

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Minutes of the Board of Trustees

Monday, January 8, 2018

TRUSTEES PRESENT

Mr. Gordon Murakami, Chairperson	Ms. Linda Currivan Musto
Ms. Celeste Nip, Vice Chairperson	Mr. Christian Fern
Ms. Laurel Johnston, Secretary-Treasurer	Ms. Audrey Hidano
Mr. Roderick Becker	Mr. Clifford Uwaine

TRUSTEES ABSENT

Dr. Virginia Pressler

ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Administrator	Mr. Thomas Morrison, Benefits Consultant
Ms. Donna Tonaki, Assistant Administrator	Ms. Bonny Kahalewai
Ms. Maria Quartero	Mr. Raymond Kan
Ms. Amy Cheung	Ms. Emily Kaneakua
Ms. Linda Green	Ms. Lara Nitta
Ms. Shannon "Heather" Hall	Mr. Kuan Yuan

OTHERS PRESENT

Ms. Dina Aun, CVS Caremark	Ms. Vanelle Hirayasu, HMA
Ms. Marissa Adachi, HMSA	Ms. Monica Kim, VSP
Mr. Garet Azama, HMSA	Ms. Mae Kishimoto, HSTA-R
Ms. Nikki Bassett, USABLE	Mr. Christopher Letoto, HMSA
Ms. Sandra Benevides, CVS Health	Mr. Douglas Murata, Royal State
Ms. Elaine Fujiwara, HDS	Mr. Kurt Neuenfeld, CVS Caremark
Mr. Galen Haneda, HMSA	Mr. Troy Tomita, Kaiser
Ms. Keiko Hiraoka, Lilly	

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 Monday, January 8, 2018.

II. MINUTES – December 19, 2017

The Board reviewed the draft minutes of December 19, 2017.

MOTION was made and seconded to approve the minutes of December 19, 2017 as circulated. (Currivan Musto/Johnston) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

III. EXECUTIVE SESSION

MOTION was made and seconded for the Board to move into Executive Session at 9:03 a.m. (Nip/Johnston) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

The regular meeting reconvened from Executive Session at 10:14 a.m.

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

1. Approved the Executive Session minutes of December 19, 2017.
2. Approved a personnel matter.

IV. NEW BUSINESS

A. Actuarial Valuation Report as of July 1, 2017

Mr. Joseph Newton and Mr. Mehdi Riazzi of Gabriel Roeder Smith & Company presented the results of their July 1, 2017 actuarial valuation of the EUTF.

MOTION was made and seconded to accept the July 1, 2017 actuarial valuation aggregate employer report and the assumptions and methods contained therein. (Currivan Musto/Becker) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

B. Fiscal Year Ending 6/30/17 Financial Statement Audit

Mr. Ralph Kanetoku and Ms. Robyn Kawamura of KKDLY LLC presented the results of their audit of the EUTF's financial statements for the fiscal year ending June 30, 2017 including the presentation to the Board, the Report to the Auditor, Management Letter and the audited financial statements.

C. CVS Recommendations – Enhanced Specialty Guideline Management

Ms. Sandra Benevides and Mr. Kurt Neuenfeld of CVS presented the enhanced specialty guideline management program for rheumatoid arthritis, hereditary angioedema and Dupixent including the different prices of the first line drugs versus the targeted drugs, potential savings and the ability to grandfather current users. Trustee Rod Becker asked EUTF staff to follow up on the possibility of implementing the program without grandfathering.

MOTION was made and seconded to approve for the EUTF active employee and non-Medicare retiree plans, excluding HSTA VB plans, the enhanced specialty guideline management program for rheumatoid arthritis, hereditary angioedema and Dupixent with grandfathering effective April 1, 2018 as recommend by Segal and EUTF staff. (Becker/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

D. Kaiser Active Employee Benefits

Mr. Derek Mizuno informed the Trustees that Kaiser and EUTF staff are seeking approval of two federally mandated benefit changes.

1. Tuberculin Screenings

Trustee Nip was excused from the meeting at 11:47 a.m.

MOTION was made and seconded to approve coverage of tuberculin screenings at 100% for the Kaiser EUTF and HSTA VB active employee plans effective 7/1/18 in accordance with federal law. (Becker/Johnston) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

2. Bowel Preparation Medication

MOTION was made and seconded to approve coverage of bowel preparation medication for colonoscopy screenings for the Kaiser EUTF and HSTA VB active employee plans effective 7/1/16 in accordance with federal law. (Currivan Musto/Johnston) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Trustee Nip returned to the meeting at 11:49 a.m.

E. Board Meeting Schedule for Fiscal Year 2019

Mr. Mizuno presented the proposed board meeting schedule for fiscal year 2019.

V. OLD BUSINESS

A. Revised Report to Legislature – Progress on Conversion of Exempt Employees to Civil Service

Mr. Mizuno reported on a meeting with the State Department of Human Resources Development staff regarding how to prioritize staff for conversion from exempt status to civil service. Trustee Uwaine asked whether differentials were discussed at the meeting with the goal of compensation fairness. After discussion, it was determined that the re-prioritization of the order of staff conversion addresses the issue of compensation fairness.

