

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, August 28, 2018

TRUSTEES PRESENT

Ms. Audrey Hidano, Vice Chairperson	Ms. Laurel Johnston
Mr. Christian Fern, Secretary-Treasurer	Ms. Celeste Nip
Ms. Linda Currivan Musto (excused 12:31 pm)	Mr. Clifford Uwaine (arrived 9:14 am)
Mr. Damien Elefante	Mr. Ryker Wada (excused 11:15 am)

TRUSTEES ABSENT

Mr. Roderick Becker, Chairperson	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	Ms. Bonny Kahalewai
Ms. Maria Quartero	Ms. Haley Morris
Ms. Amy Cheung	Ms. Lara Nitta
Ms. Linda Green	Mr. Kuan Yuan
Ms. Shannon "Heather" Hall	

OTHERS PRESENT

Ms. Marissa Adachi, HMSA	Ms. Kathleen Kaleikini, HMSA
Mr. Gareth Azama, HMSA	Ms. Mae Kishimoto, HSTA-R
Ms. Dina Aun, CVS Health	Ms. Angela Kohls, Kaiser
Ms. Irene Bayudan, VSP	Mr. Brandon Kumabe, HMSA
Ms. Stacia Baek, HMSA	Ms. Minna Lehti, HDS
Mr. Ty Bowers, CVS Health	Mr. Christopher Letoto, HMSA
Ms. Sandra Benevides, CVS Health	Ms. Bev Luney, USABLE Life
Ms. Evelyn Chock, HMSA	Dr. Chris Miura, Kaiser
Mr. Tom Delaney, HDS	Mr. Kurt Neuenfeld, CVS Health
Ms. Elaine Fujiwara, HDS	Mr. Dave Shiroma, Kaiser
Mr. Adam Gorvine, USABLE	Ms. Roselyn Shuey, CVS Health
Ms. Susan Goya, HGEA-R	Ms. Jenny Suh, HMSA
Mr. Galen Haneda, HMSA	Ms. Michelle Suckow, CTI
Mr. Evan Hendrickson, HMSA	Mr. Vaughn Tokashiki, HSTA-R
Ms. Keiko Hiraoka, HDS	Mr. Troy Tomita, Kaiser
Mr. Ryan Hirasuna, HMSA	Ms. Jennifer Woo, DHR
Ms. Vanelle Hirayasu, HMA	

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 9:05 a.m. by Vice Chairperson Audrey Hidano, in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, August 28, 2018.

II. MINUTES – July 24, 2018

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

MOTION was made and seconded to approve the minutes of July 24, 2018 as circulated. (Wada/Fern) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

III. EXECUTIVE SESSION

MOTION was made and seconded for the Board to move into Executive Session at 9:07 a.m. (Nip/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

The regular meeting reconvened from Executive Session at 11:15 a.m.

Trustee Ryker Wada was excused from the meeting at 11:15 a.m.

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

1. Approved the Executive Session minutes of July 24, 2018.
2. Approved the amended Executive Session minutes of June 26, 2018.
3. Denied an appeal for late domestic partner enrollment
4. Approved an appeal for waiver of collection of employer contributions for dependents.
5. Approved an investment in a private equity fund subject to contract negotiation.
6. Approved a global custody and securities lending provider subject to contract negotiation.

IV. NEW BUSINESS

A. Claim Technologies, Inc. Claims Audit Reports – Kaiser and HDS Plans Actives 7/1/16 – 6/30/17 and Retirees 1/1/16 – 12/31/16 and Follow Up to Life Insurance Plans Actives 7/1/13 – 6/30/15 and Retirees 1/1/14 – 12/31/14

Ms. Michelle Suckow, Claim Technologies, Inc. (CTI), presented the audit objectives, scope, findings and recommendations from their audits of Kaiser medical and prescription drug and HDS dental plans for the time periods noted above, and on a follow up item related to the life insurance plan audit completed and reported to the Board earlier this calendar year. Trustee Christian Fern requested that in future request for proposals that the performance guarantees be clearer on the threshold percentages. Mr. Derek Mizuno confirmed that EUTF staff will follow up. Ms. Heather Hall reported that EUTF staff worked with Kaiser to identify additional quarters during the contract period in which performance measures were rounded up to meet the thresholds. Kaiser has agreed to pay EUTF these penalties. Vice Chairperson Audrey Hidano asked Kaiser when they will pay EUTF the amounts noted in the audit and Ms. Hall's follow up report. Mr. Troy Tomita, Kaiser, responded that payment will be made before the next Board meeting.

Mr. Derek Mizuno informed the Board that there are no follow up items for these audits including the CTI audit of the chiropractic carrier. EUTF staff will report back to the Board regarding the earlier CTI audit of HMSA.

V. OLD BUSINESS

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

Ms. Hall reported that CVS and SilverScript have calculated and/or paid outstanding amounts, and EUTF staff working with Segal Consulting, CVS and SilverScript have resolved other items from the audit noted above. Mr. Mizuno informed the Board that there are no follow up items from audits of the pharmacy benefit managers.

