

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Thursday, June 30, 2016

TRUSTEES PRESENT

Ms. Celeste Nip, Chairperson	Ms. Linda Currivan Musto
Ms. Julia Sanchez, Vice Chairperson	Mr. Wesley Machida (arrived 10:10 am)
Ms. Audrey Hidano, Secretary-Treasurer	Mr. Gordon Murakami
Mr. Roderick Becker	Dr. Virginia Pressler (left 10:57 am)

TRUSTEES ABSENT

Mr. Clifford Uwaine	Mr. James Nishimoto
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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. Bonny Kahalewai
Ms. Maria Quartero	Mr. Raymond Kan
Ms. Linda Green	Mr. Reid Shimabukuro

OTHERS PRESENT

Ms Marissa Adachi, HMSA	Mr. Christopher Letoto, HMSA
Ms. Nikki Bassett, USABLE Life	Ms. Melissa Maino, CVS Caremark
Dr. John Baleix, HMSA	Mr. Douglas Murata, Royal State
Ms. Sandra Benevides, CVS Caremark	Mr. Rod Shinno, HSTA-VEBA
Ms. Elaine Fujiwara, HDS	Mr. Troy Tomita, Kaiser
Ms. Iris Koike, HMSA	

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 9:03 a.m. by Chairperson Celeste Nip, in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board Room, 201 Merchant Street, Honolulu, Hawaii, on Thursday, June 30, 2016.

II. MINUTES

A. May 31, 2016

The Board reviewed the draft minutes of May 31, 2016. The draft minutes of May 31, 2016 is amended as follows: (1) page 3, line 3, after "2016", delete second period; (2) page 3, line 6, after "Board" delete "approve"; and (3) page 3, line 22, after "Machida/" delete "Currivan Musto" and add "Uwaine".

MOTION was made for the Board to approve the minutes of May 30, 2016 as amended. (Sanchez/Pressler) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

III. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 9:05 p.m. (Currivan Musto/Sanchez) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Executive Session adjourned at 12:15 p.m.

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

1. Approved the Executive Session minutes of May 31, 2016
2. Approved an appeal for retroactive reinstatement of coverage.
3. Approved an amendment to the contract with Pension Consulting Alliance to add private equity and private real estate consulting services through May 15, 2017, subject to Governor's approval
4. Approved termination of the current contract with Vitech that ends on September 29, 2016 and execution of new contract effective upon the termination of the current contract with Vitech, subject to State Procurement Office approval.

IV. NEW BUSINESS

A. HMSA Medicare Proposed Retiree Benefit Plan Design Change Effective January 1, 2017 – Annual Physical Exam
Presentation on the “2017 EUTF Retiree Plan – Proposed Benefit Changes, June 30, 2016” by Dr. John Baleix from HMSA. Discussion held by the Trustees, staff, and Mr. Baleix from HMSA regarding the lack of primary care physicians to be able to provide services for members, the pilot program, and how HMSA can assist in retaining network physicians. There being no objections by the Trustees, this item is deferred until the July Board meeting.

V. COMMITTEE REPORTS

A. Benefits Committee Report

1. HMSA Medical Proposed Retiree Benefit Plan Design Changes Effective January 1, 2017
 - Annual Preventive Health Evaluation
 - Transgender BenefitsThese items were addressed under New Business.
2. Kaiser Medical and Prescription Drug Proposed Retiree Benefit Plan Design Changes Effective January 1, 2017
 - Residential Hospice
 - Transgender Benefits (no discussion held)

Mr. Troy Tomita summarized the Kaiser medical and prescription drug proposed retiree benefit plan design changes. Discussion was held by the Trustees, staff, and Mr. Troy Tomita from Kaiser on the proposed retiree benefit plan design changes.

MOTION was made for the Board to add the residential hospice room and board benefit at 100% to the EUTF Medicare retiree Kaiser Permanente Senior Advantage Plan, excluding the HSTA VB Medicare retiree Kaiser Permanente Senior Advantage Plan, effective January 1, 2017. (Currivan Musto/Sanchez)

AMENDED MOTION was made for the Board to add the residential hospice room and board benefit at 100% to the EUTF and the HSTA VB Medicare retiree Kaiser Permanente Senior Advantage Plans, effective January 1, 2017. (Murakami/Sanchez)

Discussion held by the Trustees, staff, deputy attorney general and Mr. Troy Tomita from Kaiser that including HSTA VB would not change the cost, the retiree members that are covered, the Kono and Dannenberg lawsuits and that the HSTA VB retirees plan is already separate from the EUTF retirees plan and this benefit is not a take away. The deputy attorney general stood on his previous advice to the Board.

