

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, April 26, 2016

TRUSTEES PRESENT

Ms. Celeste Nip, Chairperson	Ms. Linda Currivan Musto
Ms. Julia Zeghmi, Vice Chairperson (arrived 9:50 am)	Mr. Wesley Machida
Ms. Audrey Hidano, Secretary-Treasurer	Mr. Gordon Murakami
Mr. Roderick Becker	Dr. Virginia Pressler

TRUSTEES ABSENT

Mr. James Nishimoto	Mr. Clifford Uwaine
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ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Administrator	Mr. Thomas Morrison, Benefits Consultant
Ms. Donna Tonaki, 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

Mr. Gareth Azama, HMSA	Ms. Monica Kim, VSP
Ms. Nikki Bassett, US Able Life	Ms. Mae Kishimoto, HSTA-R
Ms. Sandra Benevides, CVS Caremark	Mr. Christopher Letoto, HMSA
Ms. Elaine Fujiwara, HDS	Mr. Douglas Murata, Royal State
Mr. Dale Goya, HMSA	Mr. Kurt Neuenfeld, CVS Caremark
Ms. Susan Goya, HGEA-R	Ms. Michelle Tamaye, Benefit Plan Solutions
Mr. Galen Haneda, HMSA	Mr. Troy Tomita, Kaiser
Mr. John Jacobs, US Able	Ms. Barbara VandenBrande, VSP
Ms. Danielle Jones, UHC	

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 9:01 a.m. by Chairperson Celeste Nip, in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board Room, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, April 26, 2016.

II. INTRODUCTION OF NEW TRUSTEE

Chairperson Nip introduced and welcomed new EUTF Trustee, Gordon Murakami who is the Director of Finance and Accounting at HSTA.

A. Committee Assignments

Mr. Derek Mizuno stated that the Trustees may want to add two more Trustees to the Administrative Committee and one employee-beneficiary trustee for the Benefits

Committee. The Trustees may email Mr. Mizuno if they want to serve on the Administrative Committee.

Trustee Gordon Murakami will serve on the Benefits Committee.

Chairperson Nip stated that a motion is needed to add the pricing of HSTA VB Retiree Dental Benefits and HSTA VB Autism and Orthodontic Services for Orofacial Anomalies to Executive Session which is already included under agenda item VI.B.

MOTION was made for the Board to approve an amendment to the agenda to add "Pricing of HSTA VB Retiree Dental Benefits and HSTA VB Autism and Orthodontic Services for Orofacial Anomalies" to Executive Session under agenda IV. (Hidano/Pressler) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

III. MINUTES

A. Amended December 9, 2015

Mr. Derek Mizuno stated at the December 9, 2015, the Board approved adoption of the Retail 90 day supply of medication for non-Medicare but "and non-Medicare" was inadvertently left out of the minutes.

MOTION was made for the Board to approve the amended December 9, 2015 minutes to add "and non-Medicare" on the motion to adopt the Retail 90 day supply of medication. (Currivan Musto/Pressler) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

B. March 22, 2016

The Board reviewed the draft minutes of March 22, 2016. The draft minutes of March 22, 2016 is amended as follows: (1) page 4, line 8 after presentation add "for the EUTF staff".

MOTION was made for the Board to approve the minutes of March 22, 2016 as amended. (Currivan Musto/Hidano) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

IV. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 9:07 a.m. (Machida/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

Executive Session adjourned at 11:24 a.m.

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

1. Approved the Executive Session minutes of March 22, 2016.
2. Approved one (1) Appeal for retroactive reinstatement of coverage.
3. Approved extension of the current Bank of Hawaii contract for banking services terminating February 22, 2017 for an additional six months for the sole purpose of clearing checks issued prior to February 23, 2017 subject to the State Procurement Office (SPO) approval.

V. ADMINISTRATIVE COMMITTEE REPORT

A. EUTF Administrative Rule Changes

1. General Changes

Mr. Derek Mizuno reported that the Administrative Committee recommends that the Board approve the general changes to the EUTF Administrative Rules and summarized the rule changes excluding the proposed change to Section 3.01(a)(4). Mr. Mizuno stated the EUTF staff would like to add a change to Section 5.05(c) and summarized the change.

MOTION was made upon the recommendation of the Administrative Committee to approve the general changes to the EUTF Administrative Rules, adding the change to Section 5.05(c), and excluding the proposed change to Section 3.01(a)(4).

(Hidano/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

2. Medicare Part B Reimbursements (Income Adjustments, 0% Retirees and Spouses of Self Only Retirees)

Mr. Mizuno reported that the Committee was not able to agree on a motion regarding the proposed change to Medicare Part B reimbursements (income adjustments, 0% retirees and spouses of self only retirees) and summarized the proposed changes. Discussion held by Trustees and staff regarding Medicare Part B reimbursements (income adjustments, 0% retirees and spouses of self only retirees).

