

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Minutes of the Board of Trustees  
Wednesday, May 30, 2018

TRUSTEES PRESENT

Mr. Gordon Murakami, Chairperson	Mr. Christian Fern (left 12:24 pm)
Ms. Celeste Nip, Vice Chairperson	Ms. Audrey Hidano
Ms. Laurel Johnston, Secretary-Treasurer	Dr. Virginia Pressler
Mr. Roderick Becker	Mr. Clifford Uwaine
Ms. Linda Currivan Musto	

TRUSTEES ABSENT

Mr. Ryker Wada

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

OTHERS PRESENT

Ms. Marissa Adachi, HMSA	Ms. Vanelle Hirayasu, HMA
Ms. Dina Aun, CVS Health	Ms. Monica Kim, VSP
Mr. Gareth Azama, HMSA	Ms. Mae Kishimoto, HSTA-R
Ms. Stacia Baek, HMSA	Ms. Angela Kohls, Kaiser
Ms. Nikki Bassett, US Able Life	Mr. Brandon Kumabe, HMSA
Ms. Sandra Benevides, CVS Health	Mr. Christopher Letoto, HMSA
Mr. Ty Bowers, CVS Health	Mr. Blaise Liu, Royal State
Mr. Thomas England, Kaiser	Mr. Douglas Murata, Royal State
Mr. Riley Fujisaki, House Finance	Mr. Kurt Neuenfeld, CVS Health
Ms. Elaine Fujiwara, HDS	Mr. Mike Stollar, HMSA
Ms. Susan Goya, HGEA-R	Mr. Pallav Tatapudi, CVS Health
Mr. Galen Haneda, HMSA	Mr. Troy Tomita, Kaiser
Ms. Keiko Hiraoka, Lilly	Mr. Scott Yamaguchi, Kaiser

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 9:00 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 Wednesday, May 30, 2018.

II. EMPLOYER TRUSTEE CHANGES

Mr. Derek Mizuno announced the appointment to second terms for Trustees Roderick Becker, Audrey Hidano and Laurel Johnston through December 31, 2021; the appointment of Trustee Ryker Wada through December 31, 2021 replacing Mr. James Nishimoto; the retirement of Trustee Virginia Pressler effective June 1, 2018; and the appointment of Trustee Damien Elefante effective June 1, 2018 through December 31, 2021 replacing Trustee Pressler.

### III. MINUTES – April 24, 2018

The Board reviewed the draft minutes of April 24, 2018.

MOTION was made and seconded to approve the minutes of April 24, 2018 as circulated. (Becker/Fern) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

### IV. EXECUTIVE SESSION

MOTION was made and seconded for the Board to move into Executive Session at 9:04 a.m. (Johnston/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

The regular meeting reconvened from Executive Session at 11:05 a.m.

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

1. Approved the Executive Session minutes of April 24, 2018.
2. Approved an appeal for late domestic partner enrollment.

### V. COMMITTEE REPORTS

#### A. Investment Committee

1. March 31, 2018 Quarterly Performance Report including Excess Funds
2. Quarterly Real Estate Report – Q4 2017
3. Evolving Policy Plan Update
4. Private Equity Investment Plan and Program Update
5. Real Estate Investment Plan and Program Update
6. Acuitas – Microcap Presentation

#### 7. Responsible Investing Discussion

Mr. Colin Bebee, Pension Consulting Alliance, summarized the 1<sup>st</sup> quarter results in which the OPEB Trust ended at \$2.27 billion with quarterly returns of -1.9% (net of fees) for the quarter, in line with the policy benchmark return of -1.9%. Since inception (June 23, 2011), the EUTF portfolio has returned 7.4% (net of fees) versus the policy benchmark return of 7.3%.

Mr. Kuan Yuan summarized the other items included in the Investment Committee report.

MOTION was made and seconded to approve the Investment Committee's recommendation to approve the updated Evolving Policy Plan. (Nip/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

#### B. Benefits Committee

1. HMSA Proposed Retiree Benefit Plan Design Changes

Mr. Mizuno summarized the HMSA retiree plan design changes effective January 1, 2019 as recommended by the Benefits Committee.

