

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, May 31, 2016

TRUSTEES PRESENT

Ms. Celeste Nip, Chairperson	Mr. Gordon Murakami
Ms. Julia Sanchez, Vice Chairperson	Mr. James Nishimoto
Ms. Audrey Hidano, Secretary-Treasurer	Dr. Virginia Pressler (left at 11:45 am)
Mr. Roderick Becker	Mr. Clifford Uwaine
Mr. Wesley Machida	

TRUSTEES ABSENT

Ms. Linda Currivan Musto

ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

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

OTHERS PRESENT

Ms. Marissa Adachi, HMSA	Ms. Mae Kishimoto, HSTA-R
Mr. Garet Azama, HMSA	Mr. Christopher Letoto, HMSA
Ms. Nikki Bassett, USABLE Life	Ms. Melissa Maino, CVS Caremark
Dr. John Baleix, HMSA	Dr. Mark Mugiishi, HMSA
Ms. Sandra Benevides, CVS Caremark	Ms. Tracie Mukai, HDS
Ms. Susan Goya, HGEA-R	Mr. Douglas Murata, Royal State
Mr. Galen Haneda, HMSA	Ms. Kristine Onaga, HMSA
Mr. John Jacobs, USABLE	Mr. Vaughn Tokashiki, HSTA-R
Ms. Danielle Jones, UHC	Mr. Troy Tomita, Kaiser
Ms. Monica Kim, VSP	Mr. Justin Yoshimoto, HMSA

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 9:02 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, May 31, 2016.

MOTION was made for the Board to amend the agenda to move agenda item VI.A after agenda item III.A. (Uwaine/Murakami) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

II. MINUTES

A. April 26, 2016

The Board reviewed the draft minutes of April 26, 2016.

MOTION was made for the Board to approve the minutes of April 26, 2016 as circulated. (Pressler/Sanchez) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

III. NEW BUSINESS

A. HMSA Payment Transformation, Prior Authorizations and Other Related Matters

Mr. Derek Mizuno reported that HMSA presented their new payment model regarding reimbursement of their primary care providers to the EUTF staff on February 24, 2016. Dr. Mark Mugiishi, Chief Medical Officer at HMSA, made a presentation on transforming compensation of their primary care providers. Discussion held by the Trustees, staff, and Dr. Mugiishi regarding the HMSA payment transformation. Discussion held by the Trustees, staff, and Dr. Mugiishi regarding surveys that will affect the doctor's payment, total cost of care, Telehealth, the pilot program in Massachusetts, annual review of efficiency and quality measurements, and plan designs to be changed in the future.

VI. OLD BUSINESS

A. HSTA VB Retiree Dental Benefits, HSTA VB Autism and Orthodontic Services for Orofacial Anomalies, EUTF Administrative Fees and Unrestricted, Unreserved Net Assets

MOTION was made for the Board to increase the HSTA VB retiree dental annual maximum benefit from \$1,000 to \$2,000 effective January 1, 2016, increase the number of fluoride treatments for dependents through age 19 from one to two per calendar year and remove the restriction on implants only when one tooth is missing between two natural teeth based on the premiums proposed by HDS with fees to be paid from unrestricted, unreserved net assets retroactive to January 1, 2016. (Pressler/Uwaine)

Discussion held by the Trustees, staff, and deputy attorney general if the Board is authorized to increase retiree benefit plans due to the Dannenberg lawsuit.

EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 9:55 a.m. to discuss with the deputy attorney general if the Board is authorized to increase retiree benefit plans due to the Dannenberg lawsuit. (Becker/Hidano) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Executive Session adjourned at 10:00 a.m.

Motion Restated:

