

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Minutes of the Board of Trustees

Tuesday, October 31, 2017

TRUSTEES PRESENT

Mr. Gordon Murakami, Chairperson	Mr. Christian Fern
Ms. Laurel Johnston, Secretary-Treasurer	Ms. Audrey Hidano (excused at 11:37 am)
Mr. Roderick Becker	Mr. James Nishimoto
Ms. Linda Currivan Musto	Dr. Virginia Pressler (arrived 9:16 a.m. & excused at 11:58 a.m.)

TRUSTEES ABSENT:

Ms. Celeste Nip, Vice Chairperson	Mr. Clifford Uwaine
-----------------------------------	---------------------

ATTORNEY

Ms. Jodi Yi, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Administrator	Mr. Thomas Morrison, Benefits Consultant
Ms. Donna Tonaki, Assistant Administrator	Mr. Raymond Kan
Ms. Maria Quartero	Ms. Emily Kaneakua
Ms. Linda Green	Ms. Chandra Maroney
Ms. Shannon "Heather" Hall	Ms. Jessica McDonald
Ms. Bonny Kahalewai	Ms. Lara Nitta

OTHERS PRESENT

Mr. Garret Azama, HMSA	Mr. Ryan Hirasuna, HMSA
Ms. Marissa Adachi, HMSA	Ms. Mae Kishimoto, HSTA-R
Mr. Carl Barton, HMSA	Mr. Brandon Kumabe, HMSA
Ms. Nikki Bassett, USABLE	Mr. Christopher Letoto, HMSA
Ms. Sandra Benevides, CVS Health	Mr. Rudy Marilla, HMSA
Ms. Elaine Fujiwara, HDS	Mr. Douglas Murata, Royal State
Mr. Susan Goya, HGEA-R	Mr. Kurt Neuenfeld, CVS Health
Mr. Galen Haneda, HMSA	Mr. Robert Nishimoto, Senate WAM
Ms. Danielle Jones, UHC	Mr. Glenn Park, HGEA-R
Ms. Monica Kim, VSP	Ms. Sarah Smith, CVS Health
Ms. Angela Kohls, Kaiser	Mr. Troy Tomita, Kaiser
Ms. Keiko Hiraoka, Lilly	Ms. Valerie Yamamoto

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 9:04 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, October 31, 2017.

Chairperson Murakami introduced new trustee Christian Fern of the University of Hawaii Professional Assembly.

MOTION was made and seconded to amend the agenda to take agenda item III.F out of order after agenda item II.A. (Currivan Musto/Johnston) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

III. NEW BUSINESS

F. Retiree Open Enrollment Extension

Mr. Mizuno reported that due to late mailing of the Retiree Reference Guides, caused by numerous updates by EUTF staff, EUTF staff is recommending extension of retiree open enrollment from October 31, 2017 to November 10, 2017.

MOTION was made and seconded to extend retiree open enrollment through November 10, 2017 as recommended by staff. (Currivan Musto/Nishimoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

II. MINUTES

A. September 26, 2017

The Board reviewed the draft minutes of September 26, 2017.

MOTION was made and seconded to approve the minutes of September 26, 2017 as circulated. (Hidano/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

III. NEW BUSINESS

A. EUTF Insurances – Cyber Liability and Fiduciary

Trustee Pressler entered the meeting at 9:16 a.m.

Mr. Chad Karasaki, Aon, reported that the State is planning to purchase cyber liability insurance which would cover the EUTF. Mr. Mizuno reported that he spoke with the State's Risk Manager, Tracy Kitaoka, noting that the EUTF will be covered with no allocation of premiums and that the State plans to bind coverage by mid-November prior to the Board meeting on November 28, 2017. The Board does not have to make a decision on the cyber liability at this time. Mr. Mizuno instructed Mr. Karasaki to inquire with the incumbent carrier, Beazley, if they would be willing to increase their sublimits to match the XL Catlin proposal. Trustee Nishimoto also instructed Aon and EUTF staff to ensure they have a back up plan should the State be delayed in binding coverage. Mr. Karasaki presented their report on the fiduciary liability insurance in which nine carriers were requested to submit quotes, three quotes were received and Aon's recommendation is to bind coverage with the current carrier, RLI. Mr. Karasaki cited the benefits of RLI versus the low bidder, Chubb – ability for EUTF to select defense counsel, offering settlor coverage, higher HIPAA sublimit and the relationship developed with RLI as the incumbent carrier – outweighing the slightly higher annual premiums of approximately \$5,000. Trustee Johnston inquired about the financial strength of RLI and Chubb and the lines of business, specifically property and casualty. Mr. Karasaki responded that both had strong financial positions and that Chubb issues property and casualty coverage while RLI does not.

