

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, July 23, 2013

TRUSTEES PRESENT

Ms. Linda Currivan Musto, Chairperson
Ms. Julia Zeghmi, Vice Chairperson
Mr. Luis Salaveria, Secretary-Treasurer
Ms. Loretta Fuddy
Ms. Audrey Hidano

Mr. Dean Hirata
Ms. Barbara Krieg
Ms. Karolyn Mossman
Ms. Celeste Nip
Mr. Clifford Uwaine (arrived 9:11 am)

TRUSTEES ABSENT: None

ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

Ms. Sandra Yahiro, Acting Administrator
Ms. Donna Tonaki
Ms. Maria Quartero
Ms. Bonny Kahalewai

Mr. Tom Morrison, Benefits Consultant
Mr. Bert Nishihara
Ms. Kathleen Shiroma
Ms. Nicole Wong

OTHERS PRESENT

Mr. Andrew Elliott, CVS Caremark
Ms. Monica Engle, VSP
Mr. Christian Fern, HMSA
Ms. Elaine Fujiwara, HDS
Mr. Mark Fukuhara, ABC, LLC
Ms. Keiko Hiraoka, Lilly
Ms. Mae Kishimoto, HSTA-R
Ms. Lynne Miura, Royal State

Mr. Teruo Nagasako, HMSA
Mr. Larry Nishihara, Retiree
Ms. Lori Nishimura, C&C, HR
Mr. Kimo Palakiko, HGEA-R
Ms. Brenda Shiroma, Benefit Plan Solutions
Ms. Jennifer Tobin, C&C, HR
Mr. Vaughn Tokashiki, HSTA-R
Mr. Troy Tomita, Kaiser

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:00 a.m. by Trustee Linda Currivan Musto, Chairperson, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, July 23, 2013.

II. MINUTES

The minutes of May 28, 2013 and June 25, 2013 are deferred until the next Board meeting.

- A. May 28, 2013
- B. June 25, 2013

III. COMMITTEE REPORTS

- A. Benefits Committee
 - 1. Legislative Outreach

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Overview by Chair Krieg regarding the legislative outreach. [Trustee Uwaine arrived at 9:11 a.m.] The Benefits Committee recommends the Board authorize the Benefits Committee to take the lead in the legislative outreach.

MOTION was made for the Board to authorize the Benefits Committee to take the lead in the legislative outreach. (Salaveria/Nip) After discussion held by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

2. Request for Proposals for Medical and Drug Plans

This item will be discussed in Executive Session.

B. Administrative Committee

1. Early Retiree Reinsurance Program (ERRP) Recalculation of Claims Status Update

Update by Ms. Sandra Yahiro that the EUTF will not owe any money.

2. Retirees Who Reside Outside U.S. Enrolled in Medicare Part D

Overview by Chair Hidano that retirees residing outside the United States for more than 6 months will be terminated from prescription drugs coverage.

MOTION was made for the Board to require CVS Caremark to cover not only non-Medicare retirees, but also those retirees who reside outside of the U.S. for more than 6 months and can no longer be covered under EUTF's Medicare drug plan. Those Medicare retirees would be covered under the commercial plan as long as they maintain eligibility. (Hidano/Mossman) After discussion held by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

3. Request for Proposals for Actuarial Consultant

This item will be discussed in Executive Session.

IV. OLD BUSINESS

A. Administrative Rules Revisions – Chapters 1-5

Ms. Sandra Yahiro summarized changes approved at the last Board meeting and Chapter 4 of the Administrative Rules recommended by the Administrative Committee. Discussion held by Trustees, staff, benefits consultant, and members of the public regarding Administrative Rules revisions for Chapter 4. The EUTF staff will make the following revisions: (1) under Rule 4.05(c) Failure to File Properly Completed Enrollment Application..., after “application until the” add “next regular open or [~~special~~] additional limited...; (2) change title of Rule 4.09 to “Regular Open and [~~Special~~] Additional Limited Enrollment Periods” and in first sentence of paragraph, after “application” add “during [~~an~~] a regular open or [~~special~~] additional limited...; after “approved by the board for” add “that regular open or [~~special~~] additional limited...; in last sentence of paragraph after “approved by the board for

the” add “regular open or [~~special~~] additional limited enrollment period.”; (3) Rule 4.10(c), this item will be discussed when the EUTF staff provides a copy of the e-mail correspondence that in HIPAA rules, it is not a requirement that employees be allowed to change dated 6/26/13; (4) under Rule 4.13(a) Termination Due to Change in Employment Status, in fourth sentence of paragraph, after “within ten” add “business”; (5) change title of 4.14(c) to “Reinstatement Upon Return From “Lawful” Strike; and (6) 5.01(d) Enrollment or Changes in Enrollment Upon Retirement, where applicable, change from “30” days to “60” days.

