

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Minutes of the Board of Trustees

Tuesday, May 23, 2017

TRUSTEES PRESENT

Ms. Audrey Hidano, Vice Chairperson
Mr. Gordon Murakami, Secretary-Treasurer
Ms. Linda Currivan Musto
Ms. Laurel Johnston (arrived at 8:51 am)
Ms. Celeste Nip

Mr. James Nishimoto
Dr. Virginia Pressler (excused at 10:45 a.m.)
Mr. Ian Takashiba
Mr. Clifford Uwaine (arrived at 8:45 am)

TRUSTEES ABSENT:

Mr. Roderick Becker, Chairperson

ATTORNEY

Ms. Jodi Yi, 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

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

OTHERS PRESENT

Ms. Marissa Adachi, HMSA
Ms. Nikki Bassett, USABLE
Mr. Colin Bebee, PCA
Ms. Sandra Benevides, CVS Health
Ms. Elaine Fujiwara, HDS
Mr. Susan Goya, HGEA-R
Mr. Galen Haneda, HMSA
Ms. Keiko Hiraoka, Lilly

Ms. Danielle Jones, UHC
Ms. Mae Kishimoto, HSTA-R
Mr. Brandon Kumabe, HMSA
Ms. Melissa Maino, CVS Health
Mr. Douglas Murata, Royal State
Mr. Kurt Neuenfeld, CVS Health
Mr. Troy Tomita, Kaiser

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 8:31 a.m. by Vice-Chairperson Audrey Hidano, in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, May 23, 2017.

II. MINUTES

A. April 25, 2017

The Board reviewed the draft minutes of April 25, 2017.

MOTION was made and seconded to approve the minutes of April 25, 2017 as circulated. (Currivan Musto/Nip) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

III. EXECUTIVE SESSION

MOTION was made and seconded for the Board to move into Executive Session at 8:32 a.m. (Nip/Nishimoto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

The regular meeting recessed at 9:51 a.m. and reconvened at 9:55 a.m.

Vice-Chairperson Hidano reported that the Board took the following actions in Executive Session:

1. Approved the Executive Session minutes of April 25, 2017 as circulated.
2. Approved fully insured medical plans effective January 1, 2018 for retirees and July 1, 2018 for active employees.
3. Approved a RFP for a Supplemental Medical and Prescription Drug Copayment Plan.
4. Approved the extension of a contract for insurance broker services.

IV. COMMITTEE REPORTS

A. Administrative Committee

1. Out-of-State Retiree Premium Reimbursements

Mr. Derek Mizuno summarized the recommendation of the Administrative Committee.

MOTION was made and seconded to approve the recommendation of the Administrative Committee to limit reimbursement of premiums paid by retirees who live outside of Hawaii to retiree medical and prescription drug plans issued by companies outside of Hawaii who have also contracted with the EUTF to provide medical and prescription drug plans that are only available to Hawaii residents.

Additionally, such reimbursement shall be:

- a. Limited to the lesser of the actual cost of the medical and prescription plan or the amount of employer contributions for the most comparable medical and prescription drug plan offered by the EUTF
- b. Paid quarterly in arrears after receipt of documentation that provides evidence that the premiums have been paid by the retiree
- c. If proof is submitted more than two years after the premiums were paid, the EUTF shall only reimburse for a two year retroactive period.

(Pressler/Johnston) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

2. Proposed EUTF Administrative Rule Changes

Mr. Mizuno summarized the recommendation of the Administrative Committee to revise the EUTF Administrative Rules. Mr. Mizuno highlighted the changes in EUTF practice and additional changes not proposed by staff to the Administrative Committee.

MOTION was made and seconded to approve the recommendation of the Administrative Committee to amend the EUTF Administrative Rules, excluding item #4 related to the event date of newborns, and to add the staff's recommendation to change "shall" to "may" under 4.11(a)(2) and 5.02(b) last sentence.

(Pressler/Uwaine) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

3. Progress on the strategic plan through March 31, 2017

Mr. Mizuno asked the Board to submit questions or comments on the staff's progress on the strategic plan.

B. Investment Committee

1. Election of Chair

Mr. Kuan Yuan reported that Trustee Roderick Becker was elected Chairperson of the Investment Committee.

