

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Minutes of the Board of Trustees  
Tuesday, July 24, 2018

TRUSTEES PRESENT

Mr. Roderick Becker, Chairperson	Ms. Laurel Johnston
Ms. Audrey Hidano, Vice Chairperson	Ms. Celeste Nip
Mr. Christian Fern, Secretary-Treasurer	Mr. Clifford Uwaine
Mr. Damien Elefante	Mr. Ryker Wada

TRUSTEES ABSENT

Ms. Linda Currivan Musto	Mr. Gordon Murakami
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ATTORNEY

Mr. Michael Chambrella, 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. Amy Cheung	Ms. Jessica McDonald
Ms. Linda Green	Ms. Lara Nitta
Ms. Shannon "Heather" Hall	Mr. Kuan Yuan
Ms. Bonny Kahalewai	

OTHERS PRESENT

Ms. Marissa Adachi, HMSA	Ms. Vanelle Hirayasu, HMA
Mr. Gareth Azama, HMSA	Ms. Monica Kim, VSP
Ms. Dina Aun, CVS Health	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
Ms. Evelyn Chock, HMSA	Mr. Dave Shiroma, Kaiser
Ms. Elaine Fujiwara, HDS	Mr. Vaughn Tokashiki, HSTA-R
Ms. Susan Goya, HGEA-R	Ms. Courtney Tran, HMSA
Mr. Galen Haneda, HMSA	Ms. Jennifer Woo, DHR

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 9:03 a.m. by Chairperson Roderick Becker, in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, July 24, 2018.

II. NEW EMPLOYER TRUSTEE INFORMATION

Chairperson Becker introduced and welcomed new Trustee Ryker Wada, Director of Department of Human Resources Development.

III. MINUTES – June 26, 2018

The Board reviewed the draft minutes of June 26, 2018.

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MOTION was made and seconded to approve the minutes of June 26, 2018 as circulated. (Uwaine/Elefante) The motion passed. (Employer Trustees-4 YES Becker, Elefante, Johnston, Wada, 1 ABSTAIN Hidano/Employee-Beneficiary Trustees-3 YES Fern, Nip, Uwaine)

IV. EXECUTIVE SESSION

MOTION was made and seconded for the Board to move into Executive Session at 9:06 a.m. (Johnston/Nip) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

The regular meeting reconvened from Executive Session at 10:04 a.m.

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

1. Approved the Executive Session minutes of July 24, 2018.
2. Approved two investment managers for the Alternative Risk Premia strategy subject to contract negotiations and onsite due diligence.

V. INVESTMENT COMMITTEE REPORT

A. July 2, 2018 Meeting

1. Education Review – Alternative Risk Premia
2. Investment Manager Due Diligence Plan Update

Mr. Kuan Yuan reported that at the July 2, 2018 Investment Committee meeting investment consultant, Pension Consulting Alliance, and EUTF staff provided education on the alternative risk premia strategy and historical and upcoming due diligence onsite visits.

B. July 10, 2018 Meeting – Election of Chair

Mr. Yuan reported that Trustee Christian Fern has been elected Chair of the Investment Committee.

VI. OLD BUSINESS

A. Committee Assignments

Trustee Laurel Johnston volunteered to step down from the Administrative Committee since she is on the Administrative, Benefits and Investment Committees. Trustee Ryker Wada was assigned to the Administrative Committee and as an alternate on the Emergency Appeals Committee. Trustee Damien Elefante was assigned to the Benefits Committee.

VII. NEW BUSINESS

A. SilverScript Medicare Prescription Drug Plan Coverage of Medicare Part D Vaccinations at 100%

Mr. Derek Mizuno summarized the memorandum dated July 18, 2018 from Ms. Lara Nitta, EUTF Health Benefits Specialist. Trustees Johnston and Becker informed the Board that they are concerned with the additional costs to the State. Trustees Nip and Uwaine expressed concerns about transferring reserves to the OPEB Trust to fund the benefit. Trustees Fern, Nip and Uwaine expressed their concern that the members are not getting the benefit that they are entitled to and Trustee Uwaine expressed concern that the Board with knowledge is overstating the true out of pocket costs in the reports to the Centers for Medicare and Medicaid Services (CMS). Trustee Nip also commented that the carriers

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should be informing the pharmacies on the correct process to file claims for these vaccinations.

