

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, June 26, 2018

TRUSTEES PRESENT

Mr. Gordon Murakami, Chairperson	Ms. Linda Currivan Musto
Ms. Laurel Johnston, Secretary-Treasurer	Mr. Damien Elefante
Mr. Roderick Becker	Mr. Christian Fern

TRUSTEES ABSENT

Ms. Celeste Nip, Vice Chairperson	Mr. Clifford Uwaine
Ms. Audrey Hidano	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. Jessica McDonald
Ms. Shannon "Heather" Hall	Ms. Lara Nitta

OTHERS PRESENT

Ms. Marissa Adachi, HMSA	Ms. Angela Kohls, Kaiser
Ms. Dina Aun, CVS Health	Mr. Brandon Kumabe, HMSA
Ms. Nikki Bassett, US Able Life	Mr. Kenneth Lee, Kaiser
Ms. Sandra Benevides, CVS Health	Mr. Christopher Letoto, HMSA
Ms. Carol Bernal, HMA	Dr. Chris Miura, Kaiser
Mr. Thomas England, Kaiser	Mr. Glenn Park, HGEA
Mr. Riley Fujisaki, House Finance	Ms. Joleen Sato, HMSA
Ms. Elaine Fujiwara, HDS	Mr. Troy Tomita, Kaiser
Ms. Susan Goya, HGEA-R	Ms. Jennifer Woo, DHR
Ms. Vanelle Hirayasu, HMA	Mr. Scott Yamaguchi, Kaiser
Ms. Mae Kishimoto, HSTA-R	

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 9:05 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, June 26, 2018.

II. MINUTES – May 30, 2018

The Board reviewed the draft minutes of May 30, 2018.

MOTION was made and seconded to approve the minutes of May 30, 2018 as circulated. (Currivan Musto/Fern) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

III. NEW EMPLOYER TRUSTEE INTRODUCTIONS

Mr. Derek Mizuno introduced new Trustee Damien Elefante, Deputy Director Department of Taxation and thanked the out-going officers.

IV. EXECUTIVE SESSION

MOTION was made and seconded for the Board to move into Executive Session at 9:08 a.m. (Johnston/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

The regular meeting reconvened from Executive Session at 10:38 a.m.

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

1. Approved the Executive Session minutes of May 30, 2018.
2. Approved retiree premiums effective 1/1/19 – 12/31/19 for HMSA, Kaiser Health Foundation, Hawaii Dental Service, Vision Service Plan, and Securian plans
3. Approved the extension and the execution of benefits audit services contracts for a period of one year through December 31, 2019.

V. ADMINISTRATIVE COMMITTEE REPORT

A. Proposed EUTF Administrative Rule Changes

Ms. Donna Tonaki reviewed the EUTF Administrative Rules (Rules) changes that were presented to the Administrative Committee including those that are not being recommended for approval. Mr. Mizuno discussed the change in the length of officer terms which is not being recommended by the Administrative Committee and the misapplication of the Rules related to surviving children with no eligible surviving parents.

MOTION was made and seconded to approve the Administrative Committee's recommended EUTF Administrative Rules revisions. (Johnston/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

B. 2019 Legislative Proposals

Mr. Mizuno discussed the two 2019 legislative proposals being recommended by the Administrative Committee relating to 1) changes to comply with federal and state law and 2) definitions of dependent-beneficiaries and employee-beneficiaries. Mr. Mizuno also discussed the 2018 legislative proposal related to clarification of the EUTF's exemption from mandatory benefit requirements of HRS 432 chapters and elimination of Medicare Part B reimbursements for spouses of new hires on or after 7/1/19 that are both not recommended for 2019 by the Administrative Committee.

MOTION was made and seconded to approve the Administrative Committee's recommended 2019 legislative proposals related to 1) compliance with federal and state laws; and 2) definitions of dependent-beneficiaries and employee-beneficiaries. (Currivan Musto/Johnston) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

C. FY20 and FY21 Budget Discussion

Ms. Tonaki informed the Board of the feasibility study currently being conducted on a possible upgrade of the software or a replacement system of the EUTF's benefits administration system and its impact if or not completed in time for the upcoming FY20 and FY21 budget submission.

D. Possible Uses of Unrestricted, Unreserved Net Assets Including EUTF Administrative Fee Waiver

Mr. Mizuno discussed the possible uses for the unrestricted, unreserved net assets and the Administrative Committee's recommendation.