MOTION was made and seconded to place the fiduciary liability insurance with RLI, as recommended by Aon effective December 16, 2017. (Johnston/Nishimoto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

B. State Insurance Commissioner Presentation – Health Care, Health Insurance on the Threshold of...

State Insurance Commissioner, Gordon Ito, presented Health Care, Health Insurance on the Threshold of...

IV. EXECUTIVE SESSION

MOTION was made and seconded for the Board to move into Executive Session at 10:03 a.m. (Johnston/Currivan Musto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

The regular meeting reconvened from Executive Session at 11:10 a.m., immediately went into recess, and reconvened at 11:15 a.m.

Chairperson Murakami reported that the Board approved the Executive Session minutes of September 26, 2017 as amended.

V. BENEFITS COMMITTEE REPORT

A. HMSA Medical Proposed Active Plan Changes

Mr. Mizuno discussed the Benefits Committee Report dated October 30, 2017 that described the proposed plan design changes to the HMSA active medical plans effective July 1, 2018 along with the Benefits Committee's recommendation.

MOTION was made and seconded to approve the Benefit Committee's recommended changes to the HMSA active plans effective July 1, 2018 as follows:

1. For the EUTF 80/20 plan, coinsurance on maternity services at 20% and a change in the description to separate other maternity services such as labs, radiology and hospital room and board into the applicable sections.
2. For the EUTF PPO and HSTA VB 90/10 plans, cover tuberculin screenings at 100% in accordance with federal law.
3. For the EUTF 75/25 plan, not subject outpatient laboratory and pathology services to the deductible.
4. For the EUTF HMO plan, increase the emergency room copayment to \$100.
5. For the EUTF HMO plan, cover annual physical examinations at 100%.

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

B. Kaiser Medical and Prescription Drug Proposed Active and Retiree Plan Changes

Mr. Mizuno discussed the Benefits Committee Report dated October 30, 2017 that described the proposed plan design changes to the Kaiser active and retiree medical and prescription drug plans along with the Benefits Committee's recommendation.

MOTION was made and seconded to approve the Benefit Committee's recommended change to cover out of area urgent care services at a \$20 copayment for the EUTF and HSTA VB Kaiser Senior Advantage plans in accordance with federal law effective January 1, 2018 (Becker/Pressler) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

C. CVS Prescription Drug, HDS Dental and VSP Vision Plan Active Plan Changes

Mr. Mizuno discussed the Benefits Committee Report dated October 30, 2017 that described possible plan changes to increase the use of generics and decrease the use of non-preferred

drugs. Based on a number of factors, EUTF staff and Segal Consulting are not recommending any plan changes at this time other than increasing the annual maximum out-of-pocket on the prescription drug plan bundled with the HMSA 75/25 PPO plan. HDS and VSP did not have any recommended plan changes.

MOTION was made and seconded to approve the Benefits Committee's recommendation to increase by \$500 per person/\$1,000 family the annual maximum out-of-pocket limits for the self-funded prescription drug plan bundled with the EUTF HMSA 75/25 PPO plan effective July 1, 2018 (Becker/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

D. CVS and SilverScript Prescription Drug Plan

1. Removal of Exclusion of Harvoni and Epclusa on the EGWP Wrap

Mr. Mizuno reported that staff approved removal of the exclusion of Harvoni and Epclusa on the EGWP Wrap since Harvoni and Epclusa were added back to the EGWP formulary effective 11/1/17.

