

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Minutes of the Board of Trustees  
Tuesday, March 28, 2017

TRUSTEES PRESENT

Mr. Roderick Becker, Chairperson  
Ms. Audrey Hidano, Vice Chairperson  
Ms. Linda Currvivan Musto  
Ms. Laurel Johnston (arrived 8:38 a.m.)

Ms. Celeste Nip  
Dr. Virginia Pressler (left 11:50 a.m.)  
Mr. Ian Takashiba

TRUSTEES ABSENT:

Mr. Gordon Murakami, Secretary-Treasurer  
Mr. James Nishimoto

Mr. Clifford Uwaine

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. Cheryl Archer, USAble  
Ms. Sandra Benevides, CVS Health  
Ms. Lindsey Deusterman, CVS Health  
Ms. Elaine Fujiwara, HDS  
Mr. Dale Goya, HMSA  
Ms. Susan Goya, HGEA-R  
Ms. Keiko Hiraoka, Lilly  
Ms. Danielle Jones, UHC

Ms. Monica Kim, VSP  
Mr. Brandon Kumabe, HMSA  
Mr. Christopher Letoto, HMSA  
Dr. Mark Mugiishi, HMSA  
Mr. Douglas Murata, Royal State  
Mr. Kurt Neuenfeld, CVS Health  
Ms. Emily Oshima -Lee, HMSA  
Ms. Sarah Smith, CVS Health  
Mr. Troy Tomita, Kaiser

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 8:34 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, March 28, 2017.

Chairperson Becker introduced new employee trustee Ian Takashiba, HGEA Contracts Administrator.

II. MINUTES

A. March 3, 2017

The Board reviewed the draft minutes of March 3, 2017.

MOTION was made to approve the minutes of March 3, 2017 as circulated. (Pressler/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Trustee Johnston arrived at 8:38 a.m.

### III. NEW BUSINESS

#### A. Ethics Commission Policy on Gifts

Mr. Daniel Gluck, Executive Director and General Counsel of the Hawaii State Ethics Commission (Commission), provided an overview of the Commission's gift policy. Mr. Gluck also addressed specific examples of how the policy is implemented.

#### B. HMSA Payment Transformation Update

Dr. Mark Mugiishi, Chief Medical Officer, and Emily Oshima-Lee, Director of Payment Transformation, both of HMSA provided an update on the status of HMSA's payment transformation model which changes the primary care provider reimbursement from a fee-for-service with incentives model to a capitated rate with incentives model. HMSA also provided preliminary plans on how payment transformation will impact specialist reimbursements.

### IV. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 9:50 a.m. (Currivan Musto/Pressler) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

The regular meeting reconvened at 10:30 a.m.

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

1. Approved the Executive Session minutes of March 3, 2017.
2. Denied an appeal for retroactive enrollment in dental and vision COBRA plans.
3. Approved the selection of a fund for the private real estate strategy subject to contract negotiation.
4. Approved the selection of a fund for the private equity strategy subject to contract negotiation.
5. Approved the extension of the custodial contract for a period of one year through June 30, 2018.

### III. NEW BUSINESS (continued)

#### C. Committee Assignments

Trustees Johnston and Takashiba will serve on the Emergency Appeals Committee as alternates. Trustees Pressler and Currivan Musto will serve on the Investment Committee.

#### D. Prescription Drug Plan – Prior Authorization Review

Ms. Sandra Benevides, CVS Senior Account Executive, Ms. Lindsey Deusterman, SilverScript EGWP Senior Account Executive, Mr. Kurt Neuenfeld, CVS Clinical Advisor, presented recommendations to add prior authorizations for limited source generics whose prices have recently increased significantly and for brand drugs with

more cost effective alternatives, and to exclude certain drugs on the EGWP wrap to encourage more cost effective drugs. CVS, the Trustees, and EUTF staff discussed the efficacy of the various drugs, cost implications to the plan, and the number of members that could be affected.

MOTION was made to approve CVS' recommendation to add prior authorization requirements for brand and generic Glumetza, Fortament and Zegerid without grandfathering for the EUTF active and non Medicare retiree prescription drug plans effective June 1, 2017. (Pressler/Hidano) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made to approve CVS' recommendation to add prior authorization requirements for Arestin without grandfathering for the EUTF active and non-Medicare retiree prescription drug plans effective June 1, 2017. (Johnston/Hidano) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made to approve CVS/SilverScript's recommendation to exclude Arestin with grandfathering for the EUTF EGWP wrap retiree prescription drug plans effective June 1, 2017. (Pressler/Johnston) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made to approve CVS' recommendation to add prior authorization requirements for Eucrisa without grandfathering for the EUTF active and non-Medicare retiree prescription drug plans effective May 1, 2017. (Pressler/Takashiba) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

MOTION was made to approve CVS/SilverScript's recommendation to exclude Harvoni, Olysio, Technivie and Eplusa with grandfathering for the EUTF EGWP wrap retiree prescription drug plans effective June 1, 2017. (Johnston/Hidano) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

V. INVESTMENT COMMITTEE REPORT

A. December 31, 2016 Performance Report Including Excess Reserves

Mr. Colin Bebee, Pension Consulting Alliance, presented the December 31, 2016 performance report including excess reserves.