MOTION was made and seconded to add the Diabetes Prevention Program (\$0 copayment in-network benefit) to the EUTF and HSTA VB HMSA non-Medicare retiree medical plans as a pilot program for the calendar years 2019 and 2020 effective January 1, 2019. (Uwaine/Fern) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

MOTION was made and seconded to add a genetic counseling benefit as proposed by HMSA effective January 1, 2019 for the EUTF and HSTA VB HMSA non-Medicare and Medicare retiree plans at the following benefit levels:

- EUTF retiree plans: 20% coinsurance in-network and 30% out-of-network coinsurance after the deductible out-of-network
- HSTA VB retiree plans: 10% coinsurance in-network and 30% coinsurance after the deductible out-of-network

(Uwaine/Fern) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

2. Kaiser Proposed Retiree Benefit Plan Design Changes

Mr. Mizuno informed the Board that the EUTF Kaiser plans were the only plans within EUTF that did not offer a hearing aid benefit and that Medicare also does not provide a hearing aid benefit. Should the Board like to fill the benefit gap, Kaiser proposed two options and the Benefits Committee at their May 29, 2018 meeting developed a third option – 1) \$500 allowance total for both hearing impaired ears once every 36 months, 2) 80% benefit per hearing impaired ear once every 36 months and 3) option 2 but once every 60 months. Pricing of these options was discussed in executive session.

3. CVS Emerging Market Trends

Mr. Mizuno summarized the recommendation of the Benefits Committee relating to step therapy and prior authorization programs proposed by CVS at the May 29, 2018 Benefits Committee meeting.

MOTION was made and seconded to approve the Benefits Committee's recommendation to add step therapy or prior authorization programs for the EUTF active employee and non-Medicare retiree prescription drug plans, excluding HSTA VB plans, effective September 1, 2018 for the following prescription drugs:

1. Doxepin 5% (Zonalon, Prudoxin) step therapy without grandfathering
2. Cuprimine/Sypine step therapy without grandfathering
3. Sitavig prior authorization without grandfathering
4. Santyl prior authorization with grandfathering
5. Diclofenac 3% gel (Solaraze 3% topical) prior authorization without grandfathering
6. Diclofenac 1.5% & 2% solution (Pennsaid) prior authorization without grandfathering
7. Diclofenac 1% gel (Voltaren) prior authorization without grandfathering

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

4. Early Results of the Opioid Management Strategy Effective October 1, 2017

Mr. Mizuno summarized the early positive results of adding the Morphine Milligram Equivalent (MME) Opioid Strategy based on CDC guidelines to the EUTF active employee plan October 1, 2017 as compared to the HSTA VB active employee plan which does not have the MME Opioid Strategy.

## VI. NEW BUSINESS

### A. Committee Assignments

Mr. Mizuno informed the Board that with the recent changes in the employer trustee group there are a number of vacancies on the Board committees for the employer trustees. This item will be discussed at the June 26, 2018 Board meeting.

### B. Vision Benefits Plan Design

Mr. Mizuno informed the Board of an option to enhance the vision benefit by increasing the frame allowance every other year to \$120 for all in-network providers versus the current benefit that is limited at Costco to \$65. Pricing of the enhancement was discussed in executive session.

MOTION was made and seconded to enhance the vision benefit for all EUTF and HSTA VB active employee and retiree plans to a frame allowance of \$120 every other year for all in-network retail chains effective January 1, 2019 for retiree plans and July 1, 2019 for active employee plans. (Uwaine/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

## VII. OLD BUSINESS

### A. 2018 EUTF Related Legislation

Mr. Mizuno reported that if HB2145 Relating to Medication Synchronization becomes law, EUTF staff will work with CVS and Kaiser to implement the changes. Also, the bills would have increased EUTF costs – SB3104 (pharmacy benefit managers), SB535 (hearing aids) and SB287 (prior authorizations) – all died in conference committees.

### B. New Chairperson (Employer Trustee) and Vice Chairperson (Employer Trustee) Effective July 1, 2018

Trustee Roderick Becker was nominated for Chairperson. (Hidano/Uwaine)

MOTION was made and seconded for the Board to close nominations. (Hidano/Uwaine) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Trustee Becker was elected Chairperson effective July 1, 2018.

Trustee Audrey Hidano was nominated for Vice-Chairperson. (Uwaine/Becker)

MOTION was made and seconded for the Board to close nominations. (Nip/Uwaine) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Trustee Hidano was elected Vice-Chairperson effective July 1, 2018.

## VIII. REPORTS

### A. Segal

#### 1. Quarterly Plan Performance Report

Mr. Tom Morrison summarized the results on the quarterly plan performance report.

#### 2. Quarterly Performance Guarantee Report

Mr. Morrison summarized the amounts owed and paid by the carriers related to performance guarantees.

#### 3. Quarterly Trend Report

#### 4. Affordable Care Act Dollar Amounts and Percentages

### B. Administrator

#### 1. HMSA limited prescription drug benefit

#### 2. Meetings with legislators and unions

#### 3. 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 Staffing Update

##### c. 2018 Active Employee Open Enrollment

##### d. 2019 Retiree Open Enrollment

##### e. Carrier Reports

#### 2. Information Systems (IS)

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

##### b. Vitech Rebill Issue

Trustee Hidano inquired about the new rebill issues. Mr. Raymond Kan responded that change orders are being prepared to make the necessary changes.

