

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Minutes of the Board of Trustees

Wednesday, November 23, 2016

TRUSTEES PRESENT

Mr. Roderick Becker, Chairperson

Ms. Audrey Hidano, Vice Chairperson

Mr. Gordon Murakami, Secretary-Treasurer

Ms. Linda Currivan Musto

Mr. Wesley Machida

Ms. Celeste Nip

Mr. James Nishimoto (arrived 10:08 am)

Dr. Virginia Pressler (arrived 10:43 am)

TRUSTEES ABSENT:

Mr. Clifford Uwaine

ATTORNEY

Ms. Patricia Ohara, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Administrator

Ms. Donna Tonaki, Assistant Administrator

Ms. Maria Quartero

Ms. Linda Green

Ms. Bonny Kahalewai

Mr. Thomas Morrison, Benefits Consultant

Mr. Raymond Kan

Mr. Rodney Shinno

Mr. Kuan Yuan

OTHERS PRESENT

Ms. Marissa Adachi, HMSA

Ms. Nikki Bassett, USABLE Life

Ms. Sandra Benevides, CVS Health

Ms. Susan Goya, HGEA-R

Mr. Galen Haneda, HMSA

Ms. Keiko Hiraoka, Lilly

Ms. Danielle Jones, UHC

Ms. Monica Kim, VSP

Mr. Chad Karasaki

Ms. Mae Kishimoto, HSTA-R

Mr. Christopher Letoto, HMSA

Ms. Melissa Maino, CVS Health

Ms. Tracie Mukai, HDS

Mr. Dave Shiroma, Kaiser

Mr. Ron Tobarra, Royal State

Mr. Troy Tomita, Kaiser

Mr. Trevor Waihee-Yamasaki, HMSA

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 10:02 a.m. by Chairperson Roderick Becker, in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board Room, 201 Merchant Street, Honolulu, Hawaii, on Wednesday, November 23, 2016.

Chairperson Becker stated that Trustee Sanchez resigned effective November 9, 2016.

Mr. Derek Mizuno requested an amendment to the agenda to move agenda item V. New Business, A. EUTF Insurances – Cyber Liability and Fiduciary out of order, after the minutes.

MOTION was made for the Board to amend the agenda to take agenda item V. New Business, A. EUTF Insurances – Cyber Liability and Fiduciary out of order, after the minutes. (Nip/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee Beneficiary Trustees-3)

II. MINUTES

A. November 7, 2016

The Board reviewed the draft minutes of November 7, 2016.

MOTION was made to approve the minutes of November 7, 2016 as circulated. (Currivan Musto/Machida) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

V. NEW BUSINESS

A. EUTF Insurances – Cyber Liability and Fiduciary

Mr. Chad Karasaki from AON summarized the recommendation for cyber and fiduciary liability insurance. [Trustee Nishimoto arrived at 10:08 a.m.] Discussion held by the Trustees, staff, and Mr. Karasaki from AON regarding the renewal of insurance policies.

MOTION was made to place the cyber and fiduciary liability insurance with Beazley and RLI Insurance, respectively, as recommended by Aon. (Machida/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

III. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 10:15 a.m. (Machida/Nip) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

The meeting reconvened at 11:13 a.m.

Chairperson Becker reported that the Board took the following actions in Executive Session:

1. Approved the Executive Session minutes of November 7, 2016.
2. Approved premium rates for the HDS dental, VSP vision, RSN supplemental and chiropractic, and US Able Life life insurance active employees plans effective July 1, 2017.
3. Approved the selection of a fund for the private real estate strategy subject to contract negotiations.
4. Approved the selection of one investment manager for the Systematic Trend Following strategy subject to due diligence and contract negotiation.

IV. OLD BUSINESS

A. HMSA Medical Proposed Active Plan Changes

Mr. Mizuno summarized the HMSA proposed active plan changes that were discussed in the Executive Session.

MOTION was made to remove the dollar (\$25,000) and age (under age 14) limits from the autism spectrum disorder benefit in accordance with federal law for the EUTF and HSTA VB HMSA active employee plans effective July 1, 2017 and retiree plans effective January 1, 2017. (Pressler/Currivan Musto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

B. Kaiser Medical and Prescription Drug Proposed Active Plan Changes

Discussion was held by the Trustees and staff regarding the out-of-state dependent coverage plan a motion to cover all plans and the contract period.

MOTION was made to add the out-of-state dependent coverage to the EUTF Kaiser and HSTA VB Kaiser active employee plans effective July 1, 2017 and the EUTF Kaiser and HSTA VB retiree plans effective January 1, 2017. (Nip/Currivan Musto) The motion failed. (Employer Trustees-2 YES-Nishimoto, Pressler, 3 NO-Becker, Hidano, Machida, /Employee-Beneficiary Trustees-3 YES-Currivan Musto, Murakami, Nip)

V. NEW BUSINESS

A. EUTF Insurances – Cyber Liability and Fiduciary

This item was taken out of order and addressed earlier on the agenda.

B. EUTF's Annual Report to the Legislature-Draft

Mr. Mizuno summarized the draft EUTF Annual Report to the Legislature. The Trustees will notify the Administrator if they have any changes.