B. Crisis Risk Offset Article

C. 2017 EUTF Strategic Investment Agenda

D. Excess Reserve Portfolio Allocation – Update

E. PCA and CalPERS Relationship

F. Manager Implementation Update

Mr. Yuan presented items B-F to the Board as detailed in the Investment Committee Report dated March 20, 2017.

VI. OLD BUSINESS

A. 2017 EUTF Related Legislation

Mr. Mizuno updated the Trustees on the status of EUTF and EUTF-related bills and recommended that the Board support two concurrent resolutions, SCR 116 and HCR 159, which encourage State departments and agencies to implement wellness programs.

MOTION was made to support Senate Concurrent Resolution 116 and House Concurrent Resolution 159 Encouraging State Departments and Agencies to Implement Worksite Wellness Programs. (Johnston/Takashiba) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3).

B. Strategic Plan Update

Mr. Mizuno reviewed the changes to the EUTF Strategic Plan 2015-2017 that incorporates the Board's decision to consider the public as stakeholders.

MOTION was made to approve the revised EUTF Strategic Plan 2015-2017 subject to moving "Health" under "What We Value" as the first value. (Currivan Musto/Pressler) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3).

VII. REPORTS

A. Segal

1. Public Sector Benefits Compliance News Update – March 9, 2017

Mr. Morrison updated the Trustees on the status of changes to the Affordable Care Act (ACA) including the recent "pulling" of the American Health Care Act proposal and possible upcoming ACA news.

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. Speaking engagements
9. SALGBA Conference

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
  - c. 2017 Open Enrollment for Active Employees
  - d. MSB Staffing Update
  - e. Carrier Reports
2. Information Systems (IS)
  - a. Active Open Enrollment 2017
  - b. V3 BAS Modified Phase II (Employer File Feed)

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- c. 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.
- d. EUTF Health Benefits Hardware Service Replacement
- e. Electronic Deductions
- f. BAS Feasibility Study
- g. IS Staffing Update
- h. 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 December 31, 2016 and January 31, 2017

Trustee Pressler was excused from the meeting at 11:50 a.m.

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 11:50 a.m.

IV. EXECUTIVE SESSION (continued)

The regular meeting reconvened at 12:25 p.m.

The Board did not take any action in Executive Session.

VIII. NEXT MEETING DATE

A. April 25, 2017, 8:30 a.m. (regular board meeting)

IX. ADJOURNMENT

MOTION was made for the Board to adjourn meeting at 12:26 a.m. (Nip/Curriivan Musto)  
The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Respectfully submitted,

/s/

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Gordon Murakami, Secretary-Treasurer

APPROVED on April 25, 2017.

Documents Distributed:

1. Draft Board Minutes of 3/3/17. (7 pages)
2. Presentation "Ethics: Best Practices" by Hawaii State Ethics Commission dated 3/28/17. (21 pages)
3. Presentation "Payment Transformation" by HMSA dated 3/28/17. (15 pages)
4. Prior Authorization Review by CVS Health dated 2/21/17. (17 pages)
5. Memorandum to BOT from Investment Committee Regarding 3/14/17 Investment Committee Meeting dated 3/20/17. (2 pages)
6. EUTF Legislative Bills dated 3/28/17. (8 pages)
7. Memorandum to BOT from Administrator Regarding Strategic Plan Update dated 3/22/17. (11 pages)
8. Memorandum to BOT from Segal Consulting Regarding Update on Affordable Care Act dated 3/24/17. (2 pages)
9. Update, Public Sector Benefits Compliance News by Segal Consulting dated 3/9/17. (6 pages)
10. Administrator's Monthly Report to the Board from 2/11/17-3/17/17 dated 3/17/17. (2 pages)
11. Memorandum to BOT from Member Services Branch Manager Regarding February-March 2017 Member Services Operations Report dated 3/17/17. (7 pages)
12. Memorandum to BOT from Information Systems Chief Regarding February-March 2017 Information Systems (IS) Operations Report dated 3/17/17. (11 pages)
13. Memorandum to BOT from EUTF Program Specialist Regarding February-March 2017 EUTF Program Specialist Report dated 3/17/17. (13 pages)
14. Memorandum to BOT from Financial Management Officer Regarding February-March 2017

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- Financial Services Branch (FSB) Report dated 3/17/17. (2 pages)
15. Financial Statements as of December 31, 2016 and January 31, 2017 and Experience Accounting of Self Funded Plans for January 2017 (15 pages)
  16. CVS Caremark Monthly Carrier Report for February 2017 dated 3/10/17. (6 pages)
  17. SilverScript Monthly Carrier Report for February 2017 dated 3/8/17. (3 pages)
  18. HDS Monthly Carrier Report for February 2017 dated 3/10/17. (2 pages)
  19. HMSA Monthly Carrier Report for February 2017 dated 3/15/17. (3 pages)
  20. Kaiser Monthly Carrier Report for February 2017 dated 3/10/17. (2 pages)
  21. Royal State Insurance Monthly Carrier Reports for February 2017 (Chiropractic and Supplemental Medical Plans) dated 3/8/17. (4 pages)
  22. UnitedHealthcare Monthly Carrier Report for February 2017 dated 3/2/17. (1 page)
  23. US Able Life Monthly Carrier Report for February 2017 dated 3/10/17. (2 pages)
  24. VSP Monthly Carrier Report for February 2017 dated 3/9/17. (8 pages)