MOTION was made and seconded to 1) change the coverage of Medicare Part D vaccinations for the EUTF and HSTA VB Medicare retirees (EGWP) to 100% from a \$30 copayment and 2) approve the revised HMSA Medicare EUTF and HSTA VB retiree premiums as presented in Executive Session. (Uwaine/Fern) The motion failed. (Employer Trustees-5 NO Becker, Elefante, Hidano, Johnston, Wada/Employee-Beneficiary Trustees-3 YES Fern, Nip, Uwaine)

MOTION was made and seconded to 1) change the coverage of Medicare Part D vaccinations for the EUTF and HSTA VB Medicare retirees (EGWP) to 100% from a \$30 copayment, 2) approve the revised HMSA Medicare EUTF and HSTA VB retiree premiums as presented in Executive Session; and 3) transfer \$15.2 million from the retiree (agency fund) unrestricted, unreserved net assets to the OPEB Trust and credit the employers based on their 7/1/17 actuarial accrued liabilities. (Johnston/Hidano)

MOTION was made and seconded for the Board to move into Executive Session at 10:25 a.m. (Johnston/Nip) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

The regular meeting reconvened from Executive Session at 10:48 a.m.

Mr. Vaughn Tokashiki, HSTA-R, asked for clarification of the motion. Mr. Mizuno and Trustee Uwaine explained the motion including Trustee Uwaine's concern about the overstatement of the true out of pocket costs to CMS and the potential for audit.

The motion failed. (Employer Trustees-5 YES Becker, Elefante, Hidano, Johnston, Wada/Employee-Beneficiary Trustees-3 NO Fern, Nip, Uwaine)

The Board agreed to have this item added to the August 28, 2018 meeting agenda.

B. Prescription Drug Plan Retiree Bronze Formulary Rates Effective January 1, 2019 – Caremark and SilverScript

Mr. Mizuno and Mr. Tom Morrison informed the Board of SilverScript adding a new formulary (bronze), subject to CMS approval, which expands the number of prescription drugs being covered under the EGWP formulary resulting in more retiree copayments being included in the true out of pocket costs and higher subsidies from CMS without changing the benefits and drugs that are being covered since most non-formulary prescription drugs are covered under the EGWP Wrap. Trustee Celeste Nip asked about the likelihood of the bronze formulary being approved by CMS. Sandra Benevides, CVS, informed the Board that they expect approval from CMS. Mr. Mizuno informed the Board that they could approve the bronze formulary and the resulting retiree prescription drug premiums proposed by the benefits consultant, Segal Company, subject to approval by CMS and if the bronze formulary is not approved by CMS, EUTF staff will review and circulate to the Board the proposed retiree prescription drug premiums under the current (copper) formulary for approval at the August 28, 2018 Board meeting.

MOTION was made and seconded to:

1. Approve the bronze formulary effective January 1, 2019 subject to CMS approval.
2. Approve the EUTF and HSTA VB retiree prescription drug premiums as proposed by Segal Consulting effective January 1, 2019, subject to CMS approval.

(Nip/Hidano) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

## VIII. REPORTS

### A. Segal

1. Updated Report on Mental Health Parity Act Heightened Audit Activity

Mr. Morrison summarized the Segal Consulting report regarding guidance and increased enforcement of the Mental Health Parity and Addition Act.

### B. Administrator

1. HMSA limited prescription drug benefit
2. Meetings with legislators and unions
3. 2018 Active Employee Open Enrollment
4. Public engagement

Mr. Mizuno presented the results of the 2018 active employee open enrollment and the continued move of the membership to the HMSA 75/25 PPO Plan. In addition, Mr. Mizuno included a complaint from a HMSA member regarding naturopathic coverage through HMSA including the member's response to the letter.

