

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Minutes of the Board of Trustees  
Tuesday, July 25, 2017

TRUSTEES PRESENT

Mr. Gordon Murakami, Chairperson  
Mr. Roderick Becker  
Ms. Linda Currivan Musto  
Ms. Audrey Hidano

Ms. Celeste Nip (excused 10:49 a.m.)  
Mr. James Nishimoto  
Mr. Clifford Uwaine

TRUSTEES ABSENT:

Mr. Ian Takashiba, Vice Chairperson  
Ms. Laurel Johnston, Secretary-Treasurer

Dr. Virginia Pressler

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  
Mr. Raymond Kan  
Ms. Emily Kaneakua  
Ms. Jessica McDonald  
Mr. Rodney Shinno

OTHERS PRESENT

Ms. Marissa Adachi, HMSA  
Ms. Nikki Bassett, USABLE  
Ms. Irene Bayudan, VSP  
Ms. Sandra Benevides, CVS Health  
Mr. Susan Goya, HGEA-R  
Mr. Galen Haneda, HMSA  
Ms. Danielle Jones, UHC

Ms. Mae Kishimoto, HSTA-R  
Mr. Brandon Kumabe, HMSA  
Mr. Joey Lee, HDS  
Mr. Christopher Letoto, HMSA  
Mr. Douglas Murata, Royal State  
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 Gordon Murakami, in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, July 25, 2017.

II. MINUTES

A. June 27, 2017

The Board reviewed the draft minutes of June 27, 2017.

MOTION was made and seconded to approve the minutes of June 27, 2017 as circulated. (Currivan Musto/Nishimoto) 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 8:34 a.m. (Nip/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

The regular meeting recessed at 10:33 a.m. and reconvened at 10:35 a.m.

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

1. Approved the Executive Session minutes of June 27, 2017 as circulated.
2. Approved an appeal for late open enrollment changes.
3. Approved an appeal for enrollment of a dependent.
4. Approved Kaiser and HMSA contract amendments relating to claims audit responsibilities.

#### IV. NEW BUSINESS

##### A. Treatment of Spouses/Partners with Self and Two-Party Plans

Ms. Donna Tonaki discussed the statutory limitations on employer contributions when husband and wife with dependent(s) are EUTF subscribers, the current process when noncompliance is identified and staff's recommended changes to the process.

MOTION was made and seconded to approve the staff's recommendation to move spouses/partners in EUTF single and two party plans to a family plan prospectively when the spouses/partners' plans are different (i.e. different carriers or benefits) and to refund the employers only, subject to law, from reserves. (Nishimoto/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

##### B. Recovery of Amounts Related to Unreported Divorces

Mr. Derek Mizuno discussed the number of unreported divorces identified during the audit of active employees and the days between the divorce date and the date processed by EUTF during FY2017, the current process of retroactive termination, and the staff's recommended changes to the process.

Trustee Nip was excused at 10:49 a.m.

MOTION was made and seconded to approve the staff's recommendation to remove ex-spouses/partners from EUTF plans prospectively if the divorce is reported or identified 30 days after the divorce date and to refund the employer, subject to law, and collect from the employee, the excess employer contribution to the premiums as described in the memorandum dated July 20, 2017. (Hidano/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Ms. Mae Kishimoto, HSTA-R, asked if EUTF will be reminding the membership to timely submit divorce information. Mr. Mizuno responded that they will consider such reminders.

#### V. OLD BUSINESS

##### A. 2017 EUTF Related Legislation

Mr. Mizuno stated that two EUTF bills, SB930 (unclaimed property) and SB935 (civil service conversion), became Acts 144 and 145, respectively. In addition, Act 093 (SB133) requires that the EUTF perform annual actuarial valuations and that all actuarial assumptions be updated at least every three years. Gabriel, Roeder, Smith & Company is contracted to perform the July 1, 2017 actuarial valuation. EUTF staff will prepare a draft request for proposals for subsequent years for Board review.

B. HMSA Proposed Retiree Benefit Plan Design Changes

Trustee Uwaine asked to defer this agenda item and to place it on the next Board agenda.

C. Proposed EUTF Administrative Rule Changes

Mr. Mizuno discussed the responses from the employers and unions regarding the proposed EUTF Administrative Rule changes and the staff's recommendation to make one change.

MOTION was made and seconded to approve the staff's recommended change in 3.01(a) of the EUTF Administrative Rules and to submit to the Governor's Office for approval. (Uwaine/Nishimoto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

VI. REPORTS

A. Segal

1. Legislative Update

Mr. Tom Morrison provided an update on the proposed Better Care Reconciliation Act.

2. Practical Research on Public Sector Benefits – Summer 2017

Mr. Morrison summarized the Segal research study on state government health benefits offered to their employees.

B. Administrator

1. HMSA covering chiropractic services

2. HMSA limited prescription drug benefits

3. Steering Committee for implementation of HB2482 All Payer Claims Database

4. Administration staffing update

Mr. Mizuno informed the Board that a 89-day hire for the secretary to the Assistant Administrator will be starting on Monday, July 31, 2017 and interviews are being conducted for the EUTF Health Benefits Specialist position.

