

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Friday, March 3, 2017

TRUSTEES PRESENT

Mr. Roderick Becker, Chairperson	Ms. Laurel Johnston
Ms. Audrey Hidano, Vice Chairperson	Ms. Celeste Nip
Mr. Gordon Murakami, Secretary-Treasurer	Mr. James Nishimoto (arrived 8:36 a.m.)
Ms. Linda Currivan Musto	Dr. Virginia Pressler (left 11:15 a.m.)

TRUSTEES ABSENT:

Mr. Ian Takashiba	Mr. Clifford Uwaine
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ATTORNEY

Ms. Patricia Ohara, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Administrator	Mr. Thomas Morrison, Benefits Consultant
Ms. Donna Tonaki, Assistant Administrator	Ms. Bonny Kahalewai
Mr. Adam Dreher	Mr. Raymond Kan
Ms. Linda Green	Ms. Emily Kaneakua
Ms. Shannon Hall	Mr. Rodney Shinno

OTHERS PRESENT

Ms. Nikki Bassett, USABLE Life	Ms. Mae Kishimoto, HSTA-R
Ms. Sandra Benevides, CVS Health	Mr. Christopher Letoto, HMSA
Mr. Corey Fujii, Pharmicare	Mr. Blaise Liu, Royal State
Ms. Elaine Fujiwara, HDS	Ms. Melissa Maino, CVS Health
Mr. Galen Haneda, HMSA	Mr. Brandon Kumabe, HMSA
Ms. Monica Kim, VSP	Mr. Troy Tomita, Kaiser

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 8:32 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 Friday, March 3, 2017.

Chairperson Becker introduced new employer trustee Laurel Johnston, Deputy Director of Finance.

II. MINUTES

A. January 17, 2017

The Board reviewed the draft minutes of January 17, 2017.

MOTION was made to approve the minutes of January 17, 2017 as circulated. (Pressler/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 8:35 a.m. (Nip/Hidano) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

Trustee Nishimoto arrived at 8:36 a.m.

The regular meeting reconvened at 9:25 a.m.

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

1. Approved the Executive Session minutes of January 17, 2017 as amended.
2. Approved the execution of a contract with a claims auditor.
3. Approved amendment to the contract with the benefits consultant to extend the contract and to revise service level performance guarantees.

IV. OLD BUSINESS

A. Impact of ERS Assumption Changes on the EUTF

Mr. Joseph Newton and Mehdi Reizi, Gabriel Roeder Smith & Company, discussed the recent assumption changes made by the Employees' Retirement System of the State of Hawaii, the impact of these changes to the EUTF's actuarial accrued liability, and provided comments on conducting actuarial valuations annually in accordance with SB 133 Relating to Public Employees' Fringe Benefits.

B. Strategic Planning – Permitted Interaction Group

Mr. Mizuno summarized the permitted interaction group's discuss regarding whether the public should be considered a stakeholder. Mr. Mizuno will update the Strategic Plan to reflect the inclusion of the public as a stakeholder for the Board's consideration.

V. NEW BUSINESS

A. Committee Assignments

Trustee Johnston will serve on the Administrative and Benefits Committees.

B. 2017 EUTF Related Legislation

Mr. Mizuno reported on the EUTF's proposed bills and other bills of possible interest to the Board.

MOTION was made to oppose the requirement that prescription drug coverage be included in retiree medical plans in SB403 Relating to Health Insurance.

(Johnston/Nishimoto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3).

Trustee Pressler requested that EUTF testimony clarify that the Board is not discouraging prescription drug coverage for the EUTF retirees but seeks to provide them with the flexibility to enroll in non-EUTF prescription drug options.

MOTION was made to support the requirement that health plans provide coverage to dependents up to age 26 for EUTF retiree plans in SB403 and HB552 both Relating to

Health Insurance. (Nip/Pressler) The motion failed. (Employer Trustees-2 YES-Nishimoto, Pressler, 2-NO Becker, Hidano, 1-ABSTAIN Johnston/Employee-Beneficiary Trustees-3 YES Currivan Musto, Murakami, Nip).