V. REPORTS

A. Acting Administrator

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

1. Vitech Phase II
2. Bank of Hawaii Banking Services Progress
3. Administrative Rules Revision Project

4. 2013 Open Enrollment for Active Employees
Sandi Yahiro reported that EUTF was still behind processing open enrollment transactions. Discussion held by Trustees and staff regarding why the EUTF is still behind. Ms. Yahiro reported EUTF managers met to discuss ways to improve the processing and is trying a new process to speed up processing. There was a discussion on EUTF requesting additional positions in the future, possibly seasonal hires, to assist Member Services.

5. Medicare Death Validation Project Update
6. Direct Deposit Project Update

7. Affordable Care Act Implementation
Sandi Yahiro reported that EUTF will be paying its first federally-required Patient Centered Outcomes Research Institute (PCORI) fee by July 31, 2013. The payment is \$1 for each non-Medicare retiree and his/her non-Medicare dependent. She mentioned the next PCORI fee will be due July 31, 2014, for which a likely \$2 fee will need to be paid for all active employees, their dependents, and again for the non-Medicare retirees and their dependents. There was also discussion on EUTF’s administrative fee and what it is used for and whether the fee should be increased.

8. CVS Implementation Guarantee
Discussion held by Trustees, staff, and benefits consultant regarding the current status of the CVS Implementation Guarantee. The EUTF staff will be sending a letter to CVS Caremark at the end of this month on the disagreement.

9. Legislative Update
10. Cyber Risk Insurance

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11. Specialty Medications

Discussion held by Trustees, staff, and benefits consultant that CVS Caremark continues to work with OnCare.

12. HIPAA Security & Compliance Audit

13. Expanding EUTF's Office Space

14. EUTF's Internal Controls

15. Premium/Rate Splits Different Between Bargaining Units and Between Employers

16. Business Associate Agreement with Dept of Accounting & General Services and Employees Retirement System

17. EUTF Website Review

Discussion held by Trustees, staff, and benefits consultant that IT reviewed recommendations by Segal.

18. Medicare Part B Project Started December 2011

Discussion held by Trustees, staff, and benefits consultant that retirees who have not turned in Medicare Part B cards will be retroactively canceled July 1, 2013.

19. New Requirement for the Early Retiree Reinsurance Program

20. Vitech Rebill Issue

Discussion held by Trustees, staff, and benefits consultant regarding the status of the Vitech rebill issue.

21. HB65

Ms. Yahiro reported that HB 65 related to mandatory mail did pass. The EUTF took the position that the bill does not apply this 1st year. Legislators have contacted the EUTF expressing their concerns. This item will be discussed in Executive Session.

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 of concerns by Trustees on the filling of vacancies and the high turnovers in MSB.

c. Retiree Open Enrollment

d. Carrier Reports for the Month of June

2. Information Technology (IT)
 - a. Prescription Drug Transition – Active Employees and Non-Medicare Retirees
 - b. Prescription Drug Transition – Medicare Retirees
 - c. Information Systems Branch Reorganization and IT Staff Vacancy
 - d. Enrollment Counts
 - e. Enrollment Changes due to Open Enrollment
 - f. Count of EUTF Survivors
3. Accounting
 - a. Financial Statement as of May 31, 2013
Overview by Mr. Bert Nishihara regarding the financial statement as of May 31, 2013. Discussion held by Trustees, staff, and benefits consultant regarding the Statement of Net Assets, line item 26-Payable to Employee-Beneficiaries, Net of Allowance for Bad Debt, and concerns on the rent and CAM. Trustee Hidano will address with Ms. Donna Tonaki and Mr. Bert Nishihara.

Recessed at 10:54 am and Reconvened at 11:00 a.m.

C. Segal – Benefits Consultant Report

1. Update on the Affordable Care Act (ACA) Compliance and Prospective Implications for Plan Design in 2014 and 2015
Overview by Mr. Tom Morrison on the update of the ACA compliance and prospective implications for plan design in 2014 and 2015. Mr. Morrison stated that the provision requiring large employers to provide coverage for their workers or pay penalties is deferred for one year. For EUTF, the delay may be 6 months (from July 1, 2014 to January 1, 2015) because the federal government hasn't indicated whether it will allow fiscal plan years to implement it on July 1, 2015. Discussion held by Trustees, staff, and benefits consultant regarding the out-of-pocket maximum effective July 1, 2015.
Mr. Morrison summarized the Segal bulletin on the "Supreme Court's DOMA decision for Public Sector Plans" that was distributed to Trustees today.
2. HIPAA Audit Update
Mr. Morrison reported that there are no major problems reported; some minor suggestions, and EUTF needs to update its privacy manuals. Mr. Morrison stated it was a good audit.