MOTION was made for the Board to increase the HSTA VB retiree dental annual maximum benefit from \$1,000 to \$2,000 effective January 1, 2016, increase the number of fluoride treatments for dependents through age 19 from one to two per calendar year and remove the

restriction on implants only when one tooth is missing between two natural teeth based on the premiums proposed by HDS with fees to be paid from unrestricted, unreserved net assets retroactive to January 1, 2016. (Pressler/Uwaine) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to: (1) add the autism benefit for individuals under 14 years of age up to \$25,000 per year to all HSTA VB active employee and retiree medical plans effective July 1, 2016; (2) add orthodontic services for children born with orofacial anomalies under age 26 up to \$5,500 per treatment phase to all HSTA VB active employee and retiree medical plans effective July 1, 2016; (3) pay the additional premiums for the HSTA VB retirees for the aforementioned medical enhancements for calendar year 2016 from unrestricted, unreserved net assets as recommended by EUTF staff; (4) waive EUTF administrative fees for the active employee plans 7/1/17 – 6/30/18 and 7/1/18 – 6/30/19 and retiree plans 1/1/17 – 12/31/17 and 1/1/18 – 12/31/18; and (5) move \$75 million of unrestricted, unreserved net assets from the retiree agency fund to the OPEB Trust with a prorated credit to each employer based on their July 1, 2015 actuarial accrued liability as soon as possible. (Uwaine/Murakami) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

IV. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 10:08 a.m. (Machida/Uwaine) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Executive Session adjourned at 12:05 p.m.

Recessed at 12:05 p.m. and reconvened at 12:10 p.m.

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

1. Approved the Executive Session minutes of April 26, 2016.
2. Approved one (1) Appeal for retroactive reinstatement of coverage.
3. Approved one (1) Appeal to retroactively waive coverage as a transfer.
4. The Board approved issuing an Expression of Interest for Banking Services.
5. The Board approved issuing a Request for Proposals (RFP) for Benefit Plan Audit Services.

V. COMMITTEE REPORTS

A. Investment Committee Report

1. Update – AllianceBernstein Passive REIT Separate Account
2. Pension Consulting Alliance
 - a. March 31, 2016 Quarterly Performance Report including the Excess Reserves Performance Report

Mr. Colin Bebee summarized the March 31, 2016 Quarterly Performance and the Excess Reserves Performance reports.

b. 2016 Strategic Allocation Review

Mr. Bebee summarized the 2016 Strategic Allocation review. [Trustee Uwaine left at 12:41 pm].

MOTION was made for the Board to select portfolio 9 as the long-term strategic allocation for the OPEB Trust as recommended by the Investment Committee. (Machida/Becker) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

B. Administrative Committee Report

1. Reserves of Unrestricted Net Assets

Mr. Derek Mizuno reported that this item was deferred at the April 26, 2016 Board meeting. The Administrative Committee recommendation is for the Board to approve changing the reserve of unrestricted net assets from a set dollar amount for the self-funded prescription drug plan to 35% of the most recent fiscal year self-funded prescription drug plan claims and expenses. [Trustee Uwaine returned at 12:46 pm].

MOTION was made for the Board to change the reserve of unrestricted net assets from a set dollar amount for the self-funded prescription drug plan to 35% of the most recent fiscal year self-funded prescription drug plan claims and expenses as recommended by the Administrative Committee. (Hidano/Sanchez) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

VI. OLD BUSINESS

A. HSTA VB Retiree Dental Benefits, HSTA VB Autism and Orthodontic Services for Orofacial Anomalies, EUTF Administrative Fees and Unrestricted, Unreserved Net Assets

This item was discussed and action taken earlier on agenda.

B. 2016 EUTF Legislation

Mr. Derek Mizuno summarized the following 2016 EUTF legislative bills related to the EUTF: (1) HB2016, HD1, SD1, CD1-Relating to ERS/EUTF retiree co-payments; (2) HB2482, HD2, SD1, CD1-Relating to health and health care information and data; (3) HB2084, HD2, SD1-Relating to participation and coverage; non-discrimination; and (4) SB2077, SD1, HD2, CD2-Relating to ERS/EUTF/HHSC; separation of benefits; early retirement.

III. NEW BUSINESS (continued)

B. Retiree Open Enrollment – October 10-31, 2016

Mr. Derek Mizuno summarized the regular open enrollment dates in April and October and inquired if the Board would like to continue to approve the open enrollment dates. There being no objections by the Trustees, the staff will schedule regular open enrollment dates consistent with past practice and will notify the Board. Dates not consistent with past practice or special open enrollment periods will be presented to the Board for approval.