2. March 31, 2017 Performance Report Including Excess Reserves

Mr. Colin Bebee, Pension Consulting Alliance, presented via conference call the March 31, 2017 performance report including excess reserves.

3. Manager Watch Status – Granite U.S. Micro Cap

Mr. Yuan summarized the reasons for placement of Granite on watch status and the planned monitoring procedures.

4. Statement of Investment Policy & Guidelines Update

Mr. Yuan summarized the recommendation of the Investment Committee to update the Investment Policy & Guidelines.

MOTION was made and seconded to approve the recommendation of the Investment Committee to amend the Statement of Investment Policy & Guidelines.

(Johnston/Murakami) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

5. Transition Management Providers Recommendation

Mr. Yuan summarized the recommendation of the Investment Committee to select Citi, BlackRock, Macquarie, Northern Trust and Russell to provide transition management program services.

MOTION was made and seconded to approve the recommendation of the Investment Committee to retain Citi, BlackRock, Macquarie, Northern Trust and Russell to provide transition management program services, subject to contract negotiations.

(Murakami/Nishimoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

6. Pension Bridge Conference Report

7. Manager Implementation Update

V. NEW BUSINESS

A. Election of New Chairperson (employee trustee), Vice Chairperson (employee trustee) and Secretary-Treasury (employer trustee)

Trustee Gordon Murakami was nominated for Chairperson. (Uwaine/Currivan Musto).

MOTION was made and seconded for the Board to close nominations. (Uwaine/Nishimoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Trustee Murakami was elected Chairperson.

Trustee Ian Takashiba was nominated for Vice-Chairperson. (Uwaine/Nip)

MOTION was made and seconded for the Board to close nominations. (Uwaine/Nishimoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Trustee Takashiba was elected Vice-Chairperson.

Trustee Laurel Johnston was nominated for Secretary-Treasurer. (Nishimoto/Pressler)

MOTION was made and seconded for the Board to close nominations. (Nishimoto/Pressler) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Trustee Johnston was elected Secretary-Treasurer.

B. CVS Auvi-Q Recommendation

Ms. Sandra Benevides and Kurt Neuenfeld, via conference call, of CVS presented their recommendation to exclude Auvi-Q from the EUTF active employee and non-Medicare prescription drug plans. In response to a question from Trustee Celeste Nip, Mr. Neuenfeld confirmed that the active ingredient and dosage of Auvi-Q is the same as EpiPen, generic Epipen and generic Adrenaclick, just the delivery method is different.

Trustee Pressler was excused from the meeting at 10:45 a.m.

MOTION was made and seconded to exclude coverage for Auvi-Q effective 7/1/17 for the EUTF active employee and non-Medicare retiree prescription drug plans, excluding HSTA VB plans. (Johnston/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

VI. OLD BUSINESS

A. 2017 EUTF Related Legislation

Mr. Mizuno summarized the status of the EUTF two remaining bills, SB930 and SB935, and the other bills that could impact the EUTF.

B. 2017 Active Open Enrollment

Mr. Mizuno reported that two Trustees had expressed concern regarding whether open enrollment forms submitted via interoffice mail or USPS by employees on the due date of Friday, May 12, 2017 would reach the appointed personnel officer that same day. Mr. Mizuno reported that the EUTF received approximately 5,000 open enrollment forms in 2016 as compared to approximately 12,000 as of yesterday. The Trustees

discussed the heightened interest in open enrollment because of the reduction in the HMSA 75/25 PPO plan premiums.

MOTION was made and seconded to accept open enrollment forms dated as received by the personnel offices through May 19, 2017. (Takashiba/Johnston) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

VII. REPORTS

A. Segal

1. Quarterly Plan Performance Report
Mr. Tom Morrison reviewed the Quarterly Plan Performance Report with the Trustees.
2. Quarterly Performance Guarantee Report
Mr. Morrison reviewed the Quarterly Performance Guarantee Report with the Trustees.
3. Public Sector Benefits Compliance News update – May 11, 2017