D. Carrier Reports

1. CVS Caremark
Written report submitted.

2. SilverScript
Written report submitted.
Discussion held by Trustees, staff, benefits consultant, and Mr. Andrew Elliott from SilverScript on why the category on calls are high. Mr. Elliott will review and report back to the EUTF. Discussion held by Trustees, staff, benefits consultant if all reimbursements have taken place for all retiree that were due reimbursements. Mr. Elliott stated all reimbursements were made.
3. Hawaii Dental Service (HDS)
Written report submitted.
4. Hawaii Medical Service Association (HMSA)
Written report distributed to Trustees at the Board meeting.
5. Kaiser Health Foundation
Written report submitted.
6. Royal State Insurance
Written report submitted.
7. Vision Service Plan (VSP)
Written report distributed to Trustees at the Board meeting.

VI. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 11:25 a.m. for the reasons stated on the agenda. (Krieg/Salaveria) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Executive Session adjourned at 1:29 p.m.

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

1. Approval of the RFP for Actuarial Consultant.
2. Motion Failed on Implementation Date of House Bill 65 for Active Employees.

VII. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

A. August 27, 2013, 9:00 a.m. – Regular Board Meeting

VIII. ADJOURNMENT

There being no objections by the Trustees, the meeting adjourned at 1:29 p.m.

Respectfully submitted,

/s/

Luis Salaveria, Secretary-Treasurer

APPROVED on August 27, 2013 as amended.

Documents Distributed:

1. Memorandum to BOT from Benefits Committee Regarding 7/19/13 Benefits Committee Meeting dated 7/19/13. (1 page)
2. Prescription Policy Choices, Article on “PBM Fiduciary Duty and Transparency”. (6 pages)
3. Memorandum to BOT from Administrative Committee Regarding Administrative Committee Report from 7/22/13 Meeting dated 7/22/13. (1 page)
4. Acting Administrator’s Monthly Report to the Board for 6/16/13- 7/15/13 dated 7/17/13. (7 pages)
5. Mondaq Business Briefing on “U.S.: What the Delay of the Employer Mandate Means for Plan Sponsors” dated 7/17/13. (2 pages)
6. EUTF IT’s Review of Segal’s Recommendation dated 6/18/13. (4 pages)
7. Letter from Acting Administrator to CMMS, U.S. Dept. of Health and Human Resources Regarding Request for Extension dated 7/2/13. (2 pages)
8. Memorandum to BOT from MSB Manager Regarding MSB Operations Report dated 7/17/13. (1 page)
9. Memorandum to BOT from IS Analyst Regarding July IT Operations Report dated 7/15/13. (16 pages)
10. Memorandum to BOT from Financial Management Officer Regarding Accounting Operations Report for 7/23/13 BOT meeting dated 7/17/13. (1 page)
11. EUTF Statement of Net Assets – Fiscal Year Ending June 30, 2013 (Unaudited) for Current Month 5/31/13 dated 7/15/13. (2 pages)
12. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 11 Months Ended 5/31/13 (Unaudited) dated 7/15/13. (2 pages)
13. EUTF Statement of Cash Flows 11 Months Ended 5/31/13 (Unaudited) dated 7/15/13. (1 page)
14. Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE 6/30/2013 up to May 2013 dated 7/15/13. (1 page)

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15. Experience Accounting of SilverScript Medicare & CVS Caremark Non-Medicare Retirees Self-Funded Plans Summary of FYE 6/30/2013 up to May 2013 dated 7/15/13. (1 page)
16. IFEBP Conference (11/10-11/14/12) from EUTF Accounting dated 7/17/13. (1 page)
17. Segal Consulting Bulletin Regarding “Implications of the U.S. Supreme Court’s DOMA Decision for Public Sector Plans dated July 2013. (1 page)
18. CVS Monthly Carrier Report for June 2013 dated 7/15/13. (15 pages)
19. SilverScript Monthly Carrier Report for June 2013 dated 7/15/13. (3 pages)
20. HDS Monthly Carrier Report for June 2013 dated 7/9/13. (3 pages)
21. HMSA Monthly Carrier Report for June 2013 dated 7/17/13. (3 pages)
22. Kaiser Monthly Carrier Report for June 2013 dated 7/10/13. (2 pages)
23. Royal State Insurance Monthly Carrier Reports for June 2013 (Group Term, Supplemental Medical Plan, Chiropractic Plan) dated 7/5/13. (6 pages)
24. VSP Monthly Carrier Report for June 2013 dated 7/19/13. (8 pages)
25. ERS Holomua Newsletter, Active Member for April/May/June 2013. (6 pages)
26. ERS Holomua Newsletter, Retirees for April/May/June 2013. (6 pages)