MOTION was made and seconded to approve the Administrative Committee's recommendation to use unrestricted, unreserved net assets for a waiver of EUTF administrative fees for five years (1/1/19-12/31/23 for retirees and 7/1/19-6/30/24 for active employees) and costs of a software upgrade or a new benefits administration system. (Becker/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

VI. OLD BUSINESS

A. Committee Assignments

Trustees Elefante and Johnston were assigned to the Investment Committee. This item will be discussed at the next Board meeting since there is one remaining employer trustee opening on the Benefits Committee.

B. HMSA Proposed Retiree Benefit Plan Design Changes

Mr. Mizuno summarized the proposed change in and the addition of the advance care planning benefit for EUTF and HSTA VB retirees, respectively.

MOTION was made and seconded to change the HMSA retiree medical plans effective 1/1/19 as follows:

1. Change the advance care planning physician visit benefit for EUTF plans from 10% coinsurance (not subject to deductible) to No Charge (not subject to deductible) in-network and from 30% (subject to deductible) to 10% (not subject to deductible) out-of-network.
2. Add the advance care planning physician visit benefit for HSTA VB plans at No Charge (not subject to deductible) in-network and 30% (subject to deductible) out-of-network

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

VII. NEW BUSINESS

A. Active Employee and Retiree Life Insurance Benefit Plan Design Changes

Mr. Mizuno informed the Board that as part of RFP 18-003 Life Insurance Benefits, Securian offered to change the life insurance benefits as follows:

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

June 26, 2018 Minutes

Page 4

Description	Group	Current Benefit	Proposed Benefit
1. Increase the maximum age a terminated employee can continue coverage	Active	Age 65	Age 79
2. Increase the maximum age for continuing coverage (#1) of a terminated employee.	Active	Age 70	Age 80
3. Increase the accelerated benefit percentage	Active	Up to 75% of \$38,505 or the reduced benefit (\$28,879)	Up to 100% of \$38,505
4. Add an accelerated death benefit	Retirees	None	100% of \$1,815

EUTF staff and Segal recommend items 1 and 2 and have no recommendation on 3 and 4.

MOTION was made and seconded to change the life insurance benefit to increase maximum ages a terminated employee can A) change group to individual coverage from 65 to 79 and B) continue the individual coverage from 70 to 80 for active employee plans effective 7/1/19. (Johnston/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

MOTION was made and seconded for the Board to move into Executive Session at 11:27 a.m. (Johnston/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

The regular meeting reconvened from Executive Session at 11:31 a.m.

MOTION was made and seconded to change the life insurance benefit as follows:

1. Increase the accelerated benefit from up to 75% to up to 100% for active employee plans effective 7/1/19
2. Add an accelerated benefit at 100% for retiree plans effective 1/1/19

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

B. HB2145 Medication Synchronization

Mr. Mizuno informed the Board that HB2145 does not apply to the self funded prescription drug plans, Kaiser believes HB2145 applies to the Kaiser EUTF prescription drug plans, and the HB2145 provisions have already been implemented for both the self funded and Kaiser Medicare prescription drug plans in accordance with Centers for Medicare and Medicaid Services requirements.

Ms. Sandra Benevides, CVS, informed the Board that she must follow up on the timing of implementation.

MOTION was made and seconded to voluntarily implement the medication synchronization provisions of HB2145 for all EUTF and HSTA VB active and non-Medicare plans as soon as possible. (Johnston/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

VIII. REPORTS

A. Segal

1. 2019 Updates to Medicare Drug Coverage

Mr. Tom Morrison reviewed some of the changes to the Medicare Part D prescription drug plan and compared the base Medicare Part D plan to the higher level of benefits provided by the EUTF's Medicare Part D prescription drug plans.

B. Administrator

1. HMSA limited prescription drug benefit
2. Meetings with legislators and unions
3. NCPERS and SALGBA conference reports
4. 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. Carrier Reports

2. Information Systems (IS)

- a. V3 Benefits Administration System (V3 BAS) Modified Phase II (Employer File Feed)
- b. Vitech Rebill Issue
- c. EUTF Health Benefits Hardware Server Replacement
- d. V3 BAS Feasibility Study
- e. Death Validation Import
- f. HIC to MBI Number Conversion
- g. Enrollment Counts

3. EUTF Benefits Audit Specialist Report

- a. Benefit Plan Audit Services Contracts
- b. Additional Audits to be Initiated by 12/31/18
- 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. Financial Statements as of April 30, 2018

D. Carrier Reports

The carrier reports were in the Board packet.

