HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, November 5, 2013

TRUSTEES PRESENT
Ms. Linda Currivan Musto, Chairperson
Ms. Julia Zeghmi, Vice Chairperson
Ms. Loretta Fuddy
Mr. Dean Hirata
Ms. Barbara Krieg
Ms. Karolyn Mossman (arrived 9:22 am)
Ms. Celeste Nip
Mr. Clifford Uwaine (arrived 9:32 am)

TRUSTEES ABSENT
Ms. Audrey Hidano
Mr. Luis Salaveria, Secretary-Treasurer

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. Raymond Kan
Mr. Bert Nishihara
Ms. Nicole Wong

OTHERS PRESENT
Ms. Halaki Ancheta
Mr. Gary Asato, HDS
Ms. Sandra Benevides, CVS Caremark/SilverScript
Mr. Andrew Elliott, CVS Caremark
Mr. Monica Engle, VSP
Mr. Christian Fern, HMSA
Mr. Corey Fujii, Pharmacare
Mr. Mark Fukuhara, ABC, LLC
Mr. Herbert Hussey, Kealakai, LLC
Mr. Steve Johnston, VSP
Ms. Mae Kishimoto, HSTA-R
Ms. Lynne Miura, Royal State
Mr. Teruo Nagasako, HMSA
Ms. Lori Nishimura, C&C, HR
Mr. Bill Sandkuhler, A.J. Gallagher
Mr. Bruce Smith, VSP
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 9:03 a.m. by
Trustee Linda Currivan Musto, Chairperson, in the EUTF Conference Room, 201
Merchant Street, Honolulu, Hawaii, on Tuesday, November 5, 2013.

II. MINUTES
A. October 1, 2013
The Board reviewed the draft minutes of October 1, 2013. The minutes will be
amended as follows: (1) page 3, line 8, after that delete “his” and add “this”; and
(2) page 3, line 40, delete “they invested” and after million add “was invested”.

(Continued on next page...
MOTION was made for the Board to approve the minutes of October 1, 2013 as amended. (Krieg/Zeghmi) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

III. OLD BUSINESS
A. 2014 EUTF-Related Legislation
Ms. Sandra Yahiro reported that the Board supported HB 1439 from the 2013 legislative session, which allows the Department of Health (DOH) to share death information with State agencies. Discussion held by Trustees, staff, and deputy attorney general that a new bill will be introduced in the 2014 legislative session and will be similar to HB 1439, who will be the sponsoring agency for the new bill, and whether Trustee Krieg and the Acting Administrator should meet with Representative Karl Rhoades.

B. EUTF FY15 Budget
Ms. Sandra Yahiro reported that the Administrative Committee reviewed and recommends the Board approve the EUTF FY15 Budget and summarized the new positions with revisions made by the Administrative Committee. The revisions were to add additional justification for the two new Account Clerk positions and to change the Investment Specialist to Investment Officer with increased pay. Ms. Donna Tonaki reported when the budget was approved by the Administrative Committee, the Budget for positions were for a whole year but was informed by B&F to submit the Budget for 6 months only. The EUTF FY15 Budget still needs to be reviewed by the Director of Finance.

MOTION was made for the Board to approve the EUTF FY15 Budget with revisions to add additional justification for the two new Account Clerk positions and to change the Investment Specialist to Investment Officer with increased pay. (Krieg/Hirata) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Mr. Vaughn Tokashiki, member of the public, thanked the Board for moving forward and approving the EUTF FY15 Budget.

IV. NEW BUSINESS
A. Communication From Member Regarding Pharmacy Benefit Manager
Ms. Halaki Ancheta summarized her problems with CVS Caremark since CVS Caremark took over. The main problem was that CVS Caremark was requiring her son to have prior authorizations and brand penalty exception completed and approved before he can continue taking the medications he took prior to CVS Caremark taking over and the authorization was taking too long and taking too much of the doctor’s time. Additionally, the prior authorizations/appeals expire after one year. [Trustee Mossman arrived at 9:22 a.m.] Discussion held by Trustees, staff, benefits consultant, and Mr. Andrew Elliott and Ms. Sandra Benevides from CVS Caremark
regarding the transition from informedRx to CVS Caremark, the timeline for prescription prior authorization and brand penalty exception, a remedy or resolution from CVS Caremark when first authorized for a specific medication, and whether a notification can be sent to member when an approval expires. [Trustee Uwaine arrived 9:32 a.m.] Further discussion held by Trustees, staff, benefits consultant, and Ms. Sandra Benevides from CVS Caremark regarding whether CVS Caremark has a procedure in place to warn or contact doctors that do not submit proper information to CVS Caremark, and why there is an expiration date on a waiver of a brand generic co-pay exception since the prescribing drug is not going to change if the merits of the waiver existed at inception of that waiver. Mr. Tom Morrison questioned what happens in a year that changes all of that if this drug does not require prior authorization. Mr. Morrison recommended the Board direct CVS Caremark to extend the waiver of the co-pay differences for the duration of the medication prescribed by the same physician, but that different physicians would need to submit new authorizations. The fact is prescribing physicians/psychiatrists should have that waiver based upon those merits for the duration of the drug.

