

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, June 27, 2017

TRUSTEES PRESENT

Mr. Roderick Becker, Chairperson
Ms. Audrey Hidano, Vice Chairperson
Ms. Linda Currivan Musto
Ms. Laurel Johnston
Ms. Celeste Nip

Mr. James Nishimoto
Dr. Virginia Pressler
Mr. Ian Takashiba
Mr. Clifford Uwaine

TRUSTEES ABSENT:

Mr. Gordon Murakami, Secretary-Treasurer

ATTORNEY

Ms. Jodi Yi, Deputy Attorney General

EUTF STAFF

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

Mr. Thomas Morrison, Benefits Consultant
Ms. Bonny Kahalewai
Ms. Emily Kaneakua
Ms. Haley Morris
Mr. Rodney Shinno

OTHERS PRESENT

Ms. Marissa Adachi, HMSA
Ms. Nikki Bassett, USABLE
Ms. Darlynn Barte, HMSA
Ms. Sandra Benevides, CVS Health
Ms. Lindsey Deusterman, CVS Health
Ms. Elaine Fujiwara, HDS
Mr. Susan Goya, HGEA-R
Ms. Monica Kim, VSP
Ms. Mae Kishimoto, HSTA-R

Mr. Brandon Kumabe, HMSA
Mr. Christopher Letoto, HMSA
Ms. Melissa Maino, CVS Health
Mr. Douglas Murata, Royal State
Mr. Kurt Neuenfeld, CVS Health
Mr. Kyle Niiro, HMSA
Ms. Joleen Sato, HMSA
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, June 27, 2017.

II. MINUTES

A. Amended November 7, 2016

The Board reviewed the revised minutes of November 7, 2016 which makes a correction on page 4, line 42 delete "unanimously" and page 5, line 18, delete "HMSA" and add "Kaiser".

MOTION was made and seconded to approve the revised minutes of November 7, 2016 as circulated. (Currivan Musto/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

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B. May 23, 2017

The Board reviewed the draft minutes of May 23, 2017. Trustee Currivan Musto amended page 2, line 31, delete “has been provided” and line 32, add an “s” after “provide”.

MOTION was made and seconded to approve the minutes of May 23, 2017 as amended. (Hidano/Currivan Musto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

III. EXECUTIVE SESSION

MOTION was made and seconded for the Board to move into Executive Session at 8:42 a.m. (Hidano/Pressler) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

The regular meeting recessed at 9:44 a.m. and reconvened at 9:52 a.m.

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

1. Approved the Executive Session minutes of May 23, 2017 as circulated.
2. Approved an award of contract for RFP 17-003 Investment Consulting Services for general and private equity investment consulting service.
3. Approved retiree premiums effective 1/1/18 – 12/31/18 for Hawaii Dental Service, Vision Service Plan and US Able Life plans.

IV. BENEFITS COMMITTEE REPORT

A. HMSA Proposed Retiree Benefit Plan Design Changes

MOTION was made and seconded to add the supportive care benefit to the EUTF and HSTA VB HMSA non-Medicare and Medicare retiree medical plans effective January 1, 2018. (Uwaine/Nip) The motion failed. (Employer Trustees-2 YES-Johnston, Pressler, 3 NO-Becker, Hidano, Nishimoto)/Employee-Beneficiary Trustees-4 YES-Currivan Musto, Nip, Takashiba, Uwaine). Trustee Uwaine requested that this item be placed on the July Board agenda.

Mr. Mizuno discussed a retiree request to add air ambulance coverage on the mainland. Currently, this is not a benefit on any non-EUTF HMSA plans but is covered under Medicare in certain situations. The draft response will be mailed to the retiree.

Mr. Mizuno informed the Board that HMSA is preparing results of the Ornish heart disease program benefit for the EUTF active employee and retiree populations for presentation to the Benefits Committee in July or August.

B. CVS/SilverScript

1. Opioid Management Strategy

Mr. Mizuno discussed the Committee’s recommendation to adopt the CVS opioid management strategy that follows Centers for Disease Control (CDC) guidelines, instead of adopting the Food and Drug Administration (FDA) label based guidelines. To date eight CVS state government clients switched to the CDC based strategy, two switched to the FDA label based strategy and three have not decided. Trustee Pressler asked if the CDC guidelines were stricter in limiting opioid prescriptions to reduce abuse and if there were additional costs of the CDC based strategy. Ms. Sandra Benevides and Mr. Kurt

Neuenfeld, CVS, confirmed that the CDC guidelines are stricter in limiting opioid prescriptions and there is projected to be additional costs of approximately \$120,000 annually due to lower rebates but offset by less drug costs. Additionally, CVS and HMSA believe that implementation of the provisions of SB505 Relating to Health (Opioid Therapy, Informed Consent, Prescription Limits, Nurses) is the responsibility of the prescriber and provider.