B. Unrestricted, Unreserved Net Assets and Administrative Fee Waiver

Mr. Mizuno requested that this item be deferred and added to the September 25, 2018 Board meeting.

C. Medical and Prescription Drug Benefit Plan Design Changes

1. HMSA Medical Plan

a. Heart Disease Program for Retirees and Active Employees – EUTF and HSTA VB

Mr. Mizuno requested that this item be deferred and added to the September 25, 2018 Board meeting.

b. Supportive Care for Retirees and Active Employees – EUTF and HSTA VB

Mr. Mizuno requested that this item be deferred and added to the September 25, 2018 Board meeting.

c. Diabetes Prevention Program for Active Employees Criteria Revision – EUTF

Mr. Mizuno informed the Board that HMSA has requested that one of the criteria for the Diabetes Prevention Program, the fasting plasma glucose level, be lowered from 110 mg/dL to 100 mg/dL to conform to the Centers for Disease Control and other studies. This will assist with the HMSA contracting process.

MOTION was made and seconded to amend the criteria for the HMSA Diabetes Prevention Program for EUTF active employees by lowering the fasting plasma glucose level from 110 mg/dL to 100 mg/dL as recommended by EUTF staff and Segal. (Johnston/Fern) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

MOTION was made and seconded to amend the criteria for the HMSA Diabetes Prevention Program for EUTF and HSTA VB non-Medicare retirees by lowering the fasting plasma glucose level from 110 mg/dL to 100 mg/dL as recommended by EUTF staff and Segal. (Johnston/Nip) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

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

Mr. Mizuno reported that EUTF staff worked with HMSA and SilverScript on a notice to Medicare retirees and dependents describing the process to eliminate or have their \$30 copayment reimbursed for their Medicare Part D vaccinations as these vaccinations are covered at 100% under the HMSA medical and SilverScript

prescription drug plans when combined. The notice has been posted on the EUTF website and will be communicated in the Fall 2018 Holomua. Trustee Celeste Nip asked if more can be done to ensure that these members do not have the \$30 copayment and receive their full benefit.

Mr. Mizuno requested that this item be added to the September 25, 2018 Board meeting.

D. Comments on EUTF Administrative Rule Changes

Ms. Donna Tonaki reported that EUTF staff mailed letters to the employers and employee-organizations on June 29, 2018 requesting comment on the proposed EUTF Administrative Rule changes approved at the June 26, 2018 Board meeting. The University of Hawaii Professional Assembly (UHPA), the Hawaii Government Employees Association (HGEA) and the State Department of Education responded with no comments. The City and County of Honolulu mentioned their concern on the shortening of the supporting documents due date from 60 to 45 days but that they were previously addressed by the EUTF.

VI. INVESTMENT COMMITTEE REPORT

A. Updated Statement of Investment Policy and Guidelines

Mr. Kuan Yuan informed the Board that the updated Statement of Investment Policy and Guidelines in their binder incorporates the recently approved changes.

B. June 30, 2018 Strategic Performance Report Including Excess Funds

Mr. Colin Bebee, Pension Consulting Alliance (PCA), participating via telephone summarized the 2nd quarter results in which the OPEB Trust ended at \$2.37 billion with quarterly returns of 2.5% (net of fees) for the quarter, exceeding the policy benchmark return of 2.0%. Since inception (June 23, 2011), the EUTF portfolio has returned 7.5% (net of fees) versus the policy benchmark return of 7.4%.

C. Quarterly Real Estate Report – Q1 2018

Mr. Yuan provided an update on the core real estate investment portfolio.

D. Private Core Real Estate Investment Plan Update and Recommendation

Mr. Yuan informed the Board that the Investment Committee reviewed and is recommending additional funding of the Morgan Stanley Prime real estate fund to maintain the OPEB Trust's 10% allocation to core real estate.

MOTION was made and seconded to approve the Investment Committee's recommendation to commit an additional \$55 million to Morgan Stanley Prime. (Johnston/Fern) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

E. Private Credit Program Guidelines

Mr. Yuan informed the Board that the Investment Committee reviewed and is recommending approval of program guidelines for the new strategy, private credit. Upon approval, PCA working with staff will prepare an investment plan and fund options for the Investment Committee.

MOTION was made and seconded to approve the Private Credit Investment Policy and Guidelines as recommended by the Investment Committee. (Currivan Musto/Fern) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

VII. REPORTS

A. Segal

1. Plan Performance Report through June 30, 2018
2. Performance Guarantee Report through June 30, 2018
3. Quarterly Trend Report
4. Five-Year Rate Projection with Approved 2019 Retiree Rates
5. Projection of Potential Exposure to Excise Tax in 2022 under the Affordable Care Act

Trustee Currivan Musto was excused at 12:31 p.m.

