I. CALL TO ORDER
The regular meeting of the Board of Trustees was called to order at 9:00 a.m. by
Trustee Derek Mizuno, Vice-Chairperson, in EUTF Conference Room, 201 Merchant
Street, Honolulu, Hawaii, on Tuesday, March 13, 2012.

Vice-Chairperson Mizuno announced that Debbie Donaldson of Aon will be available
from 10:30 a.m. to 12 noon. If needed the Board will move item V.A. ERRP Update out
of order at 11:30 a.m.

II. ELECTION OF CHAIRPERSON
Discussion held by Trustees, staff and deputy attorney general regarding chairperson
position remaining vacant.

There being no objections by the Trustees, the chairperson position will remain vacant.
III. MINUTES

A. December 13, 2011

The Board reviewed the draft minutes of December 13, 2011. The minutes will be amended as follows: (1) page 4, line 32, change “7%” to “0.7%”.

MOTION was made for the Board to approve the minutes of December 13, 2011 as amended. (Mossman/Fuddy) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

B. January 10, 2012

The Board reviewed the draft minutes of January 10, 2012.

MOTION was made for the Board to approve the minutes of January 10, 2012 as circulated. (Fuddy/Hirata) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

IV. REPORTS

A. Administrative Committee

Trustee Hidano submitted a written report regarding the Administrative Committee meeting held on November 29, 2011 (see report).

1. EUTF Administrative Rules Revision Project
2. Employer and Employee Administrative Fee Cost/Rebate
3. Bank of Hawaii – Banking Services

B. Administrator

Ms. Barbara Coriell reported that the Benefits Committee met and is still in review of the current benefits phase.

1. CVS Caremark Transition Status

Overview by Ms. Coriell regarding the CVS Caremark transition, the Summary Judgment issued by the Hearings Officer in favor of the EUTF for the EGWP, and the transition of Early Retirees effective May 1, 2012 and the EGWP retirees effective July 1, 2012. Ms. Coriell stated that the EGWP plan can only be provided for those on Medicare and explained the current procedure with informedRx and that the Non-Medicare dependents will be with the Early Retirees plan. Due to the two-month split (EGWP plan with informedRx and Early Retirees with CVS Caremark) it will cause a problem. The staff is working with CVS Caremark and Vitech to make sure everyone has coverage. Discussion held by Trustees and staff that there are approximately 9,000 dependents affected.

2. informedRx Customer Service Issues

Ms. Coriell reported that the EUTF has had no Account Executive assistance from informedRx since December 2011.
   Ms. Coriell stated that this item will be discussed in Executive Session.

4. Legislature Bills Related to EUTF
   Overview by Ms. Coriell regarding bills related to the EUTF (see Legislation
   Tracking Chart dated 3/8/12). HB2491, HD1/SB2753 related to establish a
   separate OPEB Trust within the EUTF and HB2491, HD1/SB2754 related to
   changing the Base Monthly Contribution dated from July 1 to January 1, are the
   two EUTF bills that are moving. Ms. Coriell explained the concern regarding
   SB2106, SD2 that may have a negative impact on the EUTF. It has passed 3rd
   Reading. Discussion held by Trustees and staff regarding if the Board would like
   to take a position on SB2106, SD2, that the Administrator should review and
   submit recommendation to the Board or comments or provide an analysis
   regarding SB2106, SD2 or other bills affecting the EUTF, and Trustee
   Mossman’s concern that the EUTF is not providing appropriate plan designs and
   legislation is introduced to work around that, and that the Board is not aware of
   what is being introduced in a timely matter.

   MOTION was made for the Board to oppose SB2106, SD2. (Mossman/Fuddy)

   After discussion by the Trustees, Trustees Mossman and Fuddy withdrew the
   motion.

5. EUTF Office Project Priority Schedule March 2012
   Overview by Ms. Coriell regarding the EUTF office project priority schedule that
   was distributed to the Board. Discussion held by Trustees and staff regarding the
   Bank of Hawaii transfer and the system upgrade. Trustee Hidano asked when the
   Bank of Hawaii transfer will be completed. The Bank of Hawaii transfer should
   be completed in September 2012. Chair Mizuno requested that the Administrator
   provide the Administrative Committee with a high level analysis of each item and
   milestone for the Board to keep track of the progress.