### B. 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. Health Benefits Workshop
  - 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. July 5, 2018 State Payroll
  - h. Enrollment Counts
3. EUTF Benefits Audit Specialist Report
  - a. Additional Audits to be Initiated by 12/31/18
  - b. 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. 2018 Financial Audit
  - e. Financial Statements as of May 31, 2018

C. 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
7. US Able Life
8. Vision Service Plan (VSP)

Trustee Fern thanked HMSA and Kaiser for their assistance with Big Island community members affected by the volcano. Ms. Mae Kishimoto, HSTA-R, asked CVS about the Shingrix vaccination shortage at Longs. Ms. Sandra Benevides, CVS, responded that the shortage of the vaccination is a national issue because the pharmaceutical companies are not producing enough vaccinations.

IX. NEXT MEETING DATE

Tuesday, August 28, 2018, 9:00 a.m. – comments to proposed Administrative Rules changes and Investment Committee Report.

X. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 11:20 a.m. (Johnston/Ellefante) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

Respectfully submitted,

/s/

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Christian Fern, Secretary-Treasurer

APPROVED on August 28, 2018.

Documents Distributed:

1. Draft Board Minutes of 6/26/18. (7 pages)

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2. Memorandum to BOT from Investment Committee Regarding 7/2/18 Investment Committee Meeting dated July 3, 2018. (1 page)
3. Memorandum to BOT from Investment Committee Regarding 7/10/18 Investment Committee Meeting dated July 16, 2018. (1 page)
4. EUTF Committees Listing dated 7/10/18. (1 page)
5. Medicare Part D Vaccinations dated 7/18/18. (3 pages)
6. Memorandum to BOT from Segal Consulting Regarding 2019 Retiree Prescription Drug Rates dated 7/24/18. (5 pages)
7. Segal Consulting Update Regarding Federal Agencies Issue Guidance and Increase Enforcement of Mental Health Parity and Addiction Equity Act dated 5/23/18. (3 pages)
8. Administrator's Monthly Report to the Board from 6/16-7/12/18 dated 7/12/18. (8 pages)
9. Memorandum to BOT from Member Services Branch Manager Regarding June-July 2018 Member Services Operations Report dated 7/13/18. (15 pages)
10. Memorandum to BOT from Information Systems Chief Regarding June-July 2018 Information Systems (IS) Operations Report dated 7/13/18. (21 pages)
11. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding June-July 2018 EUTF Benefits Audit Specialist Report dated 7/13/18. (2 pages)
12. Memorandum to Administrator from EUTF Program Specialist Regarding June-July 2018 EUTF Program Specialist Report dated 7/13/18. (2 pages)
13. Memorandum to BOT from Financial Management Officer Regarding June-July 2018 Financial Services Branch (FSB) Report dated 7/13/18. (7 pages)
14. EUTF Financial Statements as of May 31, 2018 dated 7/16/18 and Experience Accounting of Self Funded Plans for May 2018 dated 7/16/18. (9 pages)
15. CVS Caremark Monthly Carrier Report for June 2018 dated 7/9/18. (12 pages)
16. SilverScript Monthly Carrier Report for June 2018 dated 7/9/18. (4 pages)
17. HDS Monthly Carrier Report for June 2018 dated 7/10/18. (2 pages)
18. HMSA Monthly Carrier Report for June 2018 dated 7/13/18. (4 pages)
19. Kaiser Monthly Carrier Report for June 2018 dated 7/9/18. (2 pages)
20. Royal State Insurance Monthly Carrier Reports for June 2018 (Chiropractic and Supplemental Medical Plans) dated 7/6/18. (4 pages)
21. US Able Life Monthly Carrier Report for June 2018 dated 7/10/18. (2 pages)
22. VSP Monthly Carrier Report for June 2018 dated 7/9/18. (2 pages)