C. Special Open Enrollment for Maui Memorial, Kula Community and Lanai Community Hospitals – June 6-17, 2016 for effective date of July 1, 2016

Mr. Mizuno reported that Hawaii Health Systems Corporation (HHSC), United Public Workers (UPW), and Hawaii Government Employees Association (HGEA) supports the EUTF in having a special open enrollment for Maui Memorial, Kula Community and Lanai Community Hospitals. Discussion held by the Trustees, staff, and deputy attorney general regarding the impact of the court's injunction and if the Board should take any action at this time.

EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 12:58 a.m. to discuss with the deputy attorney general if the Board can take action to hold a special open enrollment due to the Supreme Court's injunction. (Hidano/Nishimoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Executive Session adjourned at 1:03 p.m.

MOTION was made for the Board to approve to a Special Open Enrollment for HHSC members for Maui Memorial, Kula Community and Lanai Community Hospitals from June 6-17, 2016 for the effective date of July 1, 2016. (Uwaine/Sanchez) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

D. Election of New Chairperson (employer trustee), Vice Chairperson (employer trustee) and Secretary-Treasury (employee trustee)

Discussion held by the Trustees regarding the nomination for chairperson.

Trustee Gordon Murakami is nominated for Secretary-Treasurer. (Uwaine/Nip)

MOTION was made for the Board to close nominations. (Uwaine/Nip) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to appoint Trustee Gordon Murakami, Secretary-Treasurer of the EUTF. (Uwaine/Sanchez) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

There being no objections by the Trustees, the election of a new chairperson and vice chairperson is deferred.

VII. REPORTS

A. Segal

1. Plan Performance Report through March 31, 2016
Mr. Tom Morrison summarized the key findings of the EUTF Year to Date Contract Plan Experience Report Contract Year to Date through March 31, 2016 dated May 31, 2016.
2. Performance Guarantee Reporting for the First Quarter of 2016
Mr. Morrison stated a copy was in the Board packet.
3. Seven Year Forecast of Rates
Mr. Morrison stated that this report has always been submitted to assist the Administrator as Budget & Finance has requested a seven year forecast of rates. Discussion held by Trustees, staff, and benefits consultant regarding what the rates are based on (see page 6 of the report).
4. Pharmacy Benefit Manager Audit Report
This item was addressed in Executive Session.

B. Administrator

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

1. Death checks
Mr. Derek Mizuno summarized death checks for retirees and dependents living outside of Hawaii using the services through the EUTF's actuary, Gabriel Roeder & Smith (and Accurint). The EUTF staff will run these checks every six months.
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
With the passage of HB2084, the EUTF staff will work with HMSA and Kaiser to implement the non-discrimination provisions of this bill.
5. Review of Vitech services provided
A memorandum regarding the review of Vitech's services provided was in the Board packet. Mr. Mizuno reported that a question was raised in regards to possibly conduct an audit of Vitech and summarized the recommendation of the staff to hire a staff analyst and not conduct an audit. Discussion held by the Trustees and staff that a conference call will be scheduled with Mr. Todd Nacapuy from the State Office of Enterprise Technology Services (ETS) and the State Department of Taxation (DOT).

Trustee Hidano has expressed her concern that Vitech's old issues need to have closure.

6. HMSA covering chiropractic services
7. HMSA limited prescription drug benefits
8. HMSA specialty prescription drug benefits
Item numbers 6-8 was discussed in Executive Session.
9. HMSA Framework of their new payment model
This item was presented earlier on the agenda.

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. 2016 Active Employee Open Enrollment
 - d. MSB Staffing Update
 - e. 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. Maui Memorial, Kula Community and Lanai Community Hospitals Electronic Termination
 - g. Enrollment Counts
3. Program Specialist Report
 - a. Preventative Health and Wellness Benefits
 - b. Disease Management (DM) Benefits
 - c. Plan Audits
4. Financial Services Branch
 - a. Management Letter Corrective Action Plan Status
 - b. Electronic Payment by Members
 - c. Financial Services Branch Staffing Update
 - d. Financial Statements as of March 31, 2016
Ms. Donna Tonaki summarized the significant changes in the financial statements as of March 31, 2016. HMSA paid their surplus of \$38.5 million in May. The OPEB market value as of yesterday is \$1.055 billion. Discussion held by Trustees and staff that the EUTF did have contributions of \$4.9 million for this quarter.

Mr. Mizuno stated that the EUTF reviewed the credit cards with Bank of Hawaii. Though it is cheaper, the EUTF cannot utilize those services without going through a Request for Proposals. EUTF included their services in the Expression of Interest for Banking Services.

