

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, October 1, 2013

TRUSTEES PRESENT

Ms. Julia Zeghmi, Vice Chairperson	Ms. Barbara Krieg
Mr. Luis Salaveria, Secretary-Treasurer (arrived 9:21 am)	Ms. Karolyn Mossman
Ms. Loretta Fuddy	Ms. Celeste Nip
Ms. Audrey Hidano	Mr. Clifford Uwaine (arrived 9:08 am)

TRUSTEES ABSENT

Ms. Linda Currivan Musto, Chairperson
Mr. Dean Hirata

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. Lauren Endo	Ms. Nicole Wong
Ms. Bonny Kahalewai	

OTHERS PRESENT

Ms. Irene Bayudan, CVS Caremark	Mr. Jack Kitahira, Retiree
Ms. Sandra Benevides, CVS Caremark/SilverScript	Ms. Mae Kishimoto, HSTA-R
Mr. Andrew Elliott, CVS Caremark	Ms. Lynne Miura, Royal State
Mr. Christian Fern, HMSA	Mr. Teruo Nagasako, HMSA
Ms. Elaine Fujiwara, HDS	Ms. Lori Nishimura, C&C, HR
Mr. Mark Fukuhara, ABC, LLC	Ms. Brenda Shiroma, Benefit Plan Solutions
Mr. Galen Haneda, HMSA	Mr. Vaughn Tokashiki, HSTA-R
Ms. Keiko Hiraoka	Mr. Troy Tomita, Kaiser

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:03 a.m. by Trustee Julia Zeghmi, Vice Chairperson, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, October 1, 2013.

II. MINUTES

A. August 27, 2013

The Board reviewed the draft minutes of August 27, 2013. Discussion held by Trustees and staff regarding revisions made by the Acting Administrator Sandra Yahiro. Trustee Hidano expressed her concern that some discussion and comments made may have been left out.

MOTION was made for the Board to approve the minutes of August 27, 2013 as circulated. (Fuddy/Krieg) The motion failed. (Employer Trustees-2 Yes-Fuddy, Krieg, 1 No-Hidano/Employee-Beneficiary Trustees-2 Yes-Nip, Zeghmi, 1 Abstain-Mossman)

Further discussion regarding the Minutes of August 27, 2013 will be held in Executive Session and addressed later on the agenda in public session.

III. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 9:08 a.m. for the reasons stated on the agenda. (Fuddy/Nip) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Executive Session adjourned at 10:05 a.m.

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

1. Approved Award of Contract, RFP No. 13-001 for Actuarial Services for Other Post Employment Benefits (OPEB).
2. Approved six (6) Appeals for enrollment beyond 30 days for newborns.
3. Denied one (1) Appeal for enrollment beyond 30 days for newborns.

IV. NEW BUSINESS

A. EUTF FY2015 Budget

Acting Administrator Sandra Yahiro reported that the EUTF FY2015 budget is not ready. Discussion held by Trustees and staff that this agenda item will be reviewed by the Administrative Committee.

B. Other Post Employment Benefits (OPEB) Trust Document

Acting Administrator Yahiro and Mr. Tom Morrison explained the history and why a Plan and Trust Agreement for EUTF for OPEB is needed with an effective date of June 30, 2013. The draft Plan and Trust Agreement for EUTF for OPEB was prepared by Segal's legal office and reviewed by Mr. Tom Morrison, Ms. Sandra Yahiro and Mr. Kyle Chang. Discussion held by Trustees, staff, benefits consultant, and deputy attorney general regarding the OPEB Trust document. . A concern was raised about whether backdating the document is appropriate and Deputy AG Chang informed the Board he believes dating the document June 30, 2013 would be acceptable. Mr. Morrison informed the Board that the Trust Document is required for an OPEB Trust.

