

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, July 15, 2014

TRUSTEES PRESENT

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| Mr. Luis Salaveria, Chairperson | Ms. Barbara Krieg |
| Ms. Maria Zielinski, Vice Chairperson | Ms. Celeste Nip |
| Ms. Linda Currivan Musto, Secretary-Treasurer | Ms. Julia Zeghmi |
| Mr. Dean Hirata (arrived 9:02 am) | |

TRUSTEES ABSENT

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|---------------------|---------------------|
| Ms. Audrey Hidano | Mr. Clifford Uwaine |
| Ms. Karolyn Mossman | |

ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

| | |
|---|---------------------------------------|
| Ms. Sandra Yahiro, Administrator | Mr. Tom Morrison, Benefits Consultant |
| Mr. Derek Mizuno, Assistant Administrator | Ms. Bonny Kahalewai |
| Ms. Maria Quartero | Mr. Raymond Kan |
| Mr. Adam Dreher | Ms. Donna Tonaki |
| Ms. Lauren Endo | Ms. Nicole Wong |

OTHERS PRESENT

| | |
|------------------------------------|-----------------------------------|
| Ms. Cheryl Archer, Royal State | Mr. John Hulihee, BOH |
| Mr. Gary Asato, HDS | Ms. Kristi Katayama, US Able Life |
| Ms. Sandra Benevides, CVS Caremark | Ms. Kessy Kepaa, C&C DHR |
| Mr. Christian Fern, HMSA | Ms. Monica Kim, VSP |
| Mr. Andrew Elliott, CVS Caremark | Ms. Melissa Kunitake, Kaiser |
| Ms. Kathy Fay, HDS | Mr. Doug Murata, Royal State |
| Mr. Wayne Hamano, BOH | Mr. Craig Petty, Hwys |
| Mr. Galen Haneda, HMSA | Ms. Melissa Skoczylas, Kaiser |
| Mr. Kevin Higa, BOH | |

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:01 a.m. by Trustee Luis Salaveria, Chairperson, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, July 15, 2014.

Chairperson Salaveria thanked Trustee Linda Currivan Musto for serving as Chairperson for the past year. The Board welcomed new Chairperson Luis Salaveria.

II. MINUTES

A. June 24, 2014

The minutes of June 24, 2014 is still being reviewed by EUTF staff.

III. COMMITTEE REPORT

A. Benefits Committee

1. Reinstate Coverage for Halau Lokahi Employees

Ms. Sandra Yahiro reported that Trustee Mossman had requested this agenda item to be placed on the agenda. Due to the fact that EUTF received copies of lay-off letters sent to Halau Lokahi employees, giving a lay-off date of May 20 – June 5, 2014, EUTF terminated coverage for the employees effective May 31, 2014. There was discussion on whether the EUTF should reinstate their coverage. The Committee felt they did not have enough information to make any recommendation and asked the Administrator to reach out to get more information before the Board meeting.

Ms. Yahiro spoke to Mr. Tom Hutton on July 14, 2014 and he said the Charter Commission appointed new Halau Lokahi board members. The new board will be tasked with evaluating financial conditions of the school. The school may still potentially close. There is no definitive answer. The Commission will keep the EUTF updated. The new board may meet on July 18, 2014.

2. Screening Colonoscopies for Retirees

Ms. Yahiro summarized the discussion held by the Benefits Committee on screening colonoscopies for retirees. The Committee asked staff to provide additional information including what the financial impact would be, and the Committee will then decide whether to cover screening colonoscopies for retirees.

3. Enhanced Dental Benefits

Ms. Yahiro summarized the discussion held by the Benefits Committee on enhanced dental benefits.

MOTION was made upon the recommendation of the Benefits Committee for the Board to approve enhancing the retiree dental benefits effective January 1, 2015, by adding one (1) additional children's fluoride treatment per year for children under 19, and improving the implant benefit with surgical placement of implant and abutment, once (1) per tooth every five (5) years, with coverage at 60% excluding the enhancement for HSTA VB retirees. (Krieg/Nip) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

A discussion will be held at a later date on whether or not to enhance the active employees' dental plan.

4. Covering Spouses in New Part-Time/Temporary Medical Plan for Active Employees Beginning July 1, 2015

Ms. Yahiro and Mr. Tom Morrison, Segal, summarized covering spouses in the new part-time/temporary medical plan for active employees beginning July 1, 2015.