MOTION was made and seconded to approve the recommendation of the Benefits Committee to adopt the CDC guideline based morphine milligram equivalent opioid management strategy as described on slide 14 of the CVS presentation for EUTF active employee and non-Medicare retiree prescription drug plans, excluding the HSTA VB plans, effective October 1, 2017 (Pressler/Currivan Musto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

2. U.S. Prevention Services Task Force Requirement for Statins

Mr. Mizuno summarized the Committee's discussion regarding the Affordable Care Act (ACA) statin requirements in which low to moderate dosages of generic statins must be covered at 100% under ACA for members ages 40-75 in certain instances – EUTF and HSTA VB active employee plans. This requirement can be implemented as early as November 1, 2017 or as late as July 1, 2018, the beginning of the plan year. In addition, the coverage can be added to the non-Medicare and Medicare (no age limits can be placed) retiree plans. Recent past EUTF practice has been to add mandates on the required date and not to add the ACA requirements to the retiree plans. Mr. Mizuno added that Medicare retirees have available a low income subsidy program through CMS and Medicaid that assist with prescription drug premiums and copayments. Approximately 650 Medicare retirees are taking advantage of the CMS low income subsidy program.

MOTION was made and seconded to approve the recommendation of the benefits consultant and EUTF staff to implement the CVS program to comply with ACA preventative services coverage of low to moderate dose statins for EUTF and HSTA VB active employee prescription drug plans effective July 1, 2018 and not to add the coverage to retiree plans. (Pressler/Johnston) The motion passed. (Employer Trustees-5 YES-Becker, Hidano, Johnston, Nishimoto, Pressler/Employee-Beneficiary Trustees-3 YES-Nip, Takashiba, Uwaine, 1 NO-Currivan Musto)

3. Specialty Coupon Program

Mr. Mizuno summarized the specialty coupon program that is a follow up from the State and Local Government Benefits Association (SALGBA) conference attended by the Administrator and Ms. Benevides. This program would 1) exclude manufacturer coupons from the member's accumulated out-of-pocket costs and/or 2) allow the EUTF to take advantage of the full amount of manufacturer coupons for specialty drugs. Currently, the value of the coupons are limited to the member's coinsurance. This program for active employees and non-Medicare retirees is limited to CVS clients that have selected CVS as the exclusive specialty pharmacy. EUTF discontinued the exclusive specialty pharmacy arrangement with CVS in 2013 in accordance with Act 226, SLH 2013. The CVS account team is investigating whether CVS will make an exception for the EUTF.

V. NEW BUSINESS

- A. Prescription Drug Plan Retiree Rates Effective January 1, 2018 – Caremark and SilverScript
Mr. Tom Morrison, Segal Company, presented the proposed prescription drug plan retiree rates effective January 1, 2018 based on a review of plan experience. The rate reduction is based on the introduction of specialty medication controls, greater than projected rebates, lower utilization of certain higher cost medications and projected improved pricing as a result of RFP 17-002.

MOTION was made and seconded to approve the retiree premiums for the period 1/1/18 to 12/31/18 for the self funded prescription drug plan as recommended by Segal. (Uwaine/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

VI. OLD BUSINESS

- A. 2017 EUTF Related Legislation
Mr. Mizuno stated that the two remaining EUTF bills, SB930 and SB935, are not included on the Governor's veto list.

VII. REPORTS

A. Segal

1. Retiree January 1, 2017 and 2018 Premiums
Mr. Tom Morrison reviewed the combined HMSA medical and CVS/SilverScript prescription drug plan premiums for 2017 and 2018.
2. Public Sector Benefits Compliance News
Mr. Morrison stated that CVS has confirmed that the ACA prescription drug mandates included in this handout have been addressed by CVS.

B. Administrator

1. Adult disabled child project
Mr. Mizuno reported that this and the next line item will be included in the EUTF Benefits Audit Specialist's monthly report.
2. Unreported divorces
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
Mr. Mizuno informed the Board that Adam Dreher, Senior Health Benefits Analyst, left EUTF on June 16, 2017 to pursue a new career in property management. EUTF will be issuing a vacancy announcement within the week.
7. Meetings with key legislators and unions

8. Speaking engagements

Mr. Mizuno reported that the presentation to the Hawaii Business Roundtable which included 10-15 legislators with Thom Williams, ERS Executive Director, and Colbert Matsumoto, ERS Board member and stand in for Director of Finance Wes Machida, was well received. Mr. Mizuno will draft a letter to the public describing how the Board has been wise stewards of taxpayer monies, addressing the unfunded liability, and promoting the health of the members.