2. Praluent Recommendation for Active and Non-Medicare Retiree Plans

Mr. Kurt Neuenfeld and Ms. Sandra Benevides presented a recommendation to remove the exclusion of Praluent on the EUTF and HSTA VB active and non-Medicare retiree plans effective February 1, 2018 as CVS has added Praluent to the formulary. Currently, Repatha is the only PCSK9 drug covered by the plan.

MOTION was made and seconded to approve the Benefits Committee's recommendation to remove the exclusion of Praluent from the EUTF and HSTA VB active and non-Medicare retiree self-funded prescription drug plans effective February 1, 2018 (Becker/Currivan Musto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

III. NEW BUSINESS (continued)

C. Ornish Program for Active Employees 7/1/18 – 6/30/19

This item is deferred until the November Board meeting.

D. Committee Assignments

Chairperson Murakami announced that Trustee Fern will be replacing him on the Investment and Benefits Committees. Trustee Fern also volunteered to serve as the first alternate on the Emergency Appeals Committee. There were no objections from the other trustees.

E. Draft EUTF Annual Report to the Legislature

Mr. Mizuno summarized the Draft EUTF Annual Report to the Legislature.

MOTION was made and seconded to approve the Draft EUTF Annual Report to the Legislature (Currivan Musto/Nishimoto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

F. Retiree Open Enrollment Extension

This item was moved and addressed earlier on the agenda.

Trustee Hidano was excused from the meeting at 11:37 a.m.

VI. REPORTS

A. Segal

1. Practical Research on Public Sector Benefits – Fall 2017

Mr. Morrison summarized the actual and projected cost trends as surveyed by Segal Consulting.

B. Administrator

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

1. HMSA covering chiropractic services

2. HMSA limited prescription drug benefits

3. Administration staffing update

Mr. Mizuno reported that the new Financial Management Officer will start on November 16, 2017 and deputy attorney general, Jodi Yi, will be assigned to the ERS and the EUTF will have a new deputy attorney general starting on November 1, 2017. Ms. Yi will assist during the transition. Mr. Mizuno and the trustees thanked Ms. Yi for her short but very productive service to the EUTF.

4. Meetings with key legislators and unions

5. Public engagement

6. Retiree open enrollment notifications.

C. EUTF Managers', Program Specialist and Benefits Audit Specialist Reports

The Managers, Benefits Audit Specialist, 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. 2018 Open Enrollment for Retired Employees

d. MSB Staffing Update

e. Carrier Reports

2. Information Systems (IS)

a. Retiree Open Enrollment 2018

b. V3 Benefits Administration System (V3 BAS) Modified Phase II (Employer File Feed)

c. Vitech Rebill Issue

d. EUTF Health Benefits Hardware Server Replacement

e. Electronic Deductions

f. V3 BAS Feasibility Study

g. Call Back System

h. IS Staffing Update

i. Enrollment Counts

3. EUTF Benefits Audit Specialist Report

a. Unreported Divorces (Active Employees)

- b. Domestic Partner Recertification (Retirees)
 - c. Surviving Spouse/Surviving Child
 - d. Additional Audits To Be Initiated By 12/31/17
4. EUTF Program Specialist Report
- a. Worksite wellness
 - b. Preventive health
 - c. Chronic disease management
5. Financial Services Branch
- a. Management Letter Corrective Action Plan Status
 - b. Electronic Payment by Members
Ms. Mae Kishimoto, HSTA-R, asked about the status of the retiree premium deductions from ERS pensions. Ms. Chandra Maroney and Ms. Donna Tonaki reported that EUTF is planning to implement the deductions in January 2018 and that approximately 1,500 letters will be mailed this week to all retirees paying premiums offering them the ERS pension deduction option.
 - c. 2017 Financial Audit
 - d. FSB Staffing Update
 - e. FSB Survey Results
 - f. Financial Statements as of July 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. Mr. Mizuno reported that the EUTF will be using on its website and other communication channels the article in the HMSA Island Scene relating to visits to primary care providers, emergency room, urgent care clinics and other facilities.
 - 5. Kaiser Health Foundation
Written report submitted. Trustee Curriuan Musto recognized Kaiser's high marks from the National Committee for Quality Assurance.
 - 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.