MOTION was made for the Board to approve directing CVS Caremark to extend the waiver of the co-pay differences for the duration of the medication prescribed by the same physician, but that different physicians would need to submit new authorizations. (Krieg/Mossman) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

Discussion held by Trustees, staff, benefits consultant, Sandra Benevides from CVS Caremark, and Ms. Halaki Ancheta on how the authorization will work because medication was just switched. Ms. Benevides stated CVS Caremark will work with EUTF and the benefits consultant to set up parameters and procedures.

B. EUTF Insurance Renewals
Mr. William Sandkuhler summarized recommendations for the EUTF Fiduciary Liability, Crime Coverage, and Public Officials Errors and Omissions insurance renewals and explained the waiver of recourse for Trustees to pay $25 individually payable to Arthur J. Gallagher. Paying $25 individually would protect Trustees from personal liability. Discussion held by Trustees and Mr. Sandkuhler reasons why carriers have not submitted quotes.

MOTION was made for the Board to approve the insurance policies for: (1) Fiduciary Liability, (2) Crime Coverage; and (3) Public Officials Errors and Omissions, for the period December 15, 2014 to December 15, 2014 as recommended and presented by Mr. William Sandkuhler. (Fuddy/Hirata) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)
MOTION was made for the Board to reject coverages for: (1) TRIA/Terrorism coverage; and (2) Kidnap and Ransom, as recommended and presented by Mr. William Sandkuhler. (Fuddy/Hirata) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

Mr. Vaughn Tokashiki commented that the Governor appointed Trustees, so the State should pay the $25 not the individual Trustee. Mr. Sandkuhler stated this waiver of recourse is for Trustees as individuals, so must pay personally.

C. W-2 Reporting Issue
Ms. Yahiro reported that the W-2 reporting issue with the Department of Accounting and General Services (DAGS) has been resolved and will be covered under the Acting Administrator’s report.

V. COMMITTEE REPORTS
A. Administrative Committee
1. Administrative Rules Revision Project, Section 2.04
Ms. Sandra Yahiro summarized the Administrative Rules revision to Section 2.04 that the Administrative Committee recommends the Board approve. The change would put a 90 day limit on the time a member may appeal to the Board; currently the Rules have no limits.

MOTION was made as recommended by the Administrative Committee for the Board to approve the Administrative Rules revision to Section 2.04 Administrative Appeals, after end of second sentence, add “within 90 days of the administrator’s action. If no action is taken by the administrator within 30 days of the written appeal to the administrator being filed in the Fund’s office, then the written appeal to the Board must be filed in duplicate in the Fund’s office within 120 days of the written appeal to the administrator being filed in the Fund’s office”. (Krieg/Mossman) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

2. FY15 Budget
This item was discussed and approved earlier on the agenda.

3. 2014 Legislative Proposals
This item was discussed earlier on the agenda.

VI. REPORTS
A. Acting Administrator
1. Vitech Modified Phase II
Discussion held by Trustees and staff regarding the history and status of the Vitech Modified Phase II project. Concern expressed by a Trustee that this
project is dragging. Ms. Sandra Yahirot stated that the entire Office of Information Management & Technology (OIMT) staff who worked on this project is gone and the project will have to start over and will meet with the new OIMT staff.

Recessed at 10:21 a.m. and Reconvened at 10:26 a.m.

