

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Minutes of the Board of Trustees  
Tuesday, February 23, 2016

TRUSTEES PRESENT

Ms. Celeste Nip, Chairperson	Mr. Wesley Machida (arrived 8:33 am)
Ms. Julia Zeghmi, Vice Chairperson	Ms. Linda Currivan Musto
Ms. Audrey Hidano, Secretary-Treasurer	Dr. Virginia Pressler
Mr. Roderick Becker (arrived 8:33 am)	Mr. James Nishimoto

TRUSTEES ABSENT

Mr. Clifford Uwaine

ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Administrator	Mr. Thomas Morrison, Benefits Consultant
Ms. Donna Tonaki, Interim Assistant Administrator	Ms. Linda Green
Ms. Maria Quartero	Ms. Bonny Kahalewai
Mr. Adam Dreher	Mr. Raymond Kan
Ms. Lauren Endo	Mr. Reid Shimabukuro

OTHERS PRESENT

Ms. Marissa Adachi, HMSA	Ms. Doreen Kuroda, DHRD
Ms. Sandra Benevides, CVS Caremark	Mr. Christopher Letoto, HMSA
Ms. Elaine Fujiwara, HDS	Mr. Douglas Murata, Royal State
Mr. Galen Haneda, HMSA	Ms. Cindy Richardson, Kaiser
Ms. Monica Kim, VSP	Mr. Troy Tomita, Kaiser
Ms. Mae Kishimoto, HSTA-R	

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 8:31 a.m. by Chairperson Celeste Nip, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, February 23, 2016.

II. MINUTES

A. January 19, 2016

The Board reviewed the draft minutes of January 19, 2016.

MOTION was made for the Board to approve the minutes of January 19, 2016 as circulated. (Currivan Musto/Nishimoto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

III. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 8:32 a.m. (Pressler/Zeghmi) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

[Trustees Becker and Machida arrived at 8:33 a.m.]

Executive Session adjourned at 9:35 a.m.

Recessed at 9:35 a.m. and reconvened at 9:40 a.m.

Chairperson Nip reported that the Board has taken the following actions in Executive Session:

1. Approved the Executive Session minutes of January 19, 2016.
2. Approved three (3) Appeals for reinstatement of coverage.

IV. NEW BUSINESS

A. Taft-Hartley Health Insurance Plans – Segal and Trustee Correspondence

Mr. Derek Mizuno provided background on information provided to a Trustee by Segal. Discussion held by Trustees and staff regarding concerns if it is in Segal's contract and that any information requested from the benefits consultant should have Board approval.

B. 2016 EUTF Legislation

Mr. Mizuno summarized bills related to the EUTF. Discussion held by Trustees and staff regarding the following bills: (1) HB1672/SB2376 Relating to Prescription Drug Benefits; (2) HB2016/SB2428, SD1 Relating to Public Employees; (3) SB2155, SD1 Relating to the Employees' Retirement System; and (4) SB2556 Making an Appropriation for the Annual Required Contribution for the EUTF;

MOTION was made for the Board to oppose HB1672, HD2/SB2376 Relating to Prescription Drug Benefits. (Currivan Musto/Becker) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to support the intent of HB2016/SB2428, SD1 Relating to Public Employees. (Pressler/Currivan Musto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to oppose SB2155 SD1 Relating to the Employees' Retirement System. (Becker/Currivan Musto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

MOTION was made for the Board to support SB2556 Making an Appropriation for the Annual Required Contribution for the EUTF. (Machida/Becker) The motion failed. (Employer Trustees-5 YES-Becker, Hidano, Machida, Nishimoto, Pressler/Employee-Beneficiary Trustees-3 NO-Currivan Musto, Nip, Zeghmi)

V. OLD BUSINESS

A. Board Meeting Schedule

Mr. Mizuno summarized the Board meeting schedule for fiscal year 2017. A meeting is scheduled for the month of October. After discussion by the Trustees and staff, the time of the Board meeting will remain at 9:00 a.m.

MOTION was made for the Board to approve the Board meeting schedule for fiscal year 2017 (Pressler/Currivan Musto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

VI. Committee Reports – Investment Committee

A. Update – BlackRock TIPS and Core Fixed Income Commingled Funds

1. Updated Investment Policy Statement

Mr. Mizuno summarized the update on the BlackRock TIPS and Core Fixed Income Commingled funds and the recommendation to approve the revised investment policy guidelines.