1. CVS Caremark

Trustee Currivan Musto recognized CVS participation in donating gift cards to purchase supplies for the Kilauea disaster relief and a \$25,000 grant awarded to Queen's Medical Center to support their Care Coalition project.

2. SilverScript

3. Hawaii Dental Service (HDS)

Trustee Currivan Musto recognized HDS participation in the Ohana Fair in Kailua-Kona.

4. Hawaii Medical Service Association (HMSA)

Trustee Currivan Musto recognized HMSA's participation in community activities to support EUTF members and engage them in their health and well-being path.

5. Kaiser Health Foundation

Trustee Currivan Musto recognized Kaiser's awards from the Pharmacy Quality Alliance and the American Heart Association.

6. Royal State Insurance

7. USABLE Life

8. Vision Service Plan (VSP)

Trustee Currivan Musto recognized VSP's continued participation in providing eye care and eyewear for those affected by the Kilauea volcano eruption.

IX. NEXT MEETING DATE

Tuesday, July 24, 2018, 9:00 a.m. – retiree prescription drug proposed self-funded premiums effective January 1, 2019 and Investment Committee reports. Trustees Currivan Musto and Murakami are unable to attend the July 24, 2018 Board meeting.

X. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 11:40 a.m. (Johnston/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Respectfully submitted,

/s/

Laurel Johnston, Secretary-Treasurer

APPROVED on July 24, 2018.

Documents Distributed:

1. Draft Board Minutes of 5/30/18. (8 pages)
2. Memorandum to BOT from Administrative Committee Regarding 6/15/18 Administrative Committee Meeting dated 6/15/18. (12 pages)
3. EUTF Committees Listing dated 6/1/18. (1 page)
4. 2019 EUTF Retiree Benefit Changes, Redacted, dated 6/26/18. (4 pages)
5. Memorandum to BOT from Administrator Regarding Active Employee and Retiree Life Insurance Benefit Plan Design Changes dated 6/20/18. (1 page)
6. Memorandum to BOT from Administrator Regarding HB2145 Medication Synchronization dated 6/20/18. (1 page)
7. Segal Consulting Update Regarding 2019 Medicare Part D Drug Benefit: Modest Increases from 2018 dated 6/12/18. (4 pages)
8. Administrator's Monthly Report to the Board from 5/19/18-6/15/18 dated 6/15/18. (23 pages)
9. Memorandum to BOT from Member Services Branch Manager Regarding May-June 2018 Member Services Operations Report dated 6/15/18. (15 pages)
10. Memorandum to BOT from Information Systems Chief Regarding May-June 2018 Information Systems (IS) Operations Report dated 6/15/18. (11 pages)
11. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding May-June 2018 EUTF Benefits Audit Specialist Report dated 6/15/18. (2 pages)
12. Memorandum to Administrator from EUTF Program Specialist Regarding May-June 2018 EUTF Program Specialist Report dated 6/15/18. (2 pages)
13. Memorandum to BOT from Financial Management Officer Regarding May-June 2018 Financial Services Branch (FSB) Report dated 6/15/18. (7 pages)
14. EUTF Financial Statements as of April 30, 2018 dated 6/19/18 and Experience Accounting of Self Funded Plans for April 2018 dated 6/19/18. (9 pages)
15. CVS Caremark Monthly Carrier Report for May 2018 dated 6/8/18. (26 pages)
16. SilverScript Monthly Carrier Report for May 2018 dated 6/8/18. (4 pages)
17. HDS Monthly Carrier Report for May 2018 dated 6/8/18. (2 pages)
18. HMSA Monthly Carrier Report for May 2018 dated 6/12/18. (4 pages)
19. Kaiser Monthly Carrier Report for May 2018 dated 6/8/18. (2 pages)
20. Royal State Insurance Monthly Carrier Reports for May 2018 (Chiropractic and Supplemental Medical Plans) dated 6/7/18. (4 pages)
21. USABLE Life Monthly Carrier Report for May 2018 dated 6/11/18. (2 pages)
22. VSP Monthly Carrier Report for May 2018 dated 6/11/18. (2 pages)