MOTION was made for the Board to approve the Plan and Trust Agreement for EUTF for OPEB effective June 30, 2013 subject to clarification and wording changes, and review by Mr. Kyle Chang. (Mossman/Krieg) After discussion by the Trustees,

the motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

C. 2014 EUTF Related Legislation

Ms. Yahiro reported that at the last meeting the Board approved supporting a bill that Department of Health (DOH) submitted during the 2013 Legislative Session related to death validation. This bill, HB1439, would have allowed DOH to provide EUTF death information. Ms. Yahiro stated that this agenda item will be on the agenda each meeting until the 2014 legislative session ends. [Trustee Uwaine left at 10:42 a.m.] Discussion held by Trustees and staff regarding the status of DOH bills (HB1439, HD1 and SB1377) which are still alive and needed to be pulled out of the Committee and the procedures for the EUTF in tracking and preparing testimonies for the Board. Trustee Fuddy will review with her staff to add these bills to the Administrative packet.

There were no public comments.

V. COMMITTEE REPORT

A. Benefits Committee

Acting Administrator Yahiro summarized the Benefits Committee report for the meeting held on August 28, 2013.

1. HSMA Dashboard (no Board discussion)
2. Act 226 (HB65) Specialty Medication
Discussion held by Trustees, staff, and Ms. Sandra Benevides regarding the estimated costs of specialty drugs.

VI. REPORTS

A. Acting Administrator

The Acting Administrator's report was in the Board's packet.

1. Vitech Phase II
Discussion held by Trustees and staff that the EUTF staff did meet with OIMT. Ms. Yahiro stated because the staff is new, with two employees from Oceanit, she had to educate them.
2. Bank of Hawaii Banking Services Progress
Ms. Yahiro reported that at the last Board meeting the Board approved to invest reserves in the Vanguard fund. An e-mail was received from Bank of Hawaii that \$35 million was invested in Vanguard yesterday.
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)

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6. Affordable Care Act Implementation (no Board discussion)
7. CVS Implementation Guarantee (no Board discussion)
8. Specialty Medications (no Board discussion)

9. Health Insurance Portability and Accountability Act (HIPAA) Security & Compliance Audit
Discussion held by Trustees and Mr. Tom Morrison regarding the status of Segal's HIPAA report. A full report will be submitted to the Board at the next Board meeting.

10. Expanding EUTF's Office Space (no Board discussion)

11. EUTF's Internal Controls
Discussion held by Trustees and staff regarding the status of EUTF's internal controls report. Ms. Yahiro stated that she will try to submit the report at the end of November 2013.

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

13. Business Associate Agreement (BAA) with Department of Accounting & General Services (DAGS) and Employees Retirement System (ERS)
Since DAGS and ERS house servers that contain protected health information, the Attorney General's office advised EUTF that BAA's are required. Discussion held by Trustees, staff, and benefits consultant regarding the requirements of the BAA with state entities, the federal requirements for HIPAA, and concerns if state entities sign BAA they can be held liable.

14. EUTF Website Review (no Board discussion)
15. Medicare Part B Project Started December 2011(no Board discussion)
16. Vitech Rebill Issue (no Board discussion)
17. HB65, Act 226 SLH2013 (no Board discussion)

18. Customer Service Improvement Project
[Trustee Uwaine returned at 10:49 a.m.] Overview by Ms. Yahiro regarding the customer service improvement project and the Customer Service Automated Call Distribution Report from July 2013-September 2013. The first customer service training session was held on September 30th and the second training will be held on Friday, Oct. 4. The staff that attended on September 30th indicated it was beneficial. Discussion held by Trustees and staff that call answer rates improved but call volume has also been down, and reasons/trends for high volume of calls.

19. Retiree Open Enrollment

Discussion held by Trustees, staff, and benefits consultant regarding whether EUTF would be able to offer retirees the ability to set up automatic payment plans to pay their premiums, instead of paying via paper check. The Acting Assistant Administrator said EUTF will look into this for the future.