MOTION was made to amend the EUTF Administrative Rules to not reimburse income adjustments to Medicare Part B premiums of retirees and their spouses, hired on or after July 1, 2016. (Machida/Hidano) The motion failed. (Employer Trustees-4 YES-Becker, Hidano, Machida, Pressler/Employee-Beneficiary Trustees-4 NO-Currivan Musto, Murakami, Nip, Zeghmi)

MOTION was made to amend the EUTF Administrative Rules to not reimburse Medicare Part B premiums of retirees and their spouses, hired on or after July 1, 2016 for whom the employers do not make a contribution towards their health benefit premiums for reasons outlined in the memorandum dated 4/13/16. (Hidano/Machida) The motion failed. (Employer Trustees-4 YES-Becker, Hidano, Machida, Pressler/Employee-Beneficiary Trustees-4 NO-Currivan Musto, Murakami, Nip, Zeghmi)

MOTION was made to amend the EUTF Administrative Rules to not reimburse Medicare Part B premiums of spouses of retirees hired on or after July 1, 2016 for reasons outlined in the memorandum dated 4/13/16. (Machida/Hidano) The motion failed. (Employer Trustees-4 YES-Becker, Hidano, Machida, Pressler/Employee-Beneficiary Trustees-4 NO-Currivan Musto, Murakami, Nip, Zeghmi)

B. Electronic Payments By Members

Ms. Donna Tonaki summarized the option for electronic payments by members for the Board's information only. Discussion held by the Trustees and staff regarding the use of checks and HIC. The EUTF staff will investigate credit card and payments through the EUTF's bank.

C. Reserves of Unrestricted Net Assets

This agenda item is deferred until the next Board meeting

VI. OLD BUSINESS

A. 2016 EUTF Legislation

An updated list of 2016 legislative bills related to the EUTF was distributed to the Trustees. Mr. Derek Mizuno summarized the status of the following: (1) SB2838, SD1 Relating to Investments of the EUTF; (2) SB2839, SD2, HD2 Relating to the EUTF (dependent-beneficiary); (3) HB2311, SD1 Relating to Reporting Deaths to State Agencies; (4) HB1672, HD2, SD1 Relating to Prescription Drug Benefits; (5) HB2016, HD1, SD1 Relating to Public Employees (ERS/EUTF; Retiree Co-payments); (6) HB2740, HD1, SD2 Relating to Liability; (7) HB2482, HD2, SD1 Relating to Insurance (Health and Health Care Information and Data); and (8) SB475, SD1, HD2 Relating to Open Government (Public Agency Meetings). Discussion held by the Trustees and staff regarding SB 2556, SD1, HD1 Making an Appropriation for the Annual Required Contribution to the EUTF and SB2077 Relating to Separation Benefits.

B. HSTA VB Retiree Dental Benefits, HSTA VB Autism and Orthodontic Services for Orofacial Anomalies and EUTF Administrative Fees

This agenda item is deferred until the next Board meeting.

VII. REPORTS

A. Segal

1. Plan Performance Report through December 31, 2015

Mr. Morrison summarized the key findings of the EUTF Year to Date Contract Plan Experience Report Contract Year to Date through December 2015 dated April 26, 2016.

2. Pharmacy Benefit Manager Audit Report and Performance Guarantee Audit

Mr. Morrison reported that he presented a status report on the Pharmacy Benefit Manager Audit report and Performance Guarantee Audit report in Executive Session. The Audit report related to the performance guarantee was accepted by the Board.

B. Administrator

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

1. Death checks (no discussion held)
2. Adult disabled child project (no discussion held)
3. Student certification project (no discussion held)
4. October 27, 2015 Letters from Hawaii Civil Rights Commission (no discussion held)
5. HMSA covering chiropractic services (no discussion held)
6. HMSA limited prescription drug benefits (no discussion held)
7. HMSA specialty prescription drug benefits (no discussion held)

8. HMSA Framework of their new payment model
Ms. Derek Mizuno reported that a briefing will be presented by HMSA on the framework of their new payment model at the next Board meeting.

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)
 - a. MSB Data
 - b. MSB Customer Service Improvement Project – Survey Results
 - 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
Discussion held by the Trustees and staff regarding a recommendation to audit Vitech.

 - d. Oracle Database Upgrade and Encryption
 - e. EUTF Computer Encryption

 - f. Maui Memorial, Kula Community and Lanai Community Hospitals Electronic Termination
Discussion held by the Trustees and staff on what the EUTF is doing to assist employees at Maui Memorial, Kula Community, and Lanai Community Hospitals. The EUTF staff is working with HHSC and assisting by performing an upload of terminated employees instead of through hard copy EC-1 enrollment forms.