MOTION was made upon the recommendation of the Benefits Committee for the Board to approve excluding coverage for spouses in the new part-time/temporary plans effective July 1, 2015. (Currivan Musto/Zielinski) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

5. Coordination of Benefits for Specialty Prescription Drugs
Ms. Yahiro summarized coordination of benefits for specialty prescription drugs. The Committee took no action.

6. Information on Plan Designs of Employers Across the Nation As Compared to EUTF Plans
The Administrator provided the Committee with a presentation on what other plans across the nation are doing regarding their plan designs and provided the Committee with some potential EUTF plan design changes for the active employee plans. More information will be provided to the Committee in subsequent meetings. Discussion held by Trustees, staff, and benefits consultant regarding the comparison of other plans with the EUTF. Ms. Yahiro stated that they had a conference call with the PEW Charitable Trusts who will be issuing a report on "State Employee Health Plan Spending". Chair Salaveria stated the PEW Charitable Trusts would like to provide their report to the Board when it is published and to invite them to attend a Board meeting.

7. 7 Sure Things to Help You Know Where to Go Next With Your Prescription Benefit by CVS Caremark
Ms. Yahiro reported that CVS Caremark briefed the Committee on their publication titled "7 Sure Things to Help You Know Where to Go Next With Your Prescription Benefit".

Mr. Christian Fern from HMSA stated that colonoscopy screening has never been a benefit of the EUTF retiree plan. HSTA VB does have colonoscopy screening but it was a covered benefit prior to them moving to the EUTF, and continued after January 1, 2011.

IV. NEW BUSINESS

A. Retirees Receiving Medicare Part B Reimbursements and Also Enrolled in the Medicare Savings Program

Ms. Yahiro reported that she recently found out about a Medicare Savings Program (MSP) that has been in existence for over 10 years. EUTF retirees receiving Medicare Part B reimbursement may also have the Medicare Part B premiums paid by the Medicare Savings Program. The EUTF is working with our Deputy Attorney General Kyle Chang to get a Business Associate Agreement with the Department of Human Services, Quest Division who runs the MSP for Hawaii. If the EUTF can get a list and match it with our file then the EUTF can discontinue Medicare

reimbursements and collect monies they should not have received. Discussion held by Trustees, staff, and benefits consultant on how Medicare Part B reimbursements are treated as income if the retiree is getting their Medicare Part B paid by the MSP and also getting reimbursement by EUTF. If it is a reimbursement for an expense, it is excluded from income under Section 105 on the individual's income tax. If it is a duplicate reimbursement, it should be declared as income and subject to state and federal taxes. Ms. Melissa Kunitake and Ms. Melissa Skoczylas from Kaiser were asked if Kaiser receives low income Medicare Savings reimbursements for the Medicare Advantage programs. Kaiser will follow-up and report to the Board.

B. Retiree Prescription Drug Rates Effective January 1, 2015

Mr. Tom Morrison summarized the EUTF retiree prescription drug rates effective January 1, 2015 as recommended by Segal. The Board approved the medical rates by award of the medical RFPs. Discussion held by Trustees, staff, and benefits consultant on the drug rate increases. Mr. Morrison confirmed that the prescription drug rates are accurate.

MOTION was made for the Board to approve the retiree prescription drug rates effective January 1, 2015 as recommended by Segal. (Krieg/Zielinski) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

C. Administrative Fee Effective January 1, 2015 for Retirees and July 1, 2015 for Active Employees

A memorandum to the Board dated July 15, 2014 was distributed to the Trustees. Mr. Derek Mizuno summarized the memorandum on the EUTF unrestricted net assets. The EUTF staff's recommendation is to use a portion of the reserve for administrative fees for the retiree plans from January 1, 2015 through December 31, 2015 and active plans July 1, 2015 through June 30, 2016. Discussion held by Trustees, staff, and benefits consultant regarding a target for administrative fees and what should be prudently reserved.

MOTION was made for the Board to approve to use a portion of the reserve for administrative fees for the retiree plans from January 1, 2015 through December 31, 2015 and active plans July 1, 2015 through June 30, 2016 as recommended by the EUTF staff. (Krieg/Zielinski) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

V. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 9:56 a.m. for the reasons stated on the agenda. (Hirata/Zeghmi) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

Executive Session adjourned at 11:01 a.m.

Recessed at 11:01 a.m. and Reconvened at 11:07 a.m.