After discussion, the Trustees voted on the amended motion. The amended motion failed. (Employer Trustees-2 NO-Becker, Hidano, 1 ABSTAIN-Machida/Employee-Beneficiary Trustees-3 YES-Murakami, Nip, Sanchez, 1 NO-Currivan Musto)

Original Motion restated:

MOTION was made for the Board to add the residential hospice room and board benefit at 100% to the EUTF Medicare retiree Kaiser Permanente Senior Advantage Plan, excluding the HSTA VB Medicare retiree Kaiser Permanente Senior Advantage Plan, effective January 1, 2017. (Currivan Musto/Sanchez)
The motion passed. (Employer Trustees-3 YES-Becker, Hidano, Machida/Employee-Beneficiary Trustees-3 YES-Currivan Musto, Nip, Sanchez, 1 NO-Murakami)

3. Prescription Drug Proposed Benefit Plan Design Changes

- Pharmacy Advisor Counseling and Condition Alerts

Mr. Derek Mizuno reported that the staff recommends deferring these items to prepare additional information for the Board.

- Transgender Benefits

Mr. Mizuno reported that the EGWP plan design already covers these benefits in accordance with federal laws. The only change would be to add hormonal

therapy and the EUTF staff will work with CVS to make sure to comply with State and Federal laws.

4. HDS Dental Proposed Retiree Benefit Plan Design Changes Effective January 1, 2017
 - Minimum Age Limit for Implants
Mr. Mizuno reported that the Benefits Committee is not recommending this benefit change.
 5. Presentation by CVS/SilverScript
 - Quarterly Report through March 31, 2016
Mr. Mizuno reported that this item was addressed in Executive Session. Redacted copies of the report were provided to the public.
- B. Investment Committee Report
Mr. Mizuno summarized the Investment Committee report.
1. Global Options Search Process Update
 2. Updated Investment Policy

MOTION was made for the Board to approve the revised Statement of Investment Policy and Guidelines that replaces the Vanguard REIT Index Fund with the AB Real Estate Investment Trusts Strategy, adds investment guidelines for the AB Real Estate Investment Trusts Strategy and adds the additional asset classes now permitted under HRS 87A-24 with the passage of Act 030, Sessions Laws of Hawaii 2016. (Machida/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

3. 2016 Private Markets Implementation Overview
 4. Consulting for Private Equity and Private Real Estate Consulting Services
- IV. NEW BUSINESS (continuation)
- B. EUTF Administrative Rule Changes – After Consultation
Mr. Mizuno summarized the EUTF Administrative Rule changes after consultation. After reviewing the comment to consider not changing 5.06(b) in regards to authorized leave without pay (LWOP), the staff recommends not changing the Rule to limit the reinstatement date to the return to work date. Also, the Board approved adding section 5.11 recovering of claims in case of retroactive terminations, but upon further review, it is already included in 4.12(c) so it was not sent for consultation to the employer/employee organizations.

MOTION was made for the Board to not change EUTF Administrative Rule 5.06(b) relating to authorized leave without pay and to submit the remaining changes that were circulated for consultation to the Governor's office for approval. (Currivan

Musto/Machida) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

C. Open Enrollment for Retirees With Medical But Without Prescription Drug and Retirees With Dependents With Medical But Without Prescription

Mr. Mizuno reported that the limited prescription drug benefit through HMSA for active employees is being removed July 1, 2016. The limited prescription drug benefit for retirees will be removed January 1, 2017 and the EUTF will be working with HMSA to make that change which will coincide with the regular/normal open enrollment for retirees so retirees with a Medicare Part D plan can enroll in the EUTF EGWP plan.

D. Board Meeting Schedule – change the November Board meeting from 11/15/16 (IFEBP conference) to 11/22/16 (Tuesday before Thanksgiving)

The regular Board meeting has been changed from 11/15/16 to 11/22/16.