C. EUTF Managers’ Operational Reports
   1. Member Services Branch (MSB)
      The MSB Operations report was in the Board packet (see MSB Operations
      report).
      a. MSB Data Update
      b. MSB Staffing Level Update
      c. Administrative Appeals Update
      d. Department of Education – Health Benefits and Awards Unit Backlog
         Discussion held by Trustees and staff regarding the backlog for the DOE.
      e. VS BAS
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2. Information Technology (IT)
   The IT report was in the Board packet (see IT Operations report).
      a. Vitech Systems Group, Inc. – V3 Benefits Administration System (BAS)
         Discussion held by Trustees and staff regarding the transmission of the 834
         eligibility files and the plan of action to address the long run time.
      b. CVS Prescription Drug Transition – Active Employees, Non-Medicare
         Retirees and Medicare Retirees
      c. IT Position Vacancy
      d. Enrollment Counts

3. Accounting
   The Accounting Operations report was in the Board packet (see Accounting
   Operations report).
      a. FY11 Financial Audit - Auditors, Macias Gini & O’Connell
         Presentation by Ms. Linda Hurley of Macias, Gini & O’Connell (see Annual
         Financial Report, June 30, 2011 and 2010). Discussion held by Trustees and
         Auditor regarding the FY11 Annual Financial report (OPEB and the Schedule
         of Uncorrected Misstatements).
      b. Actuarial Valuation Report

Recessed at 10:10 a.m. and Reconvened at 10:18 a.m.

      c. Financial Statements as of October 31, 2011, November 30, 2011,
         December 31, 3011, and January 31, 2012
         Overview by Ms. Donna Tonaki regarding the Financial Statement as of
         January 31, 2012. Discussion held by Trustees and staff regarding the IBNR
         and unfunded liability.

D. Segal – Benefits Consultant Report
   1. HMSA HSTA VB Plans Year End Report
      Overview by Mr. Robert Mitchell regarding the HMSA HSTA VB plan
      experience through December 31, 2012 (see report). Discussion held by Trustees,
      staff, and benefits consultant that this report is for fully-insured plans and only for
      HSTA VB plans insured by HMSA as requested by the Board at the
      January Board meeting.

   2. Financial Report of EUTF Dental and HSTA VB Medical Plans
      Overview by Mr. Mitchell regarding the HDS Dental Plan 18 Month
      reconciliation (see Segal Memorandum dated February 8, 2012).

   3. Base Year Cost Determination for Early Retiree Reinsurance Program (ERRP)
      Overview by Mr. Mitchell regarding Segal’s Capital Checkup “How to Comply
      with the ERRP’s Maintenance-of-Contributation Requirement”. Trustee Hidano
expressed her concern that the article is dated August 26, 2011 and only now it is being addressed. Discussion held by Trustees, staff and benefits consultant that this item has probably been discussed before and that this article is to explain the base year cost determination for ERRP.

4. HMSA HSTA VB Supplemental Plan Change July 1.
   Overview by Mr. Mitchell regarding the history of increasing the annual maximum for the HMSA HSTA VB supplemental plan to be compliant with Health Reform legislation. In 2014, the annual maximum has to be completely eliminated. The regulations allowed for a period of four years. It was increased to $750,000 last year and most was reversed to, $1.25 million effective July 1, 2012. HMSA was requested to review. When HMSA did the calculation for $750,000, there was an error in the calculation and the July 1, 2011 rates overcharged the EUTF. HMSA proposes to correct the methodology in order to calculate the difference from $750,000 to $1.25 million with a 6% decrease for July 1, 2012. Discussion held by Trustees, staff and benefits consultant regarding HMSA’s error in their calculation and underwriting. Trustee Mossman commented that she is concerned about the remedy because there may be some that paid and will not get the benefits and others that in the future will benefit but did not pay. If it is a small amount of people wonder about the feasibility of giving the ones that actually paid. Ms. Coriell stated that it is not only figuring the rate difference but also that a premium conversion plan is involved. The Administrator will provide the Board with further analysis of the two options at the next Board meeting.