6. June 30, 2018 IBNR Calculation
7. Federal Update

Mr. Tom Morrison, Segal Company, summarized the aforementioned items for the Board. The Board instructed Mr. Michael Chambrella, Deputy Attorney General, to work with the Segal Company on a request for consideration to the federal government to use the family cap in measuring the Excise Tax in 2022 under the Affordable Care Act and also for a waiver from this tax.

B. Administrator

1. Meetings with legislators and unions
2. 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. Health Benefits Workshops & New Hire Orientation Sessions
 - d. Medicare Part B Premium Reimbursements Reminder Postcards
 - e. Carrier Reports
2. Information Systems (IS)
 - a. Retiree Open Enrollment 2019
 - b. V3 Benefits Administration System (V3 BAS) Modified Phase II (Employer File Feed)
 - c. Vitech Rebill Issue
 - d. EUTF Health Benefits Hardware Server Replacement
 - e. V3 BAS Feasibility Study
 - f. Death Validation Import
 - g. HIC to MBI Number Conversion
 - h. 8/5/2018 State Payroll

- i. 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 June 30, 2018

D. Carrier Reports

The carrier reports were in the Board packet.

1. CVS Caremark
Ms. Sandra Benevides gave an update on the Shingles vaccination shortage.
2. SilverScript
3. Hawaii Dental Service (HDS)
4. Hawaii Mainland Administrators (HMA)
5. Hawaii Medical Service Association (HMSA)
6. Kaiser Health Foundation
7. Royal State Insurance
8. US Able Life
9. Vision Service Plan (VSP)

VIII. NEXT MEETING DATE

Tuesday, September 25, 2018, 9:00 a.m. – Administrative Committee Report

IX. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 12:39 p.m. (Nip/Johnston) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/

Christian Fern, Secretary-Treasurer

APPROVED on September 25, 2018.

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

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Documents Distributed:

1. Draft Board Minutes of 7/24/18. (6 pages)
2. Reports from CTI Regarding Audits for HDS and Kaiser dated 8/28/18. (19 pages)
3. Memorandum to BOT through Administrator Regarding Follow-up to Truven Health Analytics Pharmacy Benefit Manager Claims Audit Report Review of Drug Benefit Administration by CVS Caremark dated 8/21/18. (2 pages)
4. Medicare Part D Vaccinations dated 8/8/18. (3 pages)
5. Memorandum to BOT through Administrator Regarding Proposed EUTF Administrative Rule Changes dated 8/20/18. (10 pages)
6. Memorandum to BOT from Investment Committee Regarding 8/14/18 Investment Committee Meeting dated 8/20/18. (1 page)
7. EUTF Year to Date Contract Plan Experience Report Contract Year to Date through June 2018 by Segal Consulting dated 8/28/18. (41 pages)
8. Trends, Health Plan News at a Glance for the Public Sector by Segal Consulting for 2nd Quarter 2018. (1 page)
9. Memorandum to BOT from Segal Consulting Regarding Five-Year Rate Projection with Approved 2019 Retiree Rates dated 8/13/18. (6 pages).
10. Memorandum to BOT from Segal Consulting Regarding Projection of Potential Exposure to Excise Tax in 2022 under the Affordable Care Act dated 8/28/18. (6 pages).
11. Memorandum to BOT from Segal Consulting Regarding 6/30/18 IBNR Calculation dated 8/28/18. (2 pages).
12. Segal Consulting Update, 2019 Medicare Part D Drug Benefit: Modest Increases from 2018. Dated 6/12/18. (4 pages)
13. Administrator's Monthly Report to the Board from 7/14-8/16/18 dated 8/16/18. (1 page)
14. Memorandum to BOT from Member Services Branch Manager Regarding July-August 2018 Member Services Operations Report dated 8/16/18. (11 pages)
15. Memorandum to BOT from Information Systems Chief Regarding July-August 2018 Information Systems (IS) Operations Report dated 8/16/18. (11 pages)
16. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding July-August 2018 EUTF Benefits Audit Specialist Report dated 8/16/18. (2 pages)
17. Memorandum to Administrator from EUTF Program Specialist Regarding July-August 2018 EUTF Program Specialist Report dated 8/16/18. (2 pages)
18. Memorandum to BOT from Financial Management Officer Regarding July-August 2018 Financial Services Branch (FSB) Report dated 8/16/18. (7 pages)
19. CVS Caremark Monthly Carrier Report for July 2018 dated 8/9/18. (13 pages)
20. SilverScript Monthly Carrier Report for July 2018 dated 8/7/18. (4 pages)
21. HDS Monthly Carrier Report for July 2018 dated 8/10/18. (2 pages)
22. HMA Monthly Carrier Report for July 2018 dated 8/1/18. 2 pages)
23. HMSA Monthly Carrier Report for July 2018 dated 8/15/18. (3 pages)
24. Kaiser Monthly Carrier Report for July 2018 dated 8/10/18. (2 pages)
25. US Able Life Monthly Carrier Report for July 2018 dated 8/10/18. (2 pages)
27. VSP Monthly Carrier Report for July 2018 dated 8/8/18. (2 pages)