##### c. EUTF Health Benefits Hardware Server Replacement

Ms. Mae Kishimoto, HSTA-R, inquired about the transition to the new servers; and if there were issues similar to the rebill issues. Mr. Kan discussed the transition to the new servers.

##### d. V3 BAS Feasibility Study

##### e. Death Validation Import

Ms. Kishimoto inquired about manual processes related to the death validation and divorce processes. Mr. Kan and Mr. Mizuno provided information on the process and how EUTF staff is attempting to automate as much of the process as possible however there's likely to remain a portion of the process that is manual.

Trustee Fern left the meeting at 12:24 p.m.

- f. HIC to MBI Number Conversion
  - g. Enrollment Counts
3. EUTF Benefits Audit Specialist Report
    - a. Unreported Divorces – Retirees
    - b. Additional Audits to be Initiated by 6/30/18
    - c. Completed and Recurring Audits
  4. EUTF Program Specialist Report
    - a. Worksite wellness
    - b. Preventive health
    - c. Chronic disease management
    - d. Advanced care planning (ACP) benefit
  5. Financial Services Branch (FSB)
    - a. FSB Performance Data
    - b. Management Letter Corrective Action Plan Status
    - c. EUTF Collections
    - d. FSB Staffing Update
    - e. Financial Statements as of March 31, 2018

D. Carrier Reports

The carrier reports were in the Board packet.

1. CVS Caremark
  2. SilverScript
  3. Hawaii Dental Service (HDS)
  4. Hawaii Medical Service Association (HMSA)
  5. Kaiser Health Foundation
  6. Royal State Insurance
  8. USABLE Life
9. Vision Service Plan (VSP)  
Ms. Monica Kim, VSP, informed the Board that VSP is providing assistance to victims of the volcano on the Big Island similar to the assistance provided to flood victims on Kauai.

IX. NEXT MEETING DATE

- A. Wednesday, June 26, 2018 at 9:00 a.m. – Administrative Committee Report  
Trustee Uwayne will not be able to attend this meeting.

X. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 12:27 p.m. (Pressler/Johnston) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/

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Laurel Johnston, Secretary-Treasurer

APPROVED on June 26, 2018.

Documents Distributed:

1. Draft Board Minutes of 4/24/18. (4 pages)
2. List of Legislative Bills Related to the EUTF updated 5/30/18. (13 pages)
3. Memorandum to BOT from Investment Committee Regarding 5/9/18 Investment Committee Meeting dated 5/9/18. (3 pages)
4. Memorandum to BOT from Benefits Committee Regarding 5/29/18 Benefits Committee Meeting dated 5/29/18. (2 pages)
5. EUTF Committees Listing dated 6/1/18. (1 page)
6. EUTF Year to Date Contract Plan Experience Report Contract Year to Date through March 2018 dated 5/30/18. (46 pages)
7. Segal Consulting Trends, Second Quarter 2018. (1 page)
8. Segal Consulting Health Care Reform, Affordable Care Act Dollar Amounts and Percentages. (4 pages)
9. Administrator's Monthly Report to the Board from 4/13/18-5/18/18 dated 5/18/18. (1 page)
10. Memorandum to BOT from Member Services Branch Manager Regarding April-May 2018 Member Services Operations Report dated 5/18/18. (15 pages)
11. Memorandum to BOT from Information Systems Chief Regarding April-May 2018 Information Systems (IS) Operations Report dated 5/18/18. (11 pages)
12. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding April-May 2018 EUTF Benefits Audit Specialist Report dated 5/18/18. (1 page)
13. Memorandum to Administrator from EUTF Program Specialist Regarding April-May 2018 EUTF Program Specialist Report dated 5/18/18. (3 pages)
14. Memorandum to BOT from Financial Management Officer Regarding April-May 2018 Financial Services Branch (FSB) Report dated 5/18/18. (6 pages)
15. EUTF Financial Statements as of March 31, 2018 dated 5/22/18 and Experience Accounting of Self Funded Plans for March 2018 dated 5/18/18. (9 pages)
16. CVS Caremark Monthly Carrier Report for April 2018 dated 5/9/18. (10 pages)
17. SilverScript Monthly Carrier Report for April 2018 dated 5/9/18. (4 pages)
18. HDS Monthly Carrier Report for April 2018 dated 5/9/18. (2 pages)
19. HMSA Monthly Carrier Report for April 2018 dated 5/15/18. (3 pages)
20. Kaiser Monthly Carrier Report for April 2018 dated 5/10/18. (2 pages)

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21. Royal State Insurance Monthly Carrier Reports for April 2018 (Chiropractic and Supplemental Medical Plans) dated 5/8/18. (4 pages)
22. US Able Life Monthly Carrier Report for April 2018 dated 5/10/18. (2 pages)
23. VSP Monthly Carrier Report for April 2018 dated 5/7/18. (8 pages)