

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Monday, January 14, 2019

TRUSTEES PRESENT

Ms. Audrey Hidano, Vice Chairperson (excused at 10:02 a.m.)	Mr. Gordon Murakami
Mr. Christian Fern, Secretary-Treasurer	Ms. Celeste Nip
Ms. Linda Currivan Musto	Mr. Clifford Uwaine (arrived at 9:09 a.m.)
Mr. Damien Elefante	Mr. Ryker Wada
Ms. Laurel Johnston (arrived at 9:02 a.m.)	

TRUSTEES ABSENT:

Mr. Roderick Becker, Chairperson

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. Desiree Yamauchi	Ms. Emily Kaneakua
Ms. Amy Cheung	Ms. Jessica McDonald
Ms. Heather Hall	Ms. Lara Nitta
Ms. Bonny Kahalewai	Mr. Kuan Yuan

OTHERS PRESENT

Ms. Esi Accredo	Ms. Mae Kishimoto, HSTA-R
Ms. Marissa Adachi, HMSA	Ms. Angela Kohls, Kaiser
Ms. Cheryl Archer, USAble	Mr. Brandon Kumabe, HMSA
Ms. Stacia Baek, HMSA	Mr. Joey Lee, HDS
Ms. Irene Bayudan, VSP	Mr. Christopher Letoto, HMSA
Ms. Sandra Benevides, CVS Health	Ms. Denise Mercil, Securian
Ms. Richelle Caldwell, HMSA	Dr. Chris Miura, Kaiser
Mr. Corey Fujii, Express Scripts	Mr. Joe Newton, GRS
Mr. Galen Haneda, HMSA	Mr. Mehdi Riazi, GRS
Ms. Vanelle Hirayasu, HMA	Mr. Vaughn Tokashiki, HSTA-R
Mr. Ralph Kanetoku, KKDLY	Mr. Troy Tomita, Kaiser
Ms. Robyn Kawamura, KKDLY	Mr. Lewis Ward, GRS

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 9:00 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 Monday, January 14, 2019.

II. MINUTES – December 18, 2018

The Board reviewed the draft minutes of December 18, 2018.

MOTION was made and seconded to approve the minutes of December 18, 2018 as circulated. (Currivan Musto/Elefante) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Trustee Laurel Johnston arrived at 9:02 a.m.

III. EXECUTIVE SESSION

MOTION was made and seconded for the Board to move into Executive Session at 9:03 a.m. (Curriuan Musto/Elefante) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

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

Secretary-Treasurer Christian Fern reported that the Board performed the following in Executive Session:

1. Approved the Executive Session minutes of December 18, 2018.
2. Denied an appeal to reimburse Medicare Part B premium income-adjustments earlier than the two-year retroactive period.
3. Approved an appeal to waive collection of Medicare Part B premium overpayments.

IV. NEW BUSINESS

A. Actuarial Valuation Report as of July 1, 2018

Mr. Joseph Newton and Mr. Mehdi Riazi of Gabriel Roeder Smith & Company (GRS) presented the results of their July 1, 2018 actuarial valuation of the State and counties other post-employment benefits. In addition, GRS noted that the Board's decision to waive EUTF administrative fees through December 31, 2028 for the retiree plans was factored into the valuation and resulted in an actuarial gain and over the next 24 months GRS will discuss possible options to smooth the impact of premium volatility.

B. Fiscal Year Ending 6/30/18 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, 2018 including the presentation to the Board, the Report to the Auditor, the Management Letter and the audited financial statements. Mr. Derek Mizuno discussed how the new management letter comment, Terminated Employees Continue to Receive Life Insurance Coverage, arose as part of the actuary's comparison of the EUTF and ERS' active employee listings as of March 31, 2018. The EUTF had employees listed who were enrolled in the life insurance plan but were not on the ERS file. This results as employers may not report terminations to the EUTF, while the ERS does not receive pension deductions through payroll since the employee has terminated. EUTF will remove such terminated employees retroactive to March 31, 2018 after verifying that they are not on leave without pay. In addition, procedures will be put in place to identify such instances on a recurring basis.

C. Drug Coverage Under the Hawaii Our Care, Our Choice Act

Mr. Mizuno reported that the medication under the Our Care, Our Choice Act are covered by the CVS active employee and non-Medicare retiree, and Kaiser active employee and retiree plans. The medication is not covered under the SilverScript Medicare Part D retiree prescription drug plan in accordance with federal laws. Trustee Linda Curriuan Musto noted that in the memo from the Administrator that certain opioids were not covered. Ms. Sandra Benevides, CVS, responded that opioids are covered in accordance with the CVS Opioid Management Program.

V. OLD BUSINESS

A. Board Meeting Schedule for Fiscal Year 2020

Mr. Mizuno noted that the Board meeting schedule was updated for fiscal year 2020 and will be posted on the EUTF website.

B. EUTF Proposed Budget Request for Fiscal Biennium 2019-2021

Mr. Mizuno reported on the Legislature's adoption of a more transparent budget process in which budget requests would be submitted by the departments to the respective subject matter committee. This contrasted with direction from the Executive Branch that the departments' budget requests were included in the Governor's budget and not to subject budget requests through the committees. The Board expressed their concern about violating the budget process outlined in the State Constitution.

MOTION was made and seconded to authorize the Administrator to submit the EUTF's previously Board approved budget requests to the Senate and House Labor Committees. (Uwaine/Nip) The motion failed. (Employer Trustees-3 NO Elefante, Johnston, Wada/Employee-Beneficiary Trustees-5 YES Currivan Musto, Fern, Murakami, Nip, Uwaine)

VI. REPORTS

A. Segal

1. Five-Year Rate Projection with Approved 2019/2020 Active Rates
Mr. Tom Morrison reviewed how the projections were determined.