MOTION was made to oppose HB887 Relating to Unfunded Liabilities. (Currivan Musto/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3).

The Trustees instructed EUTF staff to continue to provide testimony on HB888 Relating to Addressing the Health Unfunded Liability and SB133 Relating to Public Employees' Fringe Benefits.

VI. REPORTS

A. Segal

1. Rate Projections

Mr. Morrison discussed the updated Five Year Rate Projection with Approved 2017/2018 Active Rates that was emailed earlier to the Trustees and Budget & Finance.

2. Quarterly Plan Performance Report

Mr. Morrison reviewed the Quarterly Plan Performance Report with the Trustees.

3. Quarterly Performance Guarantee Report

Mr. Morrison reviewed the Quarterly Performance Guarantee Report with the Trustees.

4. Update on the Status of the Affordable Care Act

B. Administrator

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

1. Adult disabled child project

2. Student certification project

3. HMSA covering chiropractic services

4. HMSA limited prescription drug benefits

5. Steering Committee for Implementation of HB2482 All Payer Claims Database

6. Administration Staffing Update

7. Meetings with Key Legislators and Unions

8. Deputy AG requested a meeting with Segal in regards to the Dannenberg case

9. Draft letter to retiree regarding Medicare Part D premium reimbursement

Mr. Mizuno discussed a retiree's request to have his Medicare Part D premiums reimbursed or to be allowed to enroll in the non-Medicare CVS prescription drug plan and the proposed response. Medicare Part D premiums are only assessed on high income retirees and dependents and there is no provision in the statutes for EUTF to reimburse these amounts.

10. Ethics Commission – Gift Policy

Mr. Mizuno confirmed that the State Ethics Commission Executive Director, Daniel Gluck, will attend the March 28, 2017 Board meeting to brief the Trustees on the gift and event policy.

11. Staff reports from the November 2016 IFEBP conference

Trustee Currivan Musto commented favorably on how the staff reports addressed next steps regarding items from the conference that EUTF is currently not doing.

12. Segal performance guarantee staff report

C. EUTF Managers' and Program Specialist Reports

The Managers' and Program Specialist reports were in the Board packet.

1. Member Services Branch (MSB)

a. MSB Data

b. MSB Customer Service Improvement Project – Survey Results

Mr. Mizuno discussed how the EUTF call answer rate decreased in the second half of calendar year 2016, new customer service representatives hired during the same period and recent changes to internal processes to increase the call answer rate.

c. MSB Staffing Update

d. Carrier Reports

2. Information Systems (IS)

a. V3 BAS Modified Phase II (Employer File Feed)

b. Vitech Rebill Issue

Trustee Hidano asked if staff is on track to complete the Rebill Issue by April 2017. Mr. Kan confirmed that the project is on track.

c. EUTF Computer Encryption

d. EUTF Health Benefits Hardware Service Replacement

e. Electronic Deductions

f. New Copier Installation

g. BAS Feasibility Study

Mr. Mizuno mentioned that as discussed at a previous Board meeting the staff is looking into contracting with a consultant to assist with a feasibility study whether to upgrade the current V3 Benefits Administration System software, move to a PeopleSoft based system similar to the State's payroll system, issue a request for proposals, or another alternative. The two options to procure a consultant are to issue a request for proposals or issue a request for quote to the listed GSA 70 vendors. Staff are leaning toward using the GSA 70 vendor list. If staff selects this method, they will work closely with DAGS ETS staff on the request for quote including the scope of work and options prior to posting the request for quote.

- h. IS Staffing Update
 - i. Enrollment Counts
 - 3. EUTF Program Specialist Report
 - a. Preventative Health and Wellness Benefits
 - b. Disease Management (DM) Benefits
 - c. Committee Participation
 - d. Legislation
 - 4. Financial Services Branch
 - a. Management Letter Corrective Action Plan Status
 - b. Electronic Payment by Members
 - c. ERS Pension Deduction
 - d. Financial Services Branch Staffing Update
 - e. Financial Statements as of October 31 and November 30, 2016
Mr. Shinno presented the November 30, 2016 financial statements.
- 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. USAbLe Life
Written report submitted.
 - 9. Vision Service Plan (VSP)
Written report submitted.