20. Request for Proposal (RFP) for Actuarial Consultant (no Board discussion)

21. FY2015 Budget (no Board discussion)

22. Health Benefit Plans Claims Audits (no Board discussion)

Discussion regarding the Minutes of August 27, 2013 held earlier on agenda and in Executive Session.

MOTION was made for the Board to approve the minutes of August 27, 2013 as circulated. (Fuddy/Krieg) The motion passed. (Employer Trustees-4/Employee-Beneficiary Trustees-3 Yes-Nip, Uwaine, Zeghmi, 1 Abstain-Mossman)

B. EUTF Managers' Operational Reports

The Managers' Operational reports were in the Board's 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 August 2013 (no Board discussion)

2. Information Technology (IT)

- a. V3 Benefits Administration System (no Board discussion)
- b. Customer Service Automated Call Distribution System (no Board discussion)
- c. Information Systems (IS) Branch Reorganization and IT Staff Vacancy (no Board discussion)
- d. Enrollment Counts (no Board discussion)

3. Accounting

- a. Financial Statement as of July 31, 2013
Overview by Mr. Bert Nishihara regarding the Financial Statement as of July 31, 2013. Discussion held by Trustees and staff regarding why high overtime amounts. The reason for the high overtime in July was due to the processing of open enrollment. Ms. Donna Tonaki stated that overtime may have been low in prior months because the EUTF did not request for overtime.

C. Segal – Benefits Consultant Report

Mr. Tom Morrison summarized the memorandum from Segal, dated September 27, 2013, regarding “Minimum Value and Affordability Determination (revised)”, which concluded that both the HMSA and Kaiser plans provide ‘minimum value’ under the Affordable Care Act. Regarding affordability, Mr. Morrison stated that for EUTF plans, the Kaiser Standard plan is the lowest cost plan and employees in bargaining units (BU) 1 and 5 must make at least \$8.01 per hour for the plan to be considered ‘affordable’. But employees in BU 0, 2, 3, 4, 7, 8, and 13, they must make at least \$6.24 per hour. For employees in BU 6, and 13, they must make \$13.28 per hour. For employees in BU 9, 10, 11, they must make \$7.77. For employees enrolled in the HSTA VB plans, the lowest cost plan is the HMSA 80.20 PPO plan. Employees in BU 5 must make at least \$9.84 for the plan to be considered “affordable”.

Mr. Morrison reported that today is the date the Hawaii Health Exchange must be open for business. He passed out and summarized the “Health Insurance Marketplace Premiums for 2014” published September 25, 2013, which states that Hawaii is one of 3 states not listed because Hawaii had not released premium information as of September 16, 2013.

1. September 9, 2013 Proposed Treasury Regulations Related to Information Reporting by Large Employers on Health Insurance Coverage Offered Under Employer-Sponsored Plans and Reporting of Minimum Essential Coverage

Mr. Morrison summarized the Proposed Treasury regulations released September 9, 2013 related to: (1) Information Reporting by Large Employers on Health Insurance Coverage Offered Under Employer-Sponsored Plans and; (2) Information Reporting of Minimum Essential Coverage.

The Information Reporting by Applicable Large Employers on Health Insurance Coverage Offered regulations requires large employers to file a return with the IRS that reports for each employee who was full-time for one or more months during the calendar year certain information about the health care coverage the employer offered to that employee. The information must include, among other things, the number of full-time employees for each month during the calendar year, and the name, address, and social security number (SSN) of each full time employee. Additionally, employers must furnish by January 31 of the calendar year following the calendar year for which the return must be filed a statement to each full-time employee. The Information Reporting of Minimum Essential Coverage regulation requires employers to report, among other things, the name of each individual enrolled in minimum essential coverage and the name and address of the primary insured or other related person who submits the application for coverage. Additionally, the employer must report the SSN and months of coverage for each individual who is covered under the plan. information about

coverage that they offer to their full-time employees and to furnish related statement to employees. Segal has been discussing with the Acting Administrator on how we are going to comply on behalf of the employers because the employers look to the EUTF.