IV. Executive Session (continued)

The regular meeting recessed at 11:48 and reconvened at 1:06 p.m.

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

1. Approved the extension of the benefits consultant contract.
2. Approval issuance of RFP 18-002 Actuarial Services for Other Post-Employment Benefits.

VII. NEXT MEETING DATE

- A. November 28, 2017, 9:00 a.m. – RFPs for dental, vision and life insurance services, Truven Health Pharmacy Benefit Manager Claims Audit Report (actives 7/1/13 – 6/30/15 and retirees 7/1/13 – 12/31/14), premium rates for fully insured active plans effective July 1, 2018, HMSA proposed retiree plan changes, draft strategic plan (1/1/18 – 6/30/21) and cyber liability insurance

VIII. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 1:07 p.m. (Currivan Musto/Johnston) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Respectfully submitted,

/s/

Laurel Johnston, Secretary-Treasurer

APPROVED on November 28, 2017.

Documents Distributed:

1. Draft Board Minutes of 9/26/17. (7 pages)
2. Presentation “Health Care, Health Insurance On the Threshold of;”; dated 10/31/17 by DCCA. (31 pages)
3. EUTF Committees Roster. (1 page)
4. Draft EUTF Annual Report for the Period 7/1/16 – 6/30/17. (7 pages)
5. Memorandum to BOT from the Administrator Regarding Retiree Open Enrollment Extension dated 10/25/17. *(1 page)
6. Segal Consulting “Data” on Segal Health Plan Cost Trend Survey, Fall 2017. (19 pages)
7. Administrator’s Monthly Report to the Board from 9/16/17-10/20/17 dated 10/20/17. (1 page)
8. Memorandum to EUTF Medicare Retiree Enrolled in the UnitedHealthcare Medicare Advantage Plan Regarding Termination of the UnitedHealthcare Medicare Advantage Plan Effective January 1, 2018 dated 9/27/17. (1 page)
9. Memorandum to Retirees Enrolled in HSTA VB Medical Plans Regarding Chiropractic Benefit

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

October 31, 2017 Minutes

Page 8

- Under the HSTA VB Medical Plans dated 9/27/17. (1 page)
10. Memorandum to BOT from Member Services Branch Manager Regarding September-October 2017 Member Services Operations Report dated 10/20/17. (11 pages)
 11. Memorandum to BOT from Information Systems Chief Regarding September-October 2017 Information Systems (IS) Operations Report dated 10/20/17. (11 pages)
 12. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding September-October 2017 EUTF Benefits Audit Specialist Report dated 10/20/17. (3 pages)
 13. Memorandum to Administrator from EUTF Program Specialist Regarding September-October 2017 EUTF Program Specialist Report dated 10/20/17. (7 pages)
 14. Memorandum to BOT from Financial Management Officer Regarding September-October 2017 Financial Services Branch (FSB) Report dated 10/20/17. (2 pages)
 15. Financial Statements as of July 31, 2017 and Experience Accounting of Self Funded Plans for June 2017 dated 10/25/17. (9 pages)
 16. CVS Caremark Monthly Carrier Report for September 2017 dated 10/10/17. (15 pages)
 17. SilverScript Monthly Carrier Report for September 2017 dated 10/6/17. (3 pages)
 18. HDS Monthly Carrier Report for September 2017 dated 10/10/17. (2 pages)
 19. HMSA Monthly Carrier Report for September 2017 dated 10/13/17. (2 pages)
 20. Kaiser Monthly Carrier Report for September 2017 dated 10/23/17. (2 pages)
 21. Royal State Insurance Monthly Carrier Reports for September 2017 (Chiropractic and Supplemental Medical Plans) dated 10/4/17. (4 pages)
 22. UnitedHealthcare Monthly Carrier Report for September 2017 dated 10/3/17. (1 page)
 23. US Able Life Monthly Carrier Report for September 2017 dated 10/10/17. (2 pages)
 24. VSP Monthly Carrier Report for September 2017 dated 10/9/17. (11 pages)