

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Minutes of the Board of Trustees

Tuesday, November 28, 2017

TRUSTEES PRESENT

Mr. Gordon Murakami, Chairperson  
Mr. Roderick Becker  
Ms. Linda Currivan Musto  
Mr. Christian Fern

Ms. Audrey Hidano  
Dr. Virginia Pressler  
Mr. Clifford Uwaine

TRUSTEES ABSENT:

Ms. Celeste Nip, Vice Chairperson  
Ms. Laurel Johnston, Secretary-Treasurer

Mr. James Nishimoto

ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General  
Ms. Jodi Yi, Deputy Attorney General

EUTF STAFF

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

Mr. Thomas Morrison, Benefits Consultant  
Ms. Bonny Kahalewai  
Mr. Raymond Kan  
Ms. Emily Kaneakua  
Ms. Jessica McDonald  
Ms. Lara Nitta

OTHERS PRESENT

Ms. Dina Aun, CVS Caremark  
Ms. Marissa Adachi, HMSA  
Ms. Nikki Bassett, USABLE  
Ms. Sandra Benevides, CVS Health  
Ms. Catalina Cross, Times Pharmacy  
Ms. Elaine Fujiwara, HDS  
Mr. Susan Goya, HGEA-R  
Mr. Galen Haneda, HMSA  
Ms. Danielle Jones, UHC  
Ms. Carol Hamilton, Truven/IBM (via telephone)  
Mr. Chad Karasaki, Aon  
Ms. Monica Kim, VSP

Ms. Keiko Hiraoka, Lilly  
Mr. Christopher Letoto  
Mr. John Meka, Truven/IBM  
Mr. Douglas Murata, Royal State  
Mr. Robert Nishimoto, Senate WAM  
Mr. James Palko, Senate WAM  
Mr. Glenn Park, HGEA-R  
Ms. Amy Querermous, Truven/IBM  
Ms. Kimberly Svetin, Molokai Drugs, Inc.  
Mr. Troy Tomita, Kaiser  
Mr. Patrick Uyemoto, Times Pharmacy

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 9:01 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, November 28, 2017.

Mr. Mizuno introduced Ms. Amy Cheung, EUTF Financial Management Officer, and Mr. Michael Chambrella, Deputy Attorney General.

II. MINUTES

A. October 31, 2017

The Board reviewed the draft minutes of October 31, 2017.

MOTION was made and seconded to approve the minutes of October 31, 2017 as circulated. (Fern/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

### III. OLD BUSINESS

#### A. EUTF Cyber Liability Insurance

Mr. Chad Karasaki, Aon, reported that the State has secured a cyber liability insurance policy effective December 1, 2017 with an aggregate limit of \$50 million and a deductible of \$500,000. If a claim is incurred by the EUTF, the deductible will be paid by the State and the State will not allocate premiums to the EUTF. Mr. Karasaki also confirmed that other than the coverage limits and deductible, the State's policy provides the same coverages as the EUTF's expiring policy. Mr. Mizuno added that if the \$50 million in coverage is exhausted in a plan year, it is uncertain whether the State will pay for the claim.

Mr. Karasaki added that he is waiting for a response from the State's insurance carrier whether it will retroactively cover EUTF claims that were incurred between June 15, 2013 and December 15, 2017 but are made after December 15, 2017. The Board deferred a decision at this time and asked Mr. Karasaki to provide the State's insurance carrier's response prior to adjournment of this meeting.

### IV. EXECUTIVE SESSION

MOTION was made and seconded for the Board to move into Executive Session at 9:17 a.m. (Currivan Musto/Pressler) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

The regular meeting reconvened from Executive Session at 10:58 a.m.

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

1. Approved the Executive Session minutes of October 31, 2017.
2. Approved an appeal for late acquisition of coverage.
3. Approved a change in the Kaiser EUTF active employee reward program.
4. Approved premium rates for the HMSA medical, Kaiser medical and prescription drug, HDS dental, VSP vision, and US Able Life life insurance active employee plans effective July 1, 2018.
5. Approved the termination of Granite Investment Partners and transition of assets to Acuitas through a transition manager and in-kind transfers.
6. Approved the conversion of all staff to civil service except the Administrator, Assistant Administrator, Secretary to the Administrator, managers, and Investment Office.

### V. NEW BUSINESS

#### A. Truven Health Pharmacy Benefit Manager Claims Audit Report (actives 7/1/13 – 6/30/15 and retirees 7/1/13 – 12/31/14)

Ms. Amy Quartermous, Mr. John Meka and Ms. Carol Hamilton (via telephone) of Truven Health (Truven) presented the results of their claims audit of the pharmacy benefit manager for the period 7/1/13 – 6/30/15 active employees and 7/1/13 – 12/31/14 retirees. The audit consisted of a claims processing audit, pricing analysis (discounts and dispensing fees), performance guarantee audit, rebate audit, and an operational review. Truven did not

identify any significant issues during the audit but found a number of items for follow up. Trustee Fern asked if the results are comparable to audits that Truven conducts for similar plans. Mr. Meka and Ms. Quartermous confirmed that the results are similar to other comparable plans.

Mr. Mizuno informed the Board that staff will follow up on the outstanding items and report back to the Board. In addition, responsibility for completing the audits for the period 7/1/15 – 6/30/18 active employees and 1/1/15 – 12/31/17 retirees is with CVS.