Trustee Nip was excused from the meeting at 11:57 a.m.

MOTION was made and seconded to approve the revised Report to Legislature – Progress on Conversion of Exempt Employees to Civil Service. (Johnston/Uwaine) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

B. Strategic Plan 1/1/18 – 6/30/21

Mr. Mizuno informed the Trustees that the public version of the strategic plan 1/1/18 – 6/30/21 was included in the Board materials. EUTF staff are working on a reporting format for the Board.

VI. REPORTS

A. Segal

1. Updated Rate Projections

Mr. Tom Morrison presented the 5-year rate projections and projections on when the individual plans would incur the excise tax (“Cadillac Tax”) for the active employees and retirees.

2. Legislative Update

Mr. Morrison reported that the recently passed federal tax reform bill should have little impact on the EUTF plans.

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
4. Meetings with key legislators and unions
5. Public engagement

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. MSB Staffing Update
- d. Carrier Reports

2. Information Systems (IS)

- a. V3 Benefits Administration System (V3 BAS) Modified Phase II (Employer File Feed)
- b. Vitech Rebill Issue
Discussion was held by staff and member of the public, Ms. Mae Kishimoto, regarding the status of the Vitech Rebill issue.
- c. EUTF Health Benefits Hardware Server Replacement
- d. Electronic Deductions
- e. V3 BAS Feasibility Study
- f. IS Staffing Update
- g. 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 6/30/18

4. EUTF Program Specialist Report

- a. Worksite wellness
- b. Preventive health
- c. Chronic disease management

5. Financial Services Branch (FSB)

- a. FSB Performance Data
- b. Management Letter Corrective Action Plan Status
- c. Electronic Payment by Members
- d. Financial Statements as of October 31, 2017
- e. FSB Survey Results

D. Carrier Reports

1. CVS Caremark
2. SilverScript
3. Hawaii Dental Service (HDS)
4. Hawaii Medical Service Association (HMSA)
5. Kaiser Health Foundation
6. Royal State Insurance
7. UnitedHealthcare
8. US Able Life
9. Vision Service Plan (VSP)

VII. Next Meeting Date

- A. February 27, 2018 at 9:00 a.m. – possible change to February 20, 21 or 22, 2018 at 9:00 a.m.
– 2018 EUTF related legislation and HMSA Disease Management/Integrated Health Management Program presentation
Mr. Mizuno reported that the February board meeting will remain on February 27, 2018.

VIII. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 12:17 p.m. (Hidano/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/

Laurel Johnston, Secretary-Treasurer

APPROVED on February 27, 2018.

Documents Distributed:

1. Draft Board Minutes of 12/19/17. (5 pages)
2. Draft Aggregate Actuarial Valuation Report as of July 1, 2017 (62 pages); July 1, 2017 Retiree Healthcare Valuation (OPEB) presentation (14 pages) prepared by GRS Retirement Consulting.
3. Audited Financial Statements as of June 30, 2017 and 2016 (91 pages); Presentation to the Board of Trustees (8 pages); and Report to the Auditor, State of Hawaii (14 pages prepared by KKDLY LLC.
4. Advancing Your Specialty Strategy Report from CVS Caremark dated January 8, 2018. (11 pages)
5. Memorandum to BOT from Administrator Regarding Board meeting schedule dated 12/13/17. (2 pages)
6. Memorandum to BOT from Assistant Administrator Regarding Report to Legislature for Conversion of Exempt Employees to Civil Service dated December 26, 2017. (4 pages)
7. Strategic Plan 1/1/18-6/30/21 dated January 4, 2018 (8 pages)

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8. Memorandum to BOT from Segal Regarding Five-Year Rate Projection with Approved 2018/2019 Active Rates dated January 8, 2018. (7 pages)
9. Memorandum to BOT from Segal Regarding Projection of Potential Exposure to Excise Tax under the Affordable Care Act dated January 8, 2018. (6 pages)
10. Administrator's Monthly Report to the Board from 12/8/17-12/29/17 dated 12/29/17. (1 page)
11. Memorandum to BOT from Member Services Branch Manager Regarding December 2017 Member Services Operations Report dated 12/29/17. (8 pages)
12. Memorandum to BOT from Information Systems Chief Regarding December 2017 Information Systems (IS) Operations Report dated 12/29/17. (11 pages)
13. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding December 2017 EUTF Benefits Audit Specialist Report dated 12/29/17. (2 pages)
14. Memorandum to Administrator from EUTF Program Specialist Regarding December 2017 EUTF Program Specialist Report dated 12/29/17. (4 pages)
15. Memorandum to BOT from Financial Management Officer Regarding December 2017 Financial Services Branch (FSB) Report dated 12/29/17. (6 pages)
16. EUTF Financial Statements as of October 31, 2017 and Experience Accounting of Self Funded Plans for October 2017 dated 1/2/18. (9 pages)