MOTION was made upon the recommendation of the Investment Committee for the Board to approve the revised investment policy guidelines to account for the replacement of the Vanguard Total Bond Market Index Fund and the BlackRock Inflation-Protected Bond Fund with the BlackRock US Debt Index Fund B and the BlackRock US Inflation-Linked Bond Fund B, respectively. (Machida/Currivan Musto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

B. Update – AB REIT Passive Separate Account (AB Due Diligence Site Visit)

Mr. Mizuno summarized the update on the AB REIT Passive Separate Account.

C. Pension Consulting Alliance (PCA)

1. December 31, 2015 Quarterly Performance Report Including the Excess Reserves Performance Report

Mr. Mizuno summarized the December 31, 2015 Quarterly Performance Report Including the Excess Reserves Performance Report and explained the watch list criteria.

2. Excess Reserve Portfolio Asset Allocation

Mr. Mizuno summarized the excess reserve portfolio asset allocation. The Committee was unable to agree on a recommendation to the Board but will discuss further.

3. Private Equity/Real Estate Education

Mr. Mizuno reported that PCA presented information on the private equity and private real estate asset classes.

D. Acuitas – Annual Presentation

Mr. Mizuno summarized the annual presentation by Acuitas.

VII. Reports

A. Segal

1. September 30, 2015 and December 31, 2015 Quarterly Reports

Mr. Tom Morrison summarized the key findings of the Year to Date Contract Plan Experience Report, Contract Year to Date through September 2015.

2. Performance Guarantee Compliance Report

Mr. Morrison summarized the performance guarantee reporting for the second and third quarter of 2015.

B. Administrator

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

1. Expanding EUTF's office space

Mr. Derek Mizuno reported that the EUTF will be moving to the 16<sup>th</sup> and 17<sup>th</sup> floors this weekend.

2. Death checks (no discussion held)

3. Adult disabled child project

Mr. Mizuno summarized the update on the adult disabled child project.

4. Student certification project (no discussion held)

5. October 27, 2015 Letters from Hawaii Civil Rights Commission (no discussion held)

6. HMSA covering chiropractic services

Mr. Mizuno summarized the history of HMSA covering chiropractic services which the EUTF was unaware of until recently. Discussion held by Trustees, staff, and Mr. Christopher Letoto from HMSA regarding the concerns that HMSA has been covering chiropractic services since January 2014, the EUTF was never notified, the cost is approximately \$2 million, and a timeline when this will stop. The Board has requested Mr. Letoto to notify the corporate office of its lack of communication.

C. EUTF Managers' and Program Specialist Operations Reports

The EUTF Managers' and Program Specialist Operations Reports were in the Board's packet.

1. Member Services Branch (MSB)

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- a. MSB Data
  - b. MSB Customer Service Improvement Project – Survey Results 01/12/16 – 01/25/16
  - c. MSB Staffing Update
  - d. Carrier Reports
  2. Information Systems (IS)
    - a. Active Employee’s Open Enrollment 2016
    - b. V3 BAS Modified Phase II (Employer File Feed)
    - c. Vitech Rebill Issue
    - d. Oracle Database Upgrade and Encryption
    - e. EUTF Computer Encryption
    - f. EUTF Move to 16<sup>th</sup> and 17<sup>th</sup> Floors
    - g. Enrollment Counts
  3. Program Specialist Report
    - a. Wellness
    - b. Preventive Services and Disease Management (DM)
    - c. Plan Audits
  4. Financial Services Branch
    - a. Management Letter Corrective Action Plan Status
    - b. Actuarial Valuation Report Effective July 1, 2015
    - c. Financial Services Branch Staffing Update
    - d. Financial Statements as of December 31, 2015
- D. Carrier Reports
1. CVS Caremark  
Written report submitted.
  2. SilverScript  
Written report submitted.
  3. Hawaii Dental Service (HDS)  
Written report submitted.
  4. Hawaii Medical Service Association (HMSA)  
Written report submitted.  
Trustee Currivan Musto expressed her concern regarding preauthorization policies for imaging services.
  5. Kaiser Health Foundation  
Written report submitted.
  6. Royal State Insurance  
Written report submitted.