B. 2018 Medicare Part B premium and Retiree Base Monthly Contribution

Mr. Mizuno reported that the 2018 Medicare Part B premiums were recently released by the Centers for Medicare and Medicaid Services (CMS) with the standard monthly Medicare Part B premium of \$134 and the income adjusted premiums remaining the same. However, the amounts for those enrolled in Medicare not paying the standard or income adjusted premiums will be increasing. Since there are varying premium amounts below \$134, EUTF has requested via the ERS Winter 2017 Holomua that all retirees submit their notification from Social Security or CMS of the 2018 Medicare Part B premium amount. This will result in significant work, similar to last year, for the Members Services Branch.

III. OLD BUSINESS (continued)

A. EUTF Cyber Liability Insurance

Mr. Mizuno reported that Mr. Karasaki has confirmed that the State's insurance carrier will cover claims retroactively back to June 15, 2013 for a premium of \$3,000 - \$5,000.

MOTION was made and seconded for EUTF staff to negotiate the premium with the State's insurance carrier to cover claims retroactively back to June 15, 2013. (Hidano/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

MOTION was made and seconded to remove the \$5 million cyber risk reserve on enterprise fund unrestricted net assets. (Becker/Pressler) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

The meeting recessed at 11:25 a.m. and reconvened at 11:31 a.m.

B. HMSA Retiree Ornish Program

Mr. Mizuno informed the Board that since coverage of the Ornish program has not been extended by the Board past December 31, 2017 for EUTF retirees, the program will be ending at that time. Mr. Mizuno recommended that the EUTF retirees enrolled in the Ornish program as of December 31, 2017 have their subsequent sessions in 2018 covered by the EUTF retiree plan. This is consistent with how HMSA handles other similar situations.

MOTION was made and seconded to cover Ornish sessions after December 31, 2017 for EUTF retirees enrolled in a cohort as of 12/31/17 date as recommended by EUTF staff. (Pressler/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

## VI. COMMITTEE REPORTS

### A. Administrative Committee

#### 1. Committee Charters

Mr. Mizuno reported that the Administrative Committee is not recommending drafting of committee charters at this time.

#### 2. Progress on the strategic plan through October 31, 2017

Mr. Mizuno reported that the staff provided an update on progress on the current strategic plan.

#### 3. Report to Legislature – Progress on Conversion of Exempt Employees to Civil Service

Mr. Mizuno informed the Board that the legislature added a reporting requirement to EUTF's bill that became Act 145, Sessions Laws of Hawaii 2017.

MOTION was made and seconded to approve the Report to the 2018 Legislature Relating to Conversion of the EUTF Exempt Positions to Civil Service as amended. (Pressler/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

## VII. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 11:41 a.m. (Currivan Musto/Uwaine) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/

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Laurel Johnston, Secretary-Treasurer

APPROVED on December 19, 2017.

### Documents Distributed:

1. Draft Board Minutes of 10/31/17. (8 pages)
2. EUTF Prescription Drug Plans Audit Results by Truven/IBM Watson Health dated 11/28/17. (20 pages)
3. Memorandum to BOT from Administrator Regarding 2018 Medicare Part B Premium and Retiree Base Monthly Contribution dated 11/22/17. (3 pages)
4. Medicare Part B Premiums, 1/1/15 – 1/1/18. (1 page)
5. Memorandum to BOT from Administrative Committee Regarding 11/16/17 Administrative Committee Meeting dated 11/21/17. (1 page)
6. Memorandum to BOT from Investment Committee Regarding 11/21/17 Investment Committee Meeting dated 11/21/17. (1 page)
7. EUTF Year to Date Contract Plan Experience Report Contract Year to Date through September

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- 2017 dated 11/28/17. (41 pages)
8. Administrator's Monthly Report to the Board from 10/21/17-11/17/17 dated 11/17/17. (1 page)
  9. Memorandum to BOT from Member Services Branch Manager Regarding October-November 2017 Member Services Operations Report dated 11/17/17. (16 pages)
  10. Memorandum to BOT from Information Systems Chief Regarding October-November 2017 Information Systems (IS) Operations Report dated 11/17/17. (11 pages)
  11. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding October-November 2017 EUTF Benefits Audit Specialist Report dated 11/17/17. (2 pages)
  12. Memorandum to Administrator from EUTF Program Specialist Regarding October-November 2017 EUTF Program Specialist Report dated 11/17/17. (2 pages)
  13. Memorandum to BOT from Financial Management Officer Regarding October-November 2017 Financial Services Branch (FSB) Report dated 11/20/17. (2 pages)
  14. Financial Statements as of August 31, 2017 and Experience Accounting of Self Funded Plans for August 2017 dated 11/22/17. (8 pages)
  15. CVS Caremark Monthly Carrier Report for October 2017 dated 11/9/17. (8 pages)
  16. SilverScript Monthly Carrier Report for October 2017 dated 11/8/17. (4 pages)
  17. HDS Monthly Carrier Report for October 2017 dated 11/9/17. (11 pages)
  18. HMSA Monthly Carrier Report for October 2017 dated 11/15/17. (4 pages)
  19. Kaiser Monthly Carrier Report for October 2017 dated 11/9/17. (2 pages)
  20. Royal State Insurance Monthly Carrier Reports for October 2017 (Chiropractic and Supplemental Medical Plans) dated 11/9/17. (4 pages)
  21. UnitedHealthcare Monthly Carrier Report for October 2017 dated 11/3/17. (1 page)
  22. US Able Life Monthly Carrier Report for October 2017 dated 11/10/17. (2 pages)
  23. VSP Monthly Carrier Report for October 2017 dated 11/9/17. (8 pages)