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. 2018 Open Enrollment for Retirees
- e. Maui Memorial Medical Center (MMMMC) Terminations
- f. MSB Staffing Update
- g. Carrier Reports

2. Information Systems (IS)

- a. V3 Benefits Administration System (V3 BAS) Modified Phase II (Employer File Feed)
- b. Vitech Rebill Issue
- c. EUTF Health Benefits Hardware Server Replacement
- d. Electronic Deductions
- e. V3 BAS Feasibility Study
- f. Electronic Signatures
- g. IT Roadmap
- h. IS Staffing Update
- i. Enrollment Counts

3. EUTF Benefits Audit Specialist

- a. Adult Disabled Child Recertification (Active Employees)
- b. Unreported Divorces (Active Employees)
- c. Domestic Partner Recertification
- d. Additional Audits To Be Initiated By 12/31/17

4. EUTF Program Specialist Report

- a. Preventative Health and Wellness Benefits
- b. Disease Management (DM) Benefits
- c. Committee Participation
- d. EUTF Blue Zones Project

5. 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 April 30, 2017

Mr. Rod Shinno reviewed the April 30, 2017 financial statements with the Board.

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D. Carrier Reports

1. CVS Caremark

Trustee Currivan Musto inquired about the recent issues with mailings to members informing them of the recently approved additions to utilization management programs. Ms. Benevides apologized for the mailings and added that CVS has implemented additional procedures to avoid such problems in the future.

2. SilverScript

Written report submitted.

3. Hawaii Dental Service (HDS)

Written report submitted.

4. Hawaii Medical Service Association (HMSA)

Mr. Christopher Letoto informed the Board that Executive Vice President and Chief Consumer Officer, Timothy Johns, is leaving HMSA effective 6/30/17.

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.

VIII. NEXT MEETING DATE

A. July 25, 2017, 8:30 a.m.

Trustee Pressler will not be able to attend as she will be out of town.

IX. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn meeting at 10:28 a.m.

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

Respectfully submitted,

/s/

Gordon Murakami, Secretary-Treasurer

APPROVED on July 25, 2017.

Documents Distributed:

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1. Revised Minutes of 11/7/16, pages 4 and 5. (2 pages)
2. Draft Board Minutes of 5/23/17. (8 pages)
3. Memorandum to BOT from Benefits Committee Regarding June 26, 2017 Benefits Committee meeting dated 6/26/17. (2 pages)
4. Segal Consulting update, Public Sector Benefits Compliance News dated 6/13/17. (3 pages)
5. Administrator's Monthly Report to the Board from 5/13/17-6/16/17 dated 6/16/17. (9 pages)
6. Memorandum to BOT from Member Services Branch Manager Regarding May-June 2017 Member Services Operations Report dated 6/16/17. (8 pages)
7. Memorandum to BOT from Information Systems Chief Regarding May-June 2017 Information Systems (IS) Operations Report dated 6/16/17. (11 pages)
8. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding May-June 2017 EUTF Benefits Audit Specialist Report dated 6/16/17. (6 pages)
9. Memorandum to BOT from EUTF Program Specialist Regarding May-June 2017 EUTF Program Specialist Report dated 6/16/17. (3 pages)
10. Memorandum to BOT from Financial Management Officer Regarding May-June 2017 Financial Services Branch (FSB) Report dated 6/16/17. (2 pages)
11. Financial Statements as of April 30, 2017 and Experience Accounting of Self Funded Plans for April 2017 dated 6/22/17. (9 pages)
12. CVS Caremark Monthly Carrier Report for May 2017 dated 6/9/17. (8 pages)
13. SilverScript Monthly Carrier Report for May 2017 dated 6/7/17. (3 pages)
14. HDS Monthly Carrier Report for May 2017 dated 6/8/17. (2 pages)
15. HMSA Monthly Carrier Report for May 2017 dated 6/15/17. (2 pages)
16. Kaiser Monthly Carrier Report for May 2017 dated 6/9/17. (2 pages)
17. Royal State Insurance Monthly Carrier Reports for May 2017 (Chiropractic and Supplemental Medical Plans) dated 6/9/17. (4 pages)
18. UnitedHealthcare Monthly Carrier Report for May 2017 dated 6/8/17. (1 page)
19. US Able Life Monthly Carrier Report for May 2017 dated 6/9/17. (2 pages)
20. VSP Monthly Carrier Report for May 2017 dated 6/9/17. (2 pages)