- g. Enrollment Counts
- 3. Program Specialist Report
 - a. Preventative Health and Wellness Benefits
 - b. Disease Management (DM) Benefits
Discussion held by the Trustees and staff regarding the status of the Ornish program and when the report to EUTF is due.
 - c. Plan Audits
- 4. Financial Services Branch
 - a. Management Letter Corrective Action Plan Status
 - b. Financial Services Branch Staffing Update
 - c. Financial Statements as of February 29, 2016
Ms. Donna Tonaki summarized the financial statements as of February 29, 2016 with the experience accounting for the self-funded plans. As of today, the value of the Other Post-Employment Benefits (OPEB) fund is now over \$1 billion.
- D. Carrier Reports
 - 1. CVS Caremark
Written report submitted.
 - 2. SilverScript
Written report submitted. Discussion held by the Trustees, staff, benefits consultant, and Ms. Sandra Benevides from CVS Caremark regarding SilverScript issuing checks to incorrect addresses of different members. SilverScript identified and corrected the issue.
 - 3. Hawaii Dental Service (HDS)
Written report submitted.
 - 4. Hawaii Medical Service Association (HMSA)
Written report submitted.
 - 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. Ms Monica Kim introduced Ms. Barbara VandenBrande, Vice President of the Pacific South Region.

VIII. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

A. May 24, 2016, 9:00 a.m. – Regular Board Meeting

Due to lack of quorum for the May 24, 2016 Board meeting, Ms. Maria Quartero will poll Trustees for another meeting date in May.

IX. ADJOURNMENT

MOTION was made for the Board to adjourn meeting at 12:40 p.m. (Pressler/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/

Audrey Hidano, Secretary-Treasurer

APPROVED on May 31, 2016.

Documents Distributed:

1. EUTF Committees Roster dated 4/1/16. (1 page)
2. 12/9/15 Board Minutes with Amended Motion for Retail 90 Network, pages 10-11. (2 pages)
3. Draft Board Minutes of 3/22/16. (7 pages)
4. Memorandum to the BOT from EUTF Administrative Committee Regarding 4/19/16 Committee Report dated 4/21/16. (1 page)
5. Memorandum to the EUTF Administrative Committee Regarding EUTF Administrative Rule Changes – General Changes dated 4/13/16. (70 pages)
6. EUTF Bill List dated 4/26/16. (12 pages)
7. EUTF Year to Date Contract Plan Experience Report Contract Year to Date through December 2015 dated 4/26/16. (40 pages)
8. Administrator's Monthly Report to the Board from 3/14/16-4/15/16. (2 pages)
9. Memorandum to BOT from MSB Manager Regarding March-April 2016 MSB Operations Report dated 4/15/16. (8 pages)
10. Memorandum to BOT from IS Analyst Regarding March-April 2016 IS Operations Report

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dated 4/15/16. (11 pages)

11. Memorandum to Administrator from Program Specialist Regarding March-April 2016 EUTF Program Specialist Report dated 4/15/16. (2 pages)
12. Memorandum to BOT from Assistant Administrator Regarding March-April 2016 Financial Services Branch (FSB) Report dated 4/15/16. (2 pages)
13. EUTF Enterprise (Actives) Statement of Net Position 8 Months Ended February 29, 2016 (Preliminary-Unaudited) dated 4/14/16, EUTF Enterprise (Actives) Statement of Revenue, Expenses and Changes in Net Position 8 Months ended February 29, 2016 (Preliminary-Unaudited) dated 4/14/16, EUTF Agency (Retirees) – Statement of Fiduciary Net Position 8 Months Ended February 29, 2016 (Preliminary-Unaudited) dated 4/14/16, EUTF Agency (Retirees) – Statement of Revenue and Expenses and Changes in Net Position 8 Months Ended February 29, 2016 (Preliminary-Unaudited) dated 4/14/16, EUTF OPEB Statement of Net Position 8 Months Ended February 29, 2016 (Preliminary-Unaudited) dated 4/14/16, EUTF OPEB Statement of Revenue and Expenses 8 Months Ended February 29, 2016 (Preliminary-Unaudited) dated 4/14/16. (6 pages)
14. Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE 6/30/2015 & FYE 6/30/2016, dated 4/13/16, Experience Accounting of CVS Caremark Non-Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2015 & FYE 6/30/2016, dated 4/13/16, Experience Accounting of SilverScript Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2015 & FYE 6/30/2016 dated 4/13/16. (3 pages)
15. CVS Caremark Monthly Carrier Report for March 2016 dated 4/10/16. (14 pages)
16. SilverScript Monthly Carrier Report for March 2016 dated 4/8/16. (3 pages)
17. HDS Monthly Carrier Report for March 2016 dated 4/8/16. (2 pages)
18. HMSA Monthly Carrier Report for March 2016 dated 4/15/16. (2 pages)
19. Kaiser Monthly Carrier Report for March 2016 dated 4/10/16. (2 pages)
20. Royal State Insurance Monthly Carrier Reports for March 2016 (Chiropractic and Supplemental Medical Plans) dated 4/5/16. (4 pages)
21. UnitedHealthcare Monthly Carrier Report for March 2016 dated 4/5/16. (1 page)
22. US Able Life Monthly Carrier Report for March 2016 dated 4/8/16. (2 pages)
23. VSP Monthly Carrier Report for March 2016 dated 4/7/16. (8 pages)