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.
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. June 30, 2016, 9:00 a.m. – Regular Board Meeting

IX. ADJOURNMENT

MOTION was made for the Board to adjourn meeting at 1:31 p.m. (Uwaine/Murakami)
The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/

Audrey Hidano, Secretary-Treasurer

APPROVED on June 30, 2016 as amended.

Documents Distributed:

1. Draft Board Minutes of 4/26/16. (8 pages)
2. Transforming Physician Compensation by HMSA dated 5/31/16. (30 pages)
3. Memorandum to BOT from EUTF Investment Committee Regarding 5/11/16 Committee Meeting dated 5/24/16. (1 page)
4. Memorandum to the EUTF Administrative Committee Regarding 4/19/16 Committee Report dated 4/21/16. (2 pages)
5. EUTF Bill List dated 5/25/16. (12 pages)
6. EUTF Year to Date Contract Plan Experience Report Contract Year to Date through March 2016 dated 5/31/16. (35 pages)
7. Memorandum to BOT from Segal Consulting Regarding Seven Year Forecast of Rates dated 5/31/16. (7 pages)
8. Administrator's Monthly Report to the Board from 4/16/16-5/20/16. (2 pages)
9. Memorandum to BOT from Administrator Regarding Review of Vitech Services Provided dated 5/24/16. (1 page)
10. Memorandum to BOT from MSB Manager Regarding April-May 2016 MSB Operations Report dated 5/20/16. (8 pages)
11. Memorandum to BOT from IS Analyst Regarding April-May 2016 IS Operations Report dated 5/20/16. (11 pages)
12. Memorandum to Administrator from Program Specialist Regarding April-May 2016 EUTF Program Specialist Report dated 5/20/16. (2 pages)
13. Memorandum to BOT from Assistant Administrator Regarding April-May 2016 Financial Services Branch (FSB) Report dated 5/20/16. (2 pages)
14. EUTF Enterprise (Actives) Statement of Net Position 9 Months Ended March 31, 2016 (Preliminary-Unaudited) dated 5/25/16, EUTF Enterprise (Actives) Statement of Revenue, Expenses and Changes in Net Position 9 Months ended March 31, 2016 (Preliminary-Unaudited) dated 5/25/16, EUTF Agency (Retirees) – Statement of Fiduciary Net Position 9 Months Ended March 31, 2016 (Preliminary-Unaudited) dated 5/25/16, EUTF Agency

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

May 31, 2016 Minutes

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(Retirees) – Statement of Revenue and Expenses and Changes in Net Position 9 Months Ended March 31, 2016 (Preliminary-Unaudited) dated 5/25/16, EUTF OPEB Statement of Net Position 9 Months Ended March 31, 2016 (Preliminary-Unaudited) dated 5/25/16, EUTF OPEB Statement of Revenue and Expenses 9 Months Ended March 31, 2016 (Preliminary-Unaudited) dated 5/25/16. (6 pages)

15. Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE 6/30/2015 & FYE 6/30/2016, dated 5/23/16, Experience Accounting of CVS Caremark Non-Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2015 & FYE 6/30/2016, dated 5/23/16, Experience Accounting of SilverScript Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2015 & FYE 6/30/2016 dated 5/23/16. (3 pages)
16. CVS Caremark Monthly Carrier Report for April 2016 dated 5/10/16. (22 pages)
17. SilverScript Monthly Carrier Report for April 2016 dated 5/10/16. (3 pages)
18. HDS Monthly Carrier Report for April 2016 dated 5/10/16. (3 pages)
19. HMSA Monthly Carrier Report for April 2016 dated 5/13/16. (3 pages)
20. Kaiser Monthly Carrier Report for April 2016 dated 5/10/16. (2 pages)
21. Royal State Insurance Monthly Carrier Reports for April 2016 (Chiropractic and Supplemental Medical Plans) dated 5/9/16. (4 pages)
22. UnitedHealthcare Monthly Carrier Report for April 2016 dated 5/6/16. (1 page)
23. US Able Life Monthly Carrier Report for April 2016 dated 5/10/16. (2 pages)
24. VSP Monthly Carrier Report for April 2016 dated 5/9/16. (9 pages)