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

1. Approved HMSA retiree rates effective January 1, 2015.
2. Approved one (1) Appeal for late enrollment of newborn.

VI. REPORTS

A. Segal – Benefits Consultant Report

1. Retiree Rates Effective January 1, 2015

Mr. Tom Morrison reported the Board previously approved the retiree rates at last month's Board meeting and HMSA retiree rates in Executive Session today, with benefit decisions made in public session. [Mr. Tom Morrison left at 11:09 a.m.]

B. Administrator

1. Vitech Modified Phase II (no Board discussion)

2. Administrative Rules Revision Project (no Board discussion)

3. Medicare Death Validation Project Update

Ms. Sandra Yahiro reported that IS did the data match up and the EUTF have approximately 218 matches where we are currently providing Medicare Part B reimbursement/coverage yet the retiree passed away. EUTF enrollment processed the 218 deaths. Mr. Derek Mizuno stated that the EUTF was paying half of the 218 Medicare Part B reimbursements. There were 60 deceased retirees with dependents receiving Medicare Part B reimbursements that the EUTF can collect from. Discussion held by Trustees and staff regarding referring to the Attorney General's office. Ms. Yahiro stated they have a call into the Attorney General's office to discuss the parameters on when to refer cases for criminal prosecution.

4. Direct Deposit Project Update (no Board discussion)

5. Affordable Care Act Implementation (no Board discussion)

6. Expanding EUTF's Office Space

Ms. Yahiro reported that DAGS said the EUTF will need additional space in addition to the 15th floor. The EUTF staff will provide additional information at the August Board meeting.

7. EUTF's Internal Controls (no Board discussion)

8. Premium/Rate Splits Different Between Bargaining Units and Between Employers (no Board discussion)

9. Business Associate Agreement (BAA) with Department of Accounting & General Services (DAGS) and Employees Retirement System (ERS) [no Board discussion]

10. EUTF Website Review (no Board discussion)
11. Vitech Rebill Issue (no Board discussion)
12. HB65, Act 226 SLH2013 – Mandatory Mail (no Board discussion)
13. Customer Service Improvement Project (no Board discussion)
14. Other Post Employment Benefits (OPEB) Actuarial Valuation (no Board discussion)
15. Health Benefit Plans Claims Audits (no Board discussion)
16. Retroactive Rate Changes – BU’s 00, 10, 12 and 13 (no Board discussion)
17. Request for Proposals for Dental, Vision and Life (no Board discussion)
18. Active Employee Open Enrollment – April 7, 2014 to May 2, 2014 (no Board discussion)
19. Converting from Lotus Notes to Office 365 (no Board discussion)
20. New Phone System (no Board discussion)
21. Halau Lokahi Charter School (no Board discussion)
22. Medicare Savings Program (no Board discussion)
23. Duplicate Checks Issued by Bank of Hawaii
Ms. Yahiro summarized the duplicate checks that was issued by Bank of Hawaii.
A copy of Bank of Hawaii’s letter was in Board packet.

C. EUTF Managers’ and Program Specialist Operational Reports

1. Member Services Branch (MSB)
 - a. MSB Data Update (no Board discussion)
 - b. MSB Staffing Level Update (no Board discussion)
 - c. Active Employee Open Enrollment (no Board discussion)
 - d. Carrier Reports for the Month of June (no Board discussion)
2. Information Systems (IS) Branch
 - a. Employer and Employee Retroactive Rate Change for BU’s 00, 10, 12 and 13 (no Board discussion)
 - b. Active Employee’s Open Enrollment 2014 (no Board discussion)
 - c. Employer and Employee Retroactive Rate Change for BU’s 06, 09, and 11 (no Board discussion)
 - d. V3 BAS Modified Phase II (Employer File Feed) [no Board discussion]
 - e. Microsoft Office 365 Conversion (no Board discussion)
 - f. Oracle Database Upgrade and Encryption (no Board discussion)
 - g. EUTF Local Area Network Server and Workstation Encryption (no Board discussion)
 - h. Enrollment Counts (no Board discussion)
3. EUTF Program Specialist
 - a. Wellness Initiatives (no Board discussion)
 - b. Prescription Drug Claim Auditing Services Request for Proposal (RFP) [no Board discussion]

c. Implementation of new UnitedHealthcare Advantage Plan (no Board discussion)

4. Financial Services Branch

- a. Contributions From Employers for OPEB in June 2014 (no Board discussion)
- b. Analysis of Excess Cash and Unrestricted Net Assets (no Board discussion)
- c. Retroactive Bargaining Unit Rate Changes Effective July 1, 2013 (BU 10, 12, 13) [no Board discussion]
- d. July 1, 2014 Active Rates (no Board discussion)
- e. Personnel for Financial Services Branch (no Board discussion)

f. Financial Statements as of May 31, 2014

Ms. Donna Tonaki summarized the financial statements as of May 31, 2014. Discussion held by Trustees and staff regarding Statement of Net Assets, line item 29, Benefits Liability for Self-Funded Plans and a new Auditor.