5. Meetings with key legislators and unions

6. Public engagement

An updated version of a EUTF editorial was circulated to the Board. Mr. Mizuno asked for comments within two weeks for Board approval at the next Board meeting.

7. 2017 Active Employee Open Enrollment

Mr. Mizuno discussed the significant movement to the HMSA 75/25 medical plan as expected. Staff and the benefits consultant will monitor the situation.

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. Maui Memorial Medical Center (MMMC) Terminations

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- e. MSB Staffing Update
  - f. Carrier Reports
  - 2. Information Systems (IS)
    - a. V3 Benefits Administration System (V3 BAS) Modified Phase II (Employer File Feed)  
Trustee Hidano inquired when this project will be completed. Mr. Raymond Kan responded that it should be completed at the end of August.
    - b. Vitech Rebill Issue  
Discussion was held by Trustees, staff, and member of the public regarding the Vitech Rebill issues.
    - c. EUTF Health Benefits Hardware Server Replacement
    - d. Electronic Deductions
    - e. V3 BAS Feasibility Study  
Discussion was held by Trustees and staff regarding the State's new payroll system, PeopleSoft and others options for the EUTF programs.
    - f. IT Roadmap
    - g. IS Staffing Update
    - h. Enrollment Counts
  - 3. EUTF Benefits Audit Specialist
    - a. Adult Disabled Child Recertification (Active Employees)
    - b. Unreported Divorces (Active Employees)
    - c. Domestic Partner Recertification (Retirees)
    - 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. EUTF Blue Zones Project
  - 5. Financial Services Branch
    - a. Management Letter Corrective Action Plan Status
    - b. Electronic Payment by Members
    - c. 2017 Financial Audit
    - d. Financial Services Branch Staffing Update
    - e. Financial Statements as of May 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. USABLE Life  
Written report submitted.
9. Vision Service Plan (VSP)  
Written report submitted.

#### VII. NEXT MEETING DATE

A. August 22, 2017, 8:30 a.m.

Trustee Nishimoto will not be able to attend as he will be out of town. The Board agenda will include the Dannenberg case (if there are updates to report), HMSA Proposed Retiree Benefit Plan Design Changes, budget revisions for FY19 and legislative proposals.

#### VIII. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn meeting at 11:37 a.m. (Nishimoto/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Respectfully submitted,

/s/

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Laurel Johnston, Secretary-Treasurer

APPROVED on August 22, 2017.

#### Documents Distributed:

1. Draft Board Minutes of 6/27/17. (7 pages)
2. Memorandum to BOT from Assistant Administrator Regarding Treatment of Spouses/Partners with Self and Two-Party Plans dated 7/19/17. (5 pages)
3. Memorandum to BOT from Administrator Regarding Recovery of Amounts Related to Unreported Divorces dated 7/20/17. (2 pages)
4. 2017 EUTF Related Legislation dated 7/14/17. (5 pages)
5. Memorandum to BOT from Administrator Regarding Proposed EUTF Administrative Rule Changes dated 7/18/17. (18 pages)
6. Segal Consulting Health Care Reform, Employer-Sponsored Group Health Plans and Affordable Care Act Repeal Efforts dated 7/13/17. (9 pages)
7. Segal Consulting data, Practical Research on Public Sector Benefits, Summer 2017 (23 pages)
8. Administrator's Monthly Report to the Board from 6/17/17-7/14/17 dated 7/14/17. (1 page)
9. Memorandum to BOT from Member Services Branch Manager Regarding June-July 2017

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- Member Services Operations Report dated 7/14/17. (8 pages)
10. Memorandum to BOT from Information Systems Chief Regarding June-July 2017 Information Systems (IS) Operations Report dated 7/14/17. (20 pages)
  11. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding June-July 2017 EUTF Benefits Audit Specialist Report dated 7/14/17. (1 page)
  12. Memorandum to BOT from EUTF Program Specialist Regarding June-July 2017 EUTF Program Specialist Report dated 7/14/17. (2 pages)
  13. Memorandum to BOT from Financial Management Officer Regarding June-July 2017 Financial Services Branch (FSB) Report dated 7/14/17. (2 pages)
  14. Financial Statements as of May 31, 2017 and Experience Accounting of Self Funded Plans for May 2017 dated 7/18/17. (9 pages)
  15. CVS Caremark Monthly Carrier Report for June 2017 dated 7/10/17. (7 pages)
  16. SilverScript Monthly Carrier Report for June 2017 dated 7/10/17. (3 pages)
  17. HDS Monthly Carrier Report for June 2017 dated 7/7/17. (2 pages)
  18. HMSA Monthly Carrier Report for June 2017 dated 7/12/17. (2 pages)
  19. Kaiser Monthly Carrier Report for June 2017 dated 7/10/17. (2 pages)
  20. Royal State Insurance Monthly Carrier Reports for June 2017 (Chiropractic and Supplemental Medical Plans) dated 7/7/17. (4 pages)
  21. UnitedHealthcare Monthly Carrier Report for June 2017 dated 7/3/17. (1 page)
  22. USABLE Life Monthly Carrier Report for June 2017 dated 7/10/17. (2 pages)
  23. VSP Monthly Carrier Report for June 2017 dated 7/10/17. (8 pages)