MOTION was made to approve the draft EUTF Annual Report to the Legislature, as presented, subject to Trustees amendment(s). (Murakami/Pressler) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

C. Medicare Part B Premiums and Base Monthly Contribution Update

Mr. Mizuno summarized the Medicare Part B premiums and base monthly contribution changes effective January 1, 2017.

VI. COMMITTEE REPORTS

A. Investment Committee Report – Pension Consulting Alliance (PCA)

Mr. Kuan Yuan summarized the Investment Committee report for the following agenda items. Mr. Colin Bebee from PCA joined the meeting via conference call.

1. September 30 2016 Performance Report including Excess Reserves
2. Acuitas – Organizational Update

Mr. Colin Bebee from PCA was excused from the meeting.

VII. REPORTS

A. Segal

1. Plan Performance Report through September 30, 2016

Mr. Tom Morrison summarized the Executive Summary of the Plan Performance Report through September 30, 2016.

2. Performance Guarantee Report through September 30, 2016

Mr. Mizuno stated that the correct report by Segal is dated November 21, 2016.

Mr. Morrison summarized the Performance Guarantee Report through September 30, 2016. Discussion was held by Trustees, staff, and benefits consultant regarding penalties, how percentages are calculated, and benchmarks.

3. Estimated Adjustments to Rates by Bargaining Unit

Mr. Mizuno stated that this item is a follow-up from the previous meeting.

Mr. Morrison summarized the estimated adjustments to rates by bargaining unit.

This information is Segal's calculation based on the plan's experience and for the Board's information. Discussion held by the Trustees, staff, and benefits consultant regarding separate rates for SHOPO.

B. Staff Report – December 16, 2016 Task Force to Study the Issue of a Cancer Presumptive Statute Relating to Firefighters

Mr. Mizuno reported that Ms. Linda Green is on the Task Force to Study the Issue of a Cancer Presumptive Statute Relating to Firefighters. The Task Force has requested information on the incidences of cancer affecting firefighters in the EUTF membership from HMSA and Kaiser. HMSA and Kaiser will provide the information in December 2016.

C. Carrier Reports

1. CVS Caremark

Written report submitted.

2. SilverScript

Written report submitted. Trustee Currivan Musto complemented SilverScript for receiving a 4 star rating from CMS regarding their Medicare Employee Group Waiver Plan.

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.

III. EXECUTIVE SESSION (continued)
The meeting recessed at 11:50 a.m.

The meeting reconvened at 12:20 p.m.

The Board did not take any action in Executive Session.

V. NEW BUSINESS (continued)

D. OPEB Actuarial Accrued Liability

Trustee Machida discussed the OPEB Actuarial Accrued Liability. Discussion was held by the Trustees and staff regarding the OPEB liability.

The meeting recessed at 12:55 p.m.

Executive Session adjourned at 3:39 p.m.

The Board did not take any action in Executive Session.

VIII. NEXT MEETING DATE

- A. December 20, 2016, 9:00 a.m. (regular board meeting)

IX. ADJOURNMENT

MOTION was made for the Board to adjourn meeting at 3:39 p.m. (Hidano/Nip) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

Respectfully submitted,

/s/

Gordon Murakami, Secretary-Treasurer

APPROVED on December 20, 2016.

Documents Distributed:

1. Draft Board Minutes of 11/7/16/16. (8 pages)
2. EUTF Cyber Liability & Fiduciary Liability Renewal Proposal from AON. (25 pages)
3. EUTF Annual Report for the Period 7/1/15 through 6/30/16 dated December 2016. (15 pages)
4. Memorandum to BOT from the Administrator Regarding the Base Monthly Contribution Update dated 11/16/16. (4 pages)
5. Memorandum to BOT from the Investment Committee Regarding the November 15, 2016 Investment Committee Meeting dated 11/17/16. (1 page)
6. EUTF Year to Date Contract Plan Experience Report, Contract Year to Date through 9/2016 dated 11/22/16. (41 pages)
7. Memorandum to BOT from Segal Regarding Estimated Adjustment to Rates by Bargaining Unit dated 11/21/16. (3 pages)
8. CVS Caremark Monthly Carrier Report for October 2016 dated 11/10/16. (11 pages)
9. SilverScript Monthly Carrier Report for October 2016 dated 11/7/16. (3 pages)
10. HDS Monthly Carrier Report for October 2016 dated 11/10/16. (6 pages)
11. HMSA Monthly Carrier Report for October 2016 dated 11/15/16. (2 pages)
12. Kaiser Monthly Carrier Report for October 2016 dated 11/10/16. (2 pages)
13. Royal State Insurance Monthly Carrier Reports for October 2016 (Chiropractic and Supplemental Medical Plans) dated 11/9/16. (4 pages)
14. UnitedHealthcare Monthly Carrier Report for October 2016 dated 11/3/16. (1 page)
15. US Able Life Monthly Carrier Report for October 2016 dated 11/10/16. (2 pages)
16. VSP Monthly Carrier Report for November 2016 dated 11/8/16. (8 pages)