

5. Kaiser Health Foundation

6. Royal State Insurance

7. Vision Service Plan (VSP)

Trustee Hidano thanked VSP in establishing a customized 1-800 customer service phone number for EUTF as requested by the Board. The projected start date is August 1, 2013.

Discussion held by Trustees and Mr. Kimo Palakiko, member of the public, that in the future, the EUTF staff will post carrier reports on the EUTF website.

VI. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 12:03 p.m. for the reasons stated on the agenda. (Mossman/Nip) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

Executive Session adjourned at 1:40 p.m.

Vice-Chairperson Krieg reported that the Board has taken the following action in Executive Session.

1. Approved the RFP for Medical and Drug Health Benefits schedule/calendar.

VII. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

- A. July 23, 2013, 9:00 a.m. – Regular Board Meeting

VIII. ADJOURNMENT

There being no objections by the Trustees, the meeting adjourned at 1:41p.m.

Respectfully submitted,

/s/

Linda Currivan Musto, Secretary-Treasurer

APPROVED on August 27, 2013 as amended.

Documents Distributed:

1. Memorandum from Benefits Committee Regarding 6/18/13 Benefits Committee Meeting dated 6/19/13. (1 page)
2. EUTF Quarterly Report Executive Summary for March 2013 dated 5/9/13. (50 pages)
3. HMSA Presentation, "Improving Hawaii's Health" dated 6/2013. (1 page)
4. HIPAA Privacy and Security for the Group Health Plan, High Level Overview 2013 by

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- Segal. (24 pages)
5. U.S. Department of Health & Human Services, OCR Privacy Brief, Summary of the HIPAA Privacy Rule, Last Revised 05/03. (23 pages)
 6. Acting Administrator's Monthly Report to the Board for 5/16/13- 6/15/13 dated 6/20/13. (6 pages)
 7. EUTF IT's Review of Segal's Recommendation dated 6/18/13. (4 pages)
 8. Memorandum to BOT from MSB Manager Regarding MSB Operations Report dated 6/17/13. (1 page)
 9. Memorandum to BOT from IS Analyst Regarding June IT Operations Report dated 6/17/13. (9 pages)
 10. Memorandum to BOT from Financial Management Officer Regarding Accounting Operations Report for 6/25/13 BOT meeting dated 6/19/13. (1 page)
 11. EUTF Statement of Net Assets – Fiscal Year Ending June 30, 2013 (Unaudited) for Current Month 4/30/13 dated 6/15/13. (2 pages)
 12. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 10 Months Ended 4/30/13 (Unaudited) dated 6/15/13. (2 pages)
 13. EUTF Statement of Cash Flows 10 Months Ended 4/30/13 (Unaudited) dated 6/17/13. (1 page)
 14. Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE 6/30/2013 up to April 2013 dated 6/17/13. (1 page)
 15. Experience Accounting of SilverScript Medicare & CVS Caremark Non-Medicare Retirees Self-Funded Plans Summary of FYE 6/30/2013 up to April 2013 dated 6/17/13. (1 page)
 16. Memorandum to BOT from Segal Regarding Performance Guarantee Reporting for 2012 dated 5/21/13. (3 pages)