VI. OLD BUSINESS

A. Election of New Chairperson (employer trustee) and Vice Chairperson (employer trustee)

Trustee Roderick Becker is nominated for Chairperson. (Hidano/Machida).

MOTION was made for the Board to close nominations. (Hidano/Machida) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Trustee Roderick Becker was elected Chairperson.

Trustee Audrey Hidano is nominated for Vice-Chairperson. (Machida/Nip)

MOTION was made for the Board to close nominations. (Nip/Machida) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Trustee Audrey Hidano was elected Vice-Chairperson.

VII. REPORTS

A. Segal

1. Pharmacy Benefit Manager Audit Report

This item was addressed during Executive Session.

B. Administrator

The Administrator's report was in the Board packet.

1. Death checks (no discussion held)

2. Adult disabled child project (no discussion held)

3. Student certification project (no discussion held)

4. Review of Vitech services provided
Mr. Derek Mizuno summarized the discussion regarding the Vitech computer system contract/operational reviews with the staff and Mr. Todd Omura, ETS IT Governance on June 13, 2016. It would not add much value to hire a consultant for \$40,000-\$50,000. Mr. Omura recommended that EUTF pursue hiring the Business Analyst position instead of a third party operational review. The EUTF will add the Business Analyst position in the EUTF budget request.
 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. Strategic Plan 2015-2017
Mr. Mizuno summarized the changes to the Strategic Plan and the status update. Discussion held by the Trustees and staff regarding sending a quarterly memorandum to the legislature, employer and employee organization. The Board may contact the Administrator if they have any questions or comments.
 9. Senate Resolution No. 6 Authorizing the Formation of a Task Force to Study the Issue of a Cancer Presumption Statute Relating to Firefighters
A copy of Senate Resolution No. 6 was just received by the EUTF and no action has been taken yet.
 10. Project Oversight Committee for Implementation of HB2482 All Payer Claims Database
Discussion held by the Trustees and staff regarding HB2482 that will require carriers to provide the State agency to receive all of the claim information.
 11. Vacancies (no discussion held)
- 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. V3 BAS Modified Phase II (Employer File Feed)
 - b. Vitech Rebill Issue
 - c. Oracle Database Upgrade and Encryption

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- d. EUTF Computer Encryption
 - e. Maui Memorial, Kula Community and Lanai Community Hospitals Electronic Termination
 - f. Vacancy
 - g. Enrollment Counts
 3. EUTF Program Specialist Report
 - a. Preventative Health and Wellness Benefits

Discussion held by the Trustees and staff regarding meetings with employers and carriers. Ms. Linda Green clarified that so far, she has met with departmental personnel officers for certain employers and Kaiser and HMSA in regards to preventative health and wellness benefits. Further discussion will be held with Administrator on what the Program Specialist will cover in educational sessions.
 - b. Disease Management (DM) Benefits
 - c. Benefit Plan Audit Services
 4. Financial Services Branch
 - a. Management Letter Corrective Action Plan Status
 - b. Electronic Payment by Members
 - c. Unrestricted, Unreserved Net Assets
 - d. Financial Services Branch Staffing Update
 - e. Financial Statements as of April 30, 2016

Ms. Donna Tonaki summarized the financial statement as of April 30, 2016 and the Experience Accounting reports for the self-funded plans. Discussion held by the Trustees and staff regarding the contributions for the month of June which is slightly down. Mr. Mizuno clarified the amounts for the direct subsidy on the self-funded EGWP plan.
- D. Carrier Reports
1. CVS Caremark

Written report submitted.
Ms. Sandra Benevides reported that there is a change in CVS's structure. Mr. Rick Edwards is no longer her direct supervisor. As of July 1, 2016, Ms. Benevides will have a new direct supervisor and a formal report will be submitted to the Board. Mr. Mizuno stated that Mr. Rick Edwards did call to notify him of the change.
 2. SilverScript

Written report submitted.
 3. Hawaii Dental Service (HDS)

Written report submitted.
Discussion held by the Trustees and Ms. Elaine Fujiwara that the HIPAA violation was identified and caught through HDS's internal auditing.

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. NEXT MEETING DATE

- A. July 26, 2016, 9:00 a.m. – Regular Board Meeting

IX. ADJOURNMENT

MOTION was made for the Board to adjourn meeting at 1:23 p.m. (Machida/Becker) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/

Audrey Hidano, Secretary-Treasurer

APPROVED on August 12, 2016.