2. Bank of Hawaii Banking Services Progress (no Board discussion)
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)
6. Affordable Care Act Implementation (no Board discussion)

7. CVS Implementation Guarantee
   Discussion held by Trustees, staff, and benefits consultant regarding the status of the CVS Implementation Guarantee, that no monies were received to date, what was reported at the last Board meeting, what options the EUTF has if an agreement is not reached, and if a deadline should be set so legal action can be taken.

   MOTION was made for the Board to approve to set a deadline of December 31, 2013 if an agreement is not reached with the CVS Implementation Guarantee. (Uwaine/Hirata) The motion failed. (Employer Trustees-2 YES-Fuddy/Hirata, 1 NO-Krieg/Employee-Beneficiary Trustees-5 YES-Currivan Musto/Mossman/Nip/Uwaine/Zeghmi)

8. HIPAA Security & Compliance Audit
   This item will be discussed in Executive Session.

9. Expanding EUTF’s Office Space (no Board discussion)
10. EUTF’s Internal Controls (no Board discussion)
11. Premium/Rate Splits Different Between Bargaining Units and Between Employers (no Board discussion)
12. Business Associate Agreement with Department of Accounting & General Services (DAGS) and Employees Retirement System (ERS) (no Board discussion)
13. EUTF Website Review (no Board discussion)
14. Medicare Part B Project Started December 2011 (no Board discussion)
15. New Requirement for the Early Retiree Reinsurance Program (no Board discussion)
16. Vitech Rebill Issue (no Board discussion)
17. HB65, Act 226 SLH2013 (no Board discussion)
18. Customer Service Improvement Project
Ms. Yahiro reported she implemented a new phase of the customer service project. Customers visiting the EUTF window are asked to complete a short survey. At the end of each quarter, participants will have a chance to win a gift certificate. Copies of the responses were in the Board packet. All responses were excellent except for one which the EUTF staff is reviewing.

19. Retiree Open Enrollment (no Board discussion)
20. RFP for Actuarial Consultant (no Board discussion)
21. FY15 Budget (no Board discussion)

22. Calendar Year 2013 W-2 Reporting Cost of Employee/Employer Health Plan Coverage
Ms. Yahiro summarized the history and requirements for W-2 reporting by employer from the Affordable Care Act (ACA). A draft W-2 Agreement and Disclaimer was distributed to Board. Ms. Yahiro reported that she will move forward with the Disclaimer with DAGS which she was advised should accomplish the same goal as the agreement and to advise DAGS that EUTF’s information may contain errors.

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

24. State’s Hiring Freeze
Ms. Yahiro reported that the State’s hiring freeze applies to all State agencies includes EUTF. Discussion held by Trustees and staff that an exception to the freeze can be made, on a case-by-case basis, by a written justification to Governor.

B. EUTF Managers’ and Program Specialist Operational Reports
1. Member Services Branch (MSB)
   a. MSB Data Update
      Discussion held by Trustees and staff why the MSB report regarding call statistics has different numbers from the Customer Service Automated Call Distribution reports.
   b. MSB Staffing Level Update (no Board discussion)
   c. Carrier Reports for September (no Board discussion)

2. Information Technology (IT)
   a. V3 Benefits Administration System (BAS) (no Board discussion)
   b. New E-Mail Solution Project (no Board discussion)
   c. New Automated Call Distribution (ACD) System (no Board discussion)
   d. Information Systems (IS) Branch Reorganization and IT Staff Vacancy (no Board discussion)
e. Temporary Assignment - EUTF Information Systems Analyst
   Discussion held by Trustees and staff regarding the timeline for filling this position and the hiring freeze. The EUTF would need to submit a request to Governor to request an exemption from the hiring freeze.

3. Program Specialist
   a. Wellness
      Chair Currivan Musto commented that there were two wellness workshops at the International Foundation of Employee Benefits Plans (IFEBP) Annual conference. The EUTF staff will send a copy of one wellness handout to Trustee Fuddy.

b. Claims Audits (no Board discussion)

4. Accounting
   a. Financial Statement as of August 31, 2013
      Mr. Bert Nishihara summarized the Financial Statement as of August 31, 2013. Discussion held by Trustees, staff, and benefits consultant if the Investment Committee reviewed this report regarding the investments. The Investment Committee will be meeting next week, November 12, 2013, and will review the quarterly report ending September 30, 2013. Discussion held by Trustees, staff, and benefits consultant regarding the reasons for losses. Mr. Tom Morrison explained it is cash and will see it in rebate. The Board will see only a small loss when Mr. Morrison presents his report.

