

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Minutes of the Board of Trustees

Tuesday, December 20, 2016

TRUSTEES PRESENT

Mr. Roderick Becker, Chairperson
Ms. Audrey Hidano, Vice Chairperson
Mr. Gordon Murakami, Secretary-Treasurer
Ms. Linda Currivan Musto

Mr. Wesley Machida
Dr. Virginia Pressler (arrived 11:18 a.m.)
Mr. Clifford Uwaine

TRUSTEES ABSENT

Ms. Celeste Nip

Mr. James Nishimoto

ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Administrator
Ms. Donna Tonaki, Assistant Administrator
Ms. Maria Quartero
Mr. Adam Dreher
Ms. Linda Green
Ms. Shannon Hall
Ms. Bonny Kahalewai

Mr. Thomas Morrison, Benefits Consultant
Mr. Raymond Kan
Ms. Emily Kaneakua
Ms. Jessica McDonald
Mr. Rodney Shinno
Mr. Kuan Yuan

OTHERS PRESENT

Ms. Marissa Adachi, HMSA
Ms. Nikki Bassett, US Able Life
Ms. Sandra Benevides, CVS Health
Mr. Tom England, Kaiser
Ms. Elaine Fujiwara, HDS
Ms. Susan Goya, HGEA-R
Mr. Galen Haneda, HMSA
Ms. Danielle Jones, UHC

Ms. Monica Kim, VSP
Ms. Mae Kishimoto, HSTA-R
Mr. Christopher Letoto, HMSA
Mr. Ken Lee, Kaiser
Ms. Melissa Maino, CVS Health
Mr. Doug Murata, Royal State
Mr. David Shiroma, Kaiser
Mr. David Tumilowicz, Kaiser

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 9:00 a.m. by Chairperson Roderick Becker, in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, December 20, 2016.

Mr. Derek Mizuno introduced staff member, Ms. Jessica McDonald, who was recently promoted to EUTF Member Services Specialist.

II. MINUTES

A. November 23, 2016

The Board reviewed the draft minutes of November 23, 2016.

MOTION was made to approve the minutes of November 23, 2016 as circulated. (Machida/Uwaine) 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 9:03 a.m. (Machida/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

The regular meeting reconvened at 11:37 a.m.

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

1. Approved the Executive Session minutes of November 23, 2016.
2. Approved premium rates for the HMSA medical active employee plans effective July 1, 2017.
3. Approved revised vision and mission statements.
4. Approved the selection of a fund for the private equity strategy subject to contract negotiation.
5. Approved RFP 17-001 Investment Consulting Services.
6. Rescinded the EUTF gift and event policy approved at the February 28, 2013 Board meeting.

IV. OLD BUSINESS

A. Strategic Planning – Committee or Permitted Interaction Group

Mr. Mizuno discussed, as a follow up to the Board's strategic planning discussion, the Board's intention to establish a committee to discuss the issue of the public as stakeholders. Based on discussions with the deputy attorney general, staff recommended establishing a permitted interaction group.

MOTION was made to establish a permitted interaction group consisting of Trustees Machida, Pressler, Hidano and Currivan Musto to discuss the public as a stakeholder. (Hidano/Murakami) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

V. NEW BUSINESS

A. Fiscal year ending 2016 financial statements

Mr. Mizuno reported that the staff and auditors, KKDLY LLC, are working on a final adjustment. KKDLY LLC will present the audited financial statements at the next Board meeting which is consistent with last year.

B. Self-Funded Prescription Drug Rates for Active Employees Effective July 1, 2017

Mr. Tom Morrison provided the proposed self-funded prescription drug premiums for the EUTF and HSTA VB drug plans bundled with the HMSA medical plans effective July 1, 2017. Segal calculated the premiums under three main options – 1) the current methodology – all HMSA medical plans have the same drug plan design and premium, 2) the HMSA 75/25 bundled drug plan has the same plan design but a separate experience rated premium, and 3) the HMSA 75/25 bundled drug plan has a different plan design (i.e. \$5/\$30/\$75 copayments) and a separate experience rated premium. Options 2 and 3 had sub-options a-d. The Trustees noted the minimal difference in premiums between options 2 and 3 and decided to maintain the same plan design for the

HMSA 75/25 bundled drug plan. The Trustees also discussed the subsidy from the 75/25 members to the other HMSA members that is currently being provided and whether to reduce that over time or to eliminate July 1, 2017.

MOTION was made to approve the rates for the self-funded prescription drug plan for EUTF and HSTA VB active employees under Option 2a effective July 1, 2017. (Pressler/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

C. Board meeting schedule

Mr. Mizuno presented a Board meeting schedule for the fiscal year ending June 30, 2018 that incorporates a meeting start time of 8:30 a.m. Board meetings from January 1, 2017 through June 30, 2017 will also be changed to 8:30 a.m.