7. UnitedHealthcare  
Written report submitted.
8. US Able Life  
Written report submitted.
9. Vision Service Plan (VSP)  
Written report submitted.

VIII. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

A. March 22, 2016, 9:00 a.m. – Regular Board Meeting

IX. ADJOURNMENT

MOTION was made for the Board to adjourn meeting at 11:01 a.m. (Pressler/Nishimoto)  
The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

Respectfully submitted,

/s/

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Audrey Hidano, Secretary-Treasurer

APPROVED on March 22, 2016.

Documents Distributed:

1. Draft Board Minutes of 1/19/16. (12 pages)
2. EUTF Bill List dated 2/23/16 with Attachments. (15 pages)
3. Memorandum to BOT from Administrator Regarding Board Meeting Schedule dated 2/17/16. (1 page)
4. Memorandum to BOT from Investment Committee Regarding 2/9/16 Investment Committee meeting dated 2/17/16. (2 pages)
5. EUTF Year to Date Contract Plan Experience Report Contract Year to Date through September 2015 dated 2/23/16. (134 pages)
6. Administrator's Monthly Report to the Board from 1/13/16-2/16/16. (2 pages)
7. Letter to Parent from Administrator Regarding Adult Disabled Child dated 2/12/16. (2 pages)
8. Letter to Parent from Administrator Regarding Adult Disabled Child dated 2/18/16. (1 page)
9. Letter to Parent from Administrator Regarding Adult Disabled Child dated 2/19/16. (4 pages)
10. Memorandum to BOT from MSB Manager Regarding January 2016 MSB Monthly Report dated 2/16/16. (7 pages)
11. Memorandum to BOT from IS Analyst Regarding January IS Operations Report dated 2/12/16. (11 pages)

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12. Memorandum to BOT from IS Analyst Regarding Vitech Timelines-Update dated 2/18/16. (2 pages)
13. Memorandum to Administrator from Program Specialist Regarding January 2016 Monthly Report dated 2/12/16. (2 pages)
14. Memorandum to BOT from Financial Management Officer Regarding Financial Services Branch Report for February 23, 2016 BOT Meeting dated 2/12/16. (2 pages)
15. EUTF Enterprise (Actives) Statement of Net Position 6 Months Ended December 31, 2015 dated 2/18/16, EUTF Enterprise (Actives) Statement of Revenue, Expenses and Changes in Net Position 6 Months ended December 31, 2015 (Preliminary-Unaudited) dated 2/18/16, EUTF Agency (Retirees) – Statement of Fiduciary Net Position 6 Months Ended December 31, 2015 (Preliminary-Unaudited) dated 2/18/16, EUTF Agency (Retirees) – Statement of Revenue and Expenses and Changes in Net Position 6 Months Ended December 31, 2015 (Preliminary-Unaudited) dated 2/28/16, EUTF OPEB Statement of Net Position 6 Months Ended December 31, 2015 (Preliminary-Unaudited) dated 2/18/16, EUTF OPEB Statement of Revenue and Expenses 6 Months Ended December 31, 2015 (Preliminary-Unaudited) dated 2/18/16. (6 pages)
16. Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE 6/30/2015 & FYE 6/30/2016, dated 2/18/16, Experience Accounting of CVS Caremark Non-Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2015 & FYE 6/30/2016, dated 2/18/16, Experience Accounting of SilverScript Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2015 & FYE 6/30/2016, dated 2/18/16. (3 pages)
17. CVS Caremark Monthly Carrier Report for January 2016 dated 2/9/16. (9 pages)
18. SilverScript Monthly Carrier Report for January 2016 dated 2/9/16. (4 pages)
19. HDS Monthly Carrier Report for January 2016 dated 2/9/16. (3 pages)
20. HMSA Monthly Carrier Report for January 2016 dated 2/15/16. (3 pages)
21. Kaiser Monthly Carrier Report for January 2016 dated 2/10/16. (4 pages)
22. Royal State Insurance Monthly Carrier Reports for January 2016 (Chiropractic and Supplemental Medical Plans) dated 2/9/16. (4 pages)
23. UnitedHealthcare Monthly Carrier Report for January 2016 dated 2/8/16. (1 page)
24. US Able Life Monthly Carrier Report for January 2016 dated 2/10/16. (2 pages)
25. VSP Monthly Carrier Report for January 2016 dated 2/9/16. (8 pages)