C. Segal – Benefits Consultant Report
      Mr. Tom Morrison summarized the EUTF Year to Date Contract Plan Experience Report Contract YTD through June 2013. Discussion held by Trustees and staff for the benefits consultant to include Bargaining Units as part of the quarterly/annual report to the Board.

D. Carrier Reports
   1. CVS Caremark
      Written report received. Discussion held by Trustees and Ms. Sandra Benevides of CVS Caremark regarding Botox not covered if it is cosmetic.

   2. SilverScript
      Written report received. (no Board discussion)

   3. Hawaii Dental Service (HDS)
      Written report received. (no Board discussion)
4. Hawaii Medical Service Association (HMSA)  
   Written 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.  
   Ms. Monica Engle introduced Mr. Bruce Smith (her former boss) and  
   Mr. Steve Johnston (her new boss).

Mr. Vaughn Tokashiki, member of the public, inquired about the retiree open  
   enrollment session. Ms. Nicole Wong reported that approximately 278 people  
   attended the retiree open enrollment sessions. Discussion held by Trustees, staff, and  
   Mr. Tokashiki regarding concerns that other insurance companies are aggressively  
   pursuing retirees to enroll in their Medicare plan.

VII. EXECUTIVE SESSION

   MOTION was made for the Board to move into Executive Session at 11:10 a.m. for the  
   reasons stated on the agenda. (Fuddy/Krieg) The motion passed unanimously.  
   (Employer Trustees-3/Employee-Beneficiary Trustees-5)

   Executive Session adjourned at 1:04 p.m.

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

   1. Approved one reconsideration of Appeal for enrollment application received beyond  
      30 days for newborn.
   2. Approved one Appeal for enrollment application received beyond 30 days for  
      newborn.

VIII. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

   A. December 10, 2013, 9:00 a.m. – Regular Board Meeting

IX. ADJOURNMENT

   MOTION was made for the Board to adjourn meeting at 1:26 p.m. (Nip/Mossman) The  
   motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)
There being no objections by the Trustees, the meeting adjourned at 1:26 p.m.

Respectfully submitted,

/s/

____________________________________
Luis Salaveria, Secretary-Treasurer

APPROVED on December 10, 2013.

Documents Distributed:
1. Draft Board Minutes of 10/01/13. (8 pages)
2. Memorandum to BOT from Administrative Committee Regarding 10/16/13
   Administrative Committee meeting. (1 page)
3. Draft Administrative Rules Section 2.04 Revision dated 10/11/13. (1 page)
4. Acting Administrator’s Monthly Report to the Board for 9/25/13- 10/30/13 dated 10/31/13. (6 pages)
6. EUTF Customer Satisfaction Survey. (6 pages)
7. Memorandum to BOT from MSB Manager Regarding MSB Operations Report dated 10/28/13. (1 page)
9. Memorandum to BOT from Program Specialist Regarding Claims Audits and Health & Wellness Programs dated 10/30/13. (1 page)
11. EUTF Statement of Net Assets – Fiscal Year Ending June 30, 2014 (Unaudited) for Current Month 8/31/13 dated 10/31/13. (2 pages)
12. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 2 Months Ended 8/31/13 (Unaudited) dated 10/31/13. (2 pages)
13. EUTF Statement of Cash Flows 2 Month Ended 8/31/13 (Unaudited) dated 10/31/13. (1 page)
17. EUTF Year to Date Contract Plan Experience Report Contract YTD through June 2013 dated 11/5/13. (108 pages)
18. EUTF Monthly Active and Retiree Rates dated 10/9/13. (6 pages)
19. CVS Monthly Carrier Report for September 2013 dated 10/10/13. (3 pages)
20. CVS Caremark Pipeline Month in Review, July 2013. (4 pages)
21. CVS Caremark Pipeline Month in Review, August 2013. (5 pages)
22. CVS Caremark Pipeline Month in Review, September 2013. (6 pages)
24. HDS Monthly Carrier Report for September 2013 dated 10/10/13. (1 page)
25. HMSA Monthly Carrier Report for September 2013 dated 10/15/13. (3 pages)
26. HMSA island scene, Fall 2013. (74 pages)
29. VSP Monthly Carrier Report for September 2013 dated 10/8/13. (9 pages)