2. Caremark 90-Day Supply of Maintenance Medications
This item was not addressed.

D. Carrier Reports

1. CVS Caremark
Written report received.
2. SilverScript
Written report received.
3. Hawaii Dental Service (HDS)
Written report received.
4. Hawaii Medical Service Association (HMSA)
Written report received.
5. Kaiser Health Foundation
Written report received.
6. Royal State Insurance
Written report received.
7. Vision Service Plan (VSP)
Written report received.

VII. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

- A. November 5, 2013, 9:00 a.m. – Regular Board Meeting

VIII. ADJOURNMENT

There being no objections by the Trustees, the meeting adjourned at 1:26 p.m.

Respectfully submitted,

/s/

Luis Salaveria, Secretary-Treasurer

APPROVED on November 5, 2013 as amended.

Documents Distributed:

1. Draft Board Minutes of 8/27/13. (13 pages)
2. Draft Plan and Trust Agreement for EUTF for OPEB Effective 6/30/13. (20 pages)
3. Memorandum to BOT from Benefits Committee Regarding 8/28/13 Benefits Committee meeting. (1 page)
4. Acting Administrator's Monthly Report to the Board for 8/19/13- 9/24/13 dated 9/24/13. (9 pages)
5. Customer Service Automated Call Distribution Report, July 2013 dated 9/25/13. (3 pages)
6. Memorandum to BOT from MSB Manager Regarding MSB Operations Report dated 9/26/13. (1 page)
7. Memorandum to BOT from IS Analyst Regarding September IT Operations Report dated 9/23/13. (10 pages)
8. Memorandum to BOT from Financial Management Officer Regarding Accounting Operations Report for 10/1/13 BOT meeting dated 9/25/13. (1 page)
9. EUTF Statement of Net Assets – Fiscal Year Ending June 30, 2013 (Unaudited) for Current Month 7/31/13 dated 9/24/13. (2 pages)
10. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 1 Month Ended 7/31/13 (Unaudited) dated 9/24/13. (2 pages)
11. EUTF Statement of Cash Flows 1 Month Ended 7/31/13 (Unaudited) dated 9/24/13. (1 page)
12. Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE 6/30/2013 up to 6/30/2013 & FYE 6/30/2014 dated 9/25/13. (1 page)
13. Experience Accounting of SilverScript Medicare Retirees Self-Funded Plans Summary of FYE 6/30/2013 & FYE 6/30/2014 dated 9/25/13. (1 page)
14. Experience Accounting of CVS Caremark Non-Medicare Retirees Self-Funded Plans Summary of FYE 6/30/2013 & FYE 6/30/2014 dated 9/25/13. (1 page)
15. 54986 Federal Register/Vol. 78, No. 174/Monday, 9/9/13/Proposed Rules & FAQs about ACA Implementation (Part XVI) dated 9/4/13. (14 pages)
16. 54996 Federal Register/Vol. 78, No 174/Monday, 9/9/13/Proposed Rules. (18 pages)
17. Memorandum to BOT from Segal Regarding Minimum Value and Affordability Determination (Revised) dated 9/27/13. (4 pages)
18. Health Insurance Marketplace Premiums for 2014, published 9/25/13 from Segal. (1 page)
19. CVS Monthly Carrier Report for August 2013 dated 9/10/13. (3 pages)
20. SilverScript Monthly Carrier Report for August 2013 dated 9/10/13. (3 pages)
21. HDS Monthly Carrier Report for August 2013 dated 9/9/13. (3 pages)
22. HMSA Monthly Carrier Report for August 2013 dated 9/13/13. (3 pages)
23. Kaiser Monthly Carrier Report for August 2013 dated 9/9/13. (2 pages)
24. Royal State Insurance Monthly Carrier Reports for August 2013 (Supplemental Medical Plan, Chiropractic Plan, Group Term Life Plan) dated 9/9/13 & 9/12/13. (6 pages)
25. VSP Monthly Carrier Report for August 2013 dated 9/16/13. (9 pages)