The regular meeting recessed at 10:58 a.m.

III. EXECUTIVE SESSION (continued)

The regular meeting reconvened at 11:50 a.m.

The Board did not take any action in Executive Session.

VII. NEXT MEETING DATE

A. March 28, 2017, 8:30 a.m. (regular board meeting)

VIII. ADJOURNMENT

MOTION was made for the Board to adjourn meeting at 11:55 a.m. (Nip/Murakami) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

Respectfully submitted,

/s/

Gordon Murakami, Secretary-Treasurer

APPROVED on March 28, 2017.

Documents Distributed:

1. Draft Board Minutes of 1/17/17. (6 pages)
2. Memorandum to Board from Permitted Interaction Group Regarding Public as a Stakeholder dated 2/27/17. (1 page)
3. EUTF Committees dated 2/1/17. (1 page)
4. Memorandum to Board from Segal Consulting Regarding Five Year Rate Projection with Approved 2017/2018 Active Rates dated 2/1/17. (7 pages)
5. EUTF Year to Date Contract Plan Experience Report Contract Year to Date Through December 2016 dated 2/21/17. (37 pages)
6. Health Care Reform by Segal Consulting as of January 30, 2017. (4 pages)
7. Administrator's Monthly Report to the Board from 1/7/17-2/10/17 dated 2/10/17. (2 pages)
8. Letter to Retiree Regarding Medicare dated 2/22/17. (2 pages)
9. Memorandum to Board from Administrator Regarding Medicare Part B and D Prescription Drug Mandatory Enrollment dated 2/15/17. (7 pages)
10. Memorandum to Board from Administrator Regarding Ethics Commission – Gifts Policy dated 2/15/17. (1 page)
11. IFEBP Conference, 11/13-16, 2017 Reports from Assistant Administrator and Managers. (3 pages)
12. Memorandum to BOT from Member Services Branch Manager Regarding January-February 2017 Member Services Operations Report dated 2/10/17. (8 pages)
13. Memorandum to BOT from Information Systems Chief Regarding January-February 2017 Information Systems (IS) Operations Report dated 2/10/17. (11 pages)
14. Memorandum to BOT from EUTF Program Specialist Regarding January-February 2017 EUTF Program Specialist Report dated 2/10/17. (2 pages)
15. Memorandum to BOT from Financial Management Officer Regarding January-February 2017 Financial Services Branch (FSB) Report dated 2/10/17. (2 pages)
16. Financial Statements as of October 31 and November 30, 2016 and Experience Accounting of Self Funded Plans for November 2017 (15 pages)
17. EUTF Legislative Bills dated 3/3/17. (25 pages)
18. 2017 EUTF Open Enrollment Flyer, Schedule, and Rates Sheets. 8 pages)
19. EUTF Hepatitis A Information – Second Shot Reminder dated 3/1/17. (1 page)

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20. EUTF Review of ERS Assumption Changes and Impact on OPEB by GRS dated 3/3/17. (18 pages)
21. CVS Caremark Monthly Carrier Report for January 2017 dated 2/10/17. (6 pages)
22. SilverScript Monthly Carrier Report for January 2017 dated 2/7/16. (3 pages)
23. HDS Monthly Carrier Report for January 2017 dated 2/10/17. (3 pages)
24. HMSA Monthly Carrier Report for January 2017 dated 2/14/17. (3 pages)
25. Kaiser Monthly Carrier Report for January 2017 dated 2/10/17. (2 pages)
26. Royal State Insurance Monthly Carrier Reports for January 2017 (Chiropractic and Supplemental Medical Plans) dated 2/8/17. (4 pages)
27. UnitedHealthcare Monthly Carrier Report for January 2017 dated 2/5/16. (1 page)
28. US Able Life Monthly Carrier Report for January 2017 dated 2/10/16. (2 pages)
29. VSP Monthly Carrier Report for January 2017 dated 2/10/17. (8 pages)