5. CVS Caremark – Reference Based Pricing Review
   Overview by Mr. Mitchell regarding the pharmacy benefit plan – Reference Based Pricing (see Segal memorandum dated March 13, 2012). Segal is recommending that the Board consider the CVS/Caremark analysis but has not been able to verify any of the cost savings estimates that are presented because of the time the analysis was received and lack of supporting data. CVS/Caremark has confirmed that it can duplicate the current Referenced-Based Pricing (RBP) program as stipulated in its proposal and responses to the Request for Proposal and that there are no changes to the contracted financial terms should the Board approve a change to the Plans.

   Presentation by Ms. Allison Parsons and Mr. Kurt Neuenfeld from CVS Caremark on “Improving Health, Reducing Total Cost with Generic Step Therapy Plans” dated March 13, 2012. Discussion held by Trustees and staff regarding prior authorizations, Step Therapy vs. Reference–Based Pricing (page 3 of the presentation) and Generics First Strategy (page 5 of presentation). Ms. Parsons will check if the member savings figure of $13,132,675 under the third column is correct. Discussion held by Ms. Parsons and Mr. Lawrence Nishihara, member of the public, regarding the Step-Therapy program EUTF has today and CVS
Caremark’s is an extended version, RBP done manually every quarter by CVS. Caremark and the RBP changes every day, and this program can be implemented by May 1, 2012 which would be the Board’s decision. Ms. Coriell stated the savings to the plan is not significant but the member’s savings is significant. It brings CVS Caremark in at a more educational level first that the member should be trying this generic because it will cost less and be a benefit to the member.

Discussion held by Trustees, staff and CVS Caremark regarding savings to the members and the history why the EUTF put RBP vs. Step Therapy in the RFP. Trustee Nip stated that her concern is that we are going to do something different than what was requested in the RFP and that is what the EUTF staff needs to tell the Board. Discussion held by Trustees and CVS Caremark that Step Therapy has been around for more than 6-7 years and if generic is identical to a brand name. Mr. Neuenfeld stated, by the FDA, it is bio equivalent, which means that there may be slight differences but the active ingredient is identical to a brand name and that the inactive ingredient may not be same. The different color dyes used in an inactive ingredient may cause an allergic reaction to someone and that is the reason for a Prior Authorization. Discussion held by Trustees and benefits consultant that RBP is no longer in the market and Segal recommends that the Board approve the Generic Step Therapy.

MOTION was made for the Board to approve to take item V. Old Business, A. Update on Early Retiree Reinsurance Program (ERRP) out of order. (Hirata/Kaneshige) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

V. OLD BUSINESS

A. Update on Early Retiree Reinsurance Program (ERRP)
   Overview by Ms. Debbie Donaldson of Aon regarding ERRP (see Aon’s report dated March 8, 2012). The $5 billion of Federal funding is now exhausted. Discussion held by Trustees and Ms. Donaldson regarding where the EUTF is in line for the new submittal. Since the EUTF is the only one that can access the ERRP website, Ms. Bonny Kahalewai stated Ms. Sandi Yahiro will be back tomorrow and will check the status. Discussion held by Trustees, staff, benefits consultant and Ms. Donaldson confirming Plan Year 2010 and 2011 submittals to ERRP, the actual amount of $5,774,162.53 were received by the EUTF, and when this all will be resolved.
   Mr. Tom Morrison stated that all transactions will cease January 1, 2014. After 2012 there will be no additional funds unless Congress passes a supplemental appropriation.

B. Carrier Reports
   1. Hawaii Dental Service (HDS)
      Written reports submitted by HDS.
   2. Hawaii Medical Service Association (HMSA)
Written reports submitted by HMSA. Discussion held by Trustees and Mr. Christian Fern regarding January’s 2012 report on Health Care Fraud and Abuse and February’s 2012 report under Legal Actions it will be corrected to state “No cases pending”.

3. informedRx/NMHC Group Solutions Insurance
   Written reports submitted by informedRx.

4. Kaiser Health Foundation
   Written reports submitted by Kaiser. Discussion held by Trustees and Ms. Sandra Benevides regarding generic drug pricing.

5. Royal State Insurance
   Written reports submitted by Royal State. Discussion held by Trustees and Ms. Lynne Miura regarding coordination with Standard Insurance acquiring beneficiary data for EUTF members. Ms. Miura stated that Standard will submit information by the end of this week.