D. Carrier Reports

- 1. CVS Caremark
No report received. (no Board discussion)
- 2. SilverScript
No 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)

VII. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

A. August 26, 2014, 9:00 a.m. – Regular Board Meeting

The Board meeting for strategic planning is scheduled for August 4-5, 2014. The place to be arranged.

Ms. Melissa Kunitake and Ms. Melissa Skoczylas from Kaiser reported that Medicare Savings reimbursements does not come to Kaiser it goes through the low income subsidy program.

VIII. ADJOURNMENT

MOTION was made for the Board to adjourn meeting at 11:35 a.m. (Zielinski/Nip) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

Respectfully submitted,

/s/

Linda Currivan Musto, Secretary-Treasurer

APPROVED on September 23, 2014.

Documents Distributed:

1. Memorandum to BOT from Benefits Committee Regarding 7/14/14 Benefits Committee Meeting dated 7/14/14. (3 pages)
2. Medicare.gov on “Medicare Savings Programs” dated 7/10/14. (3 pages)
3. EUTF 2015 Prescription Drug Monthly Rates by Segal dated 7/11/14. (2 pages)
4. Memorandum to BOT from Financial Management Officer Regarding EUTF Unrestricted Net Assets dated 7/15/14. (2 pages)
5. EUTF and HSTA VB Monthly Retiree Rates, Monthly Premium Rates Comparison – Medical by Segal dated 7/11/14. (3 pages)
6. EUTF 2015 Retiree Rates HMSA Current Benefits (without Colonoscopy); Kaiser; UnitedHealthcare; HDS; VSP dated 7/11/14. (5 pages)
7. Administrator’s Monthly Report to the Board for 6/19/14 – 7/10/14 dated 7/9/14. (6 pages)
8. Customer Service Automated Call Distribution Report, July to December 2013 & January to 7/7/14 and June 2014-July 2014 dated 7/8/14. (3 pages)
9. EUTF Customer Service Improvement Project Survey Results dated 7/8/14. (1page)
10. Letter to Administrator from Bank of Hawaii Regarding Printing and Mailing of Duplicate EUTF Reimbursement Checks dated 7/3/14. (2 pages)
11. Memorandum to BOT from MSB Manager Regarding MSB Operations Report dated 7/7/14. (1 page)
12. Memorandum to BOT from IS Analyst Regarding June IS Operations Report dated 7/8/14. (11 pages)
13. Memorandum to BOT from Program Specialist Regarding June 2014 Monthly Report dated 7/8/14. (1 page)
14. Memorandum to BOT from Financial Management Officer Regarding Financial Services Branch Report for July 15, 2014 BOT Meeting. (1 page)
15. EUTF Statement of Net Assets – Fiscal Year Ending June 30, 2014 (Unaudited) for Current Month 5/31/14 dated 6/16/14. (2 pages)
16. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 11

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Board of Trustees Meeting

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Months Ended 5/31/14 (Unaudited) dated 6/16/14. (2 pages)

17. Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE 6/30/2013 & FYE 6/30/2014 up to May 2014 dated 7/2/14. (1 page)
18. Experience Accounting of CVS Caremark Non-Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2013 & FYE 6/30/2014 through 6/30/14 dated 7/2/14. (1 page)
19. Experience Accounting of SilverScript Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2013 & FYE 6/30/2014 through 6/30/14 dated 7/2/14. (1 page)
20. HDS Monthly Carrier Report for June 2014 dated 7/7/14. (1 page)
21. Kaiser Monthly Carrier Report for June 2014 dated 7/10/14. (3 pages)
22. Royal State Insurance Monthly Carrier Reports for June 2014 (Group Term Life Plan, Chiropractic Plan, Supplemental Medical Plan,) dated 7/8/14. (6 pages)
23. VSP Monthly Carrier Report for June 2014 dated 7/7/14. (11 pages)