VI. COMMITTEE REPORTS

A. Investment Committee Report – Pension Consulting Alliance

1. Geode Capital Management, LLC – Due Diligence Review
2. Manager Implementation Update
3. Evolving Policy Plan Update
4. Statement of Investment Policy and Guidelines Update
5. Excess Reserve Portfolio Asset Allocation

Mr. Kuan Yuan summarized the aforementioned agenda items discussed at the December 13, 2016 Investment Committee meeting.

MOTION was made to approve the Investment Committee's recommendation to:

1. Approve the updated Evolving Policy Plan
2. Approve the updated Investment Policy and Guidelines that updates the asset allocation and Custom Total Portfolio Benchmark, adds new investment manager guidelines, and updates the asset allocation of the excess reserve portfolio.

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

VII. Reports

A. Segal

1. Update on the status of the Affordable Care Act

Mr. Morrison provided Segal's views on the impact of the new administration and the likelihood of changes to the Affordable Care Act.

B. Administrator

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

1. Adult disabled child project (no discussion held)
2. Student certification project (no discussion held)
3. HMSA covering chiropractic services (no discussion held)
4. HMSA limited prescription drug benefits (no discussion held)
5. HMSA specialty prescription drug benefits (no discussion held)
6. Steering Committee for Implementation of HB2482 All Payer Claims Database (no discussion held)

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7. Administration Staffing Update – Mr. Mizuno notified the Board that the Secretary to the Assistant Administrator accepted a position as the Secretary to the Deputy Director of Finance.
 8. Meetings with Key Legislators (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. 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. EUTF Computer Encryption
 - d. EUTF Health Benefits Hardware Service Replacement
 - e. Electronic Deductions
 - f. IS Staffing Update
 - g. Enrollment Counts
 3. EUTF Program Specialist Report
 - a. Preventative Health and Wellness Benefits
 - b. Disease Management (DM) Benefits
 - c. Committee Participation
 4. Financial Services Branch
 - a. Management Letter Corrective Action Plan Status
 - b. Electronic Payment by Members
 - c. ERS Pension Deduction
 - d. 2016 Financial Audit
 - e. Financial Services Branch Staffing Update
 - f. Financial Statements as of July 31, August 31, and September 30, 2016
- 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.

The regular meeting recessed at 12:20 p.m.

III. EXECUTIVE SESSION (continued)

The regular meeting reconvened at 12:31 p.m.

The Board did not take any action in Executive Session.

VIII. NEXT MEETING DATE

- A. January 17, 2017, 9:00 a.m. (regular board meeting)
The January 17, 2017 meeting will begin at 8:30 a.m.

IX. ADJOURNMENT

Quorum was lost at 12:31 p.m.

Respectfully submitted,

/s/

Gordon Murakami, Secretary-Treasurer

APPROVED on January 17, 2017.

Documents Distributed:

1. Draft Board Minutes of 11/23/16. (6 pages)
2. Memorandum to BOT from the Administrator Regarding Committee or Permitted Interaction Group dated 12/15/16. (4 pages)
3. Memorandum to BOT from the Administrator Regarding Board Meeting Schedule dated 12/12/16. (2 pages)
4. Memorandum to BOT from Segal Regrading 2017/2018 Active Prescription Drug Rates dated 12/19/16. (8 pages)
5. Memorandum to BOT from the Investment Committee Regarding the December 13, 2016 Investment Committee Meeting dated 12/14/16. (2 pages)
6. Administrator's Monthly Report to the Board from 10/29/16-12/9/16. (2 pages)
7. Memorandum to BOT from MSB Manager Regarding November-December 2016 MSB Operations Report dated 12/9/16. (8 pages)
8. Memorandum to BOT from IS Chief Regarding November-December 2016 IS Operations Report dated 12/9/16. (20 pages)
9. Memorandum to Administrator from Program Specialist Regarding November-December 2016

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EUTF Program Specialist Report dated 12/9/16. (2 pages)

10. Memorandum to BOT from Financial Management Officer Regarding November-December 2016 Financial Services Branch (FSB) Report dated 12/9/16. (2 pages)
11. Memorandum to BOT from the Administrator Regarding Financial Statement dated 12/19/16. (10 pages)
12. CVS Caremark Monthly Carrier Report for November 2016 dated 12/10/16. (17 pages)
13. SilverScript Monthly Carrier Report for November 2016 dated 12/6/16. (3 pages)
14. HDS Monthly Carrier Report for November 2016 dated 12/9/16. (3 pages)
15. HMSA Monthly Carrier Report for November 2016 dated 12/15/16. (2 pages)
16. Kaiser Monthly Carrier Report for November 2016 dated 12/9/16. (2 pages)
17. Royal State Insurance Monthly Carrier Reports for November 2016 (Chiropractic and Supplemental Medical Plans) dated 12/8/16. (4 pages)
18. UnitedHealthcare Monthly Carrier Report for November 2016 dated 12/7/16. (1 page)
19. USABLE Life Monthly Carrier Report for November 2016 dated 12/9/16. (2 pages)
20. VSP Monthly Carrier Report for November 2016 dated 12/8/16. (8 pages)