B. Administrator

1. Adult disabled child project
2. Unreported divorces
Mr. Mizuno discussed the process that the EUTF Benefits Audit Specialist is undertaking regarding the identification and removal of ex-spouses. Out of the initial 583 active employees identified with a possible divorce, staff reviewed 200 and identified 24 that had ex-spouses still on EUTF plans. Staff will notify and terminate the ex-spouse's coverages effective June 30, 2017 and will present a summary to the Board for next steps.
3. Fiduciary and cyber liability insurance renewals 12/15/17
4. HMSA covering chiropractic services
5. HMSA limited prescription drug benefits
6. Steering Committee for implementation of HB2482 All Payer Claims Database
7. Administration staffing update
8. Meetings with key legislators and unions
9. Speaking engagements
Trustee Johnston inquired about the Hawaii Roundtable that will include the Administrator, ERS Executive Director, and Director of Finance. Mr. Mizuno reported that approximately 20-30 legislators are expected to attend plus business leaders. Mr. Mizuno will provide the Trustees with an invitation to the event.

10. 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)

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- a. MSB Data
 - b. MSB Customer Service Improvement Project – Survey Results
 - c. 2017 Open Enrollment for Active Employees
 - d. Maui Memorial Medical Center (MMMMC) Terminations
 - e. MSB Staffing Update
 - f. Carrier Reports
 2. Information Systems (IS)
 - a. Active Open Enrollment 2017
 - b. V3 BAS Modified Phase II (Employer File Feed)
 - c. Vitech Rebill Issue
 - d. EUTF Health Benefits Hardware Server Replacement
 - e. Electronic Deductions
 - f. BAS Feasibility Study
 - g. Electronic Signatures
 - 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 March 31, 2017
- 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.

VIII. NEXT MEETING DATE

A. June 27, 2017, 8:30 a.m.

IX. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn meeting at 11:30 a.m. (Murakami/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

Respectfully submitted,

/s/

Gordon Murakami, Secretary-Treasurer

APPROVED on June 27, 2017 as amended.

Documents Distributed:

1. Draft Board Minutes of 4/25/17. (5 pages)
2. Memorandum to BOT from Administrative Committee Regarding May 17, 2017 Administrative Committee meeting dated 5/18/17. (2 pages)
3. Memorandum to BOT from Investment Committee Regarding May 18, 2017 Investment Committee meeting dated 5/18/17. (5 pages)
4. Auvi-Q Recommendation by CVS Health dated 5/23/17. (7 pages)
5. EUTF Legislative Bills dated 5/16/17. (4 pages)
6. EUTF Year to Date Contract Plan Experience Report Contract Year to Date through March 2017 dated 5/23/17. (41 pages)
7. "Update" by Segal Consulting dated 5/11/17. (6 pages)
8. Administrator's Monthly Report to the Board from 4/14/17-5/12/17/17 dated 5/12/17. (10 pages)
9. Memorandum to BOT from Member Services Branch Manager Regarding April-May 2017 Member Services Operations Report dated 5/12/17. (8 pages)
10. Memorandum to BOT from Information Systems Chief Regarding April-May 2017 Information Systems (IS) Operations Report dated 5/12/17. (10 pages)
11. Memorandum to BOT from EUTF Program Specialist Regarding April-May 2017 EUTF Program Specialist Report dated 5/12/17. (2 pages)
12. Memorandum to BOT from Financial Management Officer Regarding April-May 2017 Financial Services Branch (FSB) Report dated 5/12/17. (2 pages)
13. Financial Statements as of March 31, 2017 and Experience Accounting of Self Funded Plans for March 2017 dated 5/18/17. (9 pages)
14. CVS Caremark Monthly Carrier Report for April 2017 dated 5/10/17. (11 pages)
15. SilverScript Monthly Carrier Report for April 2017 dated 5/10/17. (3 pages)
16. HDS Monthly Carrier Report for April 2017 dated 5/5/17. (2 pages)
17. HMSA Monthly Carrier Report for April 2017 dated 5/12/17. (2 pages)
18. Kaiser Monthly Carrier Report for April 2017 dated 5/10/17. (2 pages)
19. Royal State Insurance Monthly Carrier Reports for April 2017 (Chiropractic and Supplemental

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Medical Plans) dated 5/9/17. (4 pages)

20. UnitedHealthcare Monthly Carrier Report for April 2017 dated 5/8/17. (1 page)

21. US Able Life Monthly Carrier Report for April 2017 dated 5/9/17. (2 pages)

22. VSP Monthly Carrier Report for April 2017 dated 5/12/17. (6 pages)