Documents Distributed:

1. Draft Board Minutes of 5/31/16. (10 pages)
2. Amended Page 3 of Draft Board Minutes of 5/31/16. (1 page)
3. Memorandum to BOT Regarding 6/27/16 Benefits Committee Meeting dated 6/28/16. (2 pages)
4. EUTF Non-Medicare Retirees 5/2012-3/2016 Redacted Version by CVSHealth dated 6/26/16. (21 pages)
5. Memorandum to BOT from Investment Committee Regarding 6/14/16 Investment Committee Meeting dated 6/23/16. (1 page)

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6. Memorandum to BOT from Administrator Regarding EUTF Administrative Rule Changes – After Consultation dated 6/23/16. (14 pages)
7. Administrator’s Monthly Report to the Board from 5/21/16-6/17/16. (2 pages)
8. Monitoring of Progress on the Goals, Objectives and Action Plan, 1/1/15-6/30/16, by Administrator. (8 pages)
9. Updated Goals, Objectives and Action Plan, 7/1/16, by Administrator. (4 pages)
10. Memorandum to BOT from MSB Manager Regarding May-June 2016 MSB Operations Report dated 6/17/16. (7 pages)
11. Memorandum to BOT from IS Analyst Regarding May-June 2016 IS Operations Report dated 6/17/16. (11 pages)
12. Revised Mass Rebill Fix Timeline dated 6/30/16. (1 page)
13. Memorandum to Administrator from Program Specialist Regarding May-June 2016 EUTF Program Specialist Report dated 6/17/16. (2 pages)
14. Memorandum to BOT from Assistant Administrator Regarding May-June 2016 Financial Services Branch (FSB) Report dated 6/17/16. (2 pages)
15. EUTF Enterprise (Actives) Statement of Net Position 10 Months Ended April 30, 2016 (Preliminary-Unaudited) dated 6/22/16, EUTF Enterprise (Actives) Statement of Revenue, Expenses and Changes in Net Position 10 Months ended April 30, 2016 (Preliminary-Unaudited) dated 6/22/16, EUTF Agency (Retirees) – Statement of Fiduciary Net Position 10 Months Ended April 30, 2016 (Preliminary-Unaudited) dated 6/22/16, EUTF Agency (Retirees) – Statement of Revenue and Expenses and Changes in Net Position 10 Months Ended April 30, 2016 (Preliminary-Unaudited) dated 6/22/16, EUTF OPEB Statement of Net Position 10 Months Ended April 30, 2016 (Preliminary-Unaudited) dated 6/22/16, EUTF OPEB Statement of Revenue and Expenses 10 Months Ended April 30, 2016 (Preliminary-Unaudited) dated 6/22/16. (6 pages)
16. Experience Accounting of CVS Caremark Actives Self-Funded Plans Summary of FYE 6/30/2015 & FYE 6/30/2016, dated 6/22/16, Experience Accounting of CVS Caremark Non-Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2015 & FYE 6/30/2016, dated 6/22/16, Experience Accounting of SilverScript Medicare Retirees Self-Funded Plan Summary of FYE 6/30/2015 & FYE 6/30/2016 dated 6/22/16. (3 pages)
17. CVS Caremark Monthly Carrier Report for May 2016 dated 6/10/16. (20 pages)
18. SilverScript Monthly Carrier Report for May 2016 dated 6/9/16. (3 pages)
19. HDS Monthly Carrier Report for May 2016 dated 6/9/16. (2 pages)
20. HMSA Monthly Carrier Report for May 2016 dated 6/15/16. (2 pages)
21. Kaiser Monthly Carrier Report for May 2016 dated 6/9/16. (2 pages)
22. Royal State Insurance Monthly Carrier Reports for May 2016 (Chiropractic and Supplemental Medical Plans) dated 6/6/16. (4 pages)
23. UnitedHealthcare Monthly Carrier Report for May 2016 dated 6/7/16. (1 page)
24. US Able Life Monthly Carrier Report for May 2016 dated 6/10/16. (2 pages)
25. VSP Monthly Carrier Report for May 2016 dated 6/9/16. (8 pages)