B. Administrator

1. Meetings with legislators and unions
Mr. Mizuno noted that he and the Assistant Administrator had met with the unions and key legislators except for the House Health Chair.

2. Public engagement

C. EUTF Managers', Program Specialist and Benefits Audit Specialist Reports

1. Member Services Branch (MSB)

- a. MSB Data
- b. MSB Staffing Update
- c. Carrier Reports

2. Information Systems (IS)

- a. V3 Benefits Administration System (V3 BAS) Modified Phase II (Employer File Feed)
Ms. Mae Kishimoto, HSTA-R, inquired about the status of the Mass Rebill issue. Mr. Raymond Kan reported that the original Mass Rebill project has been completed. However, the EUTF continues to find other rebill issues that they are addressing along with other system issues.

- b. HIC to MBI Number Conversion
- c. HIPAA Risk Assessment
- d. Medicare Part B Reimbursement Amounts for 2017 and 2018

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- e. New Base Monthly Contribution (BMC) for Retirees Hired On or After July 1, 2001
 - f. Vacancies
 - g. Enrollment Counts
- 3. EUTF Benefits Audit Specialist Report
 - a. Audits Currently in Progress
 - b. Additional Audits to be Initiated by 6/30/19
 - c. Completed and Recurring Audits
 - 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. EUTF Collections
 - d. FSB Staffing Update
 - e. Financial Statements as of October 31, 2018
- D. Carrier Reports
- 1. CVS Caremark
 - 2. SilverScript
 - 3. Hawaii Dental Service (HDS)
Trustee Currivan Musto acknowledged and commended HDS for their sponsorship of the “Smile Zone” for keiki at Kapolei City Lights.
 - 4. Hawaii Mainland Administrators (HMA)
 - 5. Hawaii Medical Service Association (HMSA)
 - 6. Kaiser Health Foundation
Trustee Currivan Musto acknowledged and commended Kaiser for presenting Keiki Fit Force and acknowledged Kaiser for being “one of America’s Best Hospitals for Cancer Care” by the Women’s Choice Awards.
 - 7. USAbLe Life
 - 8. Vision Service Plan (VSP)

VII. NEXT MEETING DATE

Tuesday, February 19, 2019, 9:00 a.m.

VIII. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 11:15 a.m. (Johnston/Curriivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

Respectfully submitted,

/s/

Christian Fern, Secretary-Treasurer

APPROVED on February 19, 2019.

Documents Distributed:

1. Draft Board Minutes of 12/18/18. (7 pages)
2. GRS July 1, 2018 Retiree Healthcare Valuation (OPEB) Presentation dated January 2019. (15 pages)
3. GRS Draft Actuarial Valuation Report as of 07/01/18. (61 pages)
4. KKDLY Financial Audit for Year Ending 06/30/18 Presentation dated 01/14/19. (7 pages)
5. KKDLY Management Letter dated 06/30/18. (4 pages)
6. KKDLY Report to the Auditor dated 06/30/18. (15 pages)
7. KKDLY Financial Statements and Supplementary Information dated 06/30/18. (95 pages)
8. Memorandum to BOT from Administrator Regarding Drug Coverage Under the Hawaii Our Care, Our Choice Act dated 01/09/19. (1 page)
9. Memorandum to BOT from Administrator Regarding Revised Board Meeting Schedule for Fiscal Year 2020 dated 01/03/19. (2 pages)
10. Memorandum to BOT from Administrator Regarding EUTF Proposed Budget Request for Fiscal Biennium 2019-2021 dated 01/09/19. (1 page)
11. Memorandum to BOT from Segal Consulting Regarding Five-Year Rate Projection with Approved 2019/2010 Active Rates dated 01/08/19. (6 pages)
12. Administrators Monthly Report to the Board from 12/08/18-01/04/19 dated 01/04/19. (1 page)
13. Memorandum to BOT from Member Services Branch Manager Regarding December 2018 – January 2019 - Member Services Operations Report dated 01/04/19. (12 pages)
14. Memorandum to BOT from Information Systems Chief Regarding December 2018 – January 2019 Information Systems (IS) Operations Report dated 01/04/19. (11 pages)
15. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding December 2018 - January 2019 EUTF Benefits Audit Specialist Report dated 01/04/19. (2 pages)
16. Memorandum to Administrator from EUTF Program Specialist Regarding December 2018 – January 2019 EUTF Program Specialist Report dated 01/04/19. (1 page)
17. Memorandum to BOT from Financial Management Officer Regarding December 2018 – January 2019 Financial Services Branch (FSB) Report dated 01/04/19. (15 pages)
18. CVS Caremark Monthly Carrier Report for December 2018 dated 01/09/19. (9 pages)
19. SilverScript Monthly Carrier Report for December 2018 dated 01/07/19. (3 pages)
20. HDS Monthly Carrier Report for December 2018 dated 01/10/19. (2 pages)
21. HMA Monthly Carrier Report for December 2018 dated 01/01/19. (2 pages)

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22. HMSA Monthly Carrier Report for December 2018 dated 01/15/19. (2 pages)
23. Kaiser Monthly Carrier Report for December 2018 dated 01/10/19. (2 pages)
24. USABLE Life Monthly Carrier Report for December 2018 dated 01/10/19. (2 pages)
23. VSP Monthly Carrier Report for December 2018 dated 01/11/19. (2 pages)