6. Vision Service Plan (VSP)
   Written report submitted by VSP.

Mr. Vaughn Tokashiki, member of the public, commented that HSTA submitted testimony in support of the OPEB and Base Monthly Contribution (BMC) bills.
Discussion held by Trustees, staff, and Mr. Tokashiki that the active HSTA VB members go into the EUTF plans when they retire which was done administratively as of December 31, how much longer the EUTF is going to have the HSTA VB plans which technically is now a legal lawsuit. The plan designs are as is until all the legal issues are resolved. Discussion held by Trustees, staff and Mr. Tokashiki regarding the appointment of a retiree representative. The appointment of a retiree representative is not a question for the Board but for the Governor’s Office and the Unions.

A member of the public commented, as an example, the CVS Caremark drug class HMG (cholesterol-lower agents) Crestor that the member cost with RBP is $91.89. She paid only $45 under the informedRx RBP. Ms. Allison Parsons stated that the listings that CVS Caremark had were averages and does not know how informedRx came to that pricing unless there was an override.

Discussion held by the staff and Mr. Lawrence Nishihara, member of the public, regarding the RFP for the benefits consultant that was issued in 2010, the past benefits consultant’s contract that ended early, concerns about the contract timeframe; the Segal contract renewal for July 1, 2012; outstanding Board minutes; and Board decisions. Ms. Coriell stated the contract was done before her time, Ms. Sandi Yahiro handled this contract and she was informed that the Segal contract renewal is for July 1, 2012.

V. OLD BUSINESS
   A. Update on Early Retiree Reinsurance Program (ERRP)
      This item was taken out of order and addressed earlier on agenda.
B. Update on Two Medicare Part B Projects
   1. Death Validation Project
      Ms. Bonny Kahalewai reported that the EUTF is working with the Department of
      Health (DOH) and the Attorney General’s office regarding the Business Associate
      Agreement (BAA). Discussion held by Trustees, staff and deputy attorney
      general regarding the BAA with DOH that is needed due to the handling of
      Personal Health Information (PHI).
   2. Retirees Not Enrolled in Medicare Part B
      Overview by Ms. Bonny Kahalewai regarding the status for retirees who are
      eligible for but are not enrolled in Medicare Part B, correspondence that has been
      sent to the retirees, and retirees who do not respond. Ms. Coriell stated that she is
      looking into charging them the full premiums to maintain EUTF coverage after
      July 1 since the Medicare Part B open enrollment has ended.

C. HSTA VB Members Switching Back and Forth Between Plans
   MOTION was made for the Board to approve to move item C. HSTA VB Members
   Switching Back and Forth Between Plans to end of agenda after Executive Session.
   (Mossman/Uwaine) The motion passed unanimously. (Employer Trustees-
   4/Employee-Beneficiary Trustees-4)

   This item is deferred.

VI. NEW BUSINESS
   A. Medicare Part B Premium Increase 1/1/12
      This item is deferred until the next Board meeting.

   B. New Base Monthly Contribution Amounts 7/1/12 – Calculation Methodology
      Overview by Ms. Barbara Coriell regarding the past history of the BMC and the new
      BMC increase (see report dated 1/3/12). Discussion held by Trustees and staff
      regarding the BMC, concern that retirees affected did not know when they signed up
      for the Kaiser plan that they would have to now pay, and open enrollment for retirees
      to be in the Fall. Ms. Coriell recommends that the EUTF not have another open
      enrollment at this time. Discussion held by Trustees and staff regarding the amount
      of retirees affected by the BMC increase and having an Open Enrollment for retirees.
      Ms. Coriell stated that if the EUTF does have an Open Enrollment it may have the
      potential to push back many of the other items on the priorities chart. The CVS
      Caremark transition is the highest priority. Discussion held by Trustees and staff
      regarding concern expressed by Trustees on what would happen if an Open
      Enrollment is not held due to pending litigations and retirees not knowing about the
      increase and what can be done to assist the EUTF staff in having an Open Enrollment
      period. Ms. Coriell stated the EUTF will need to review and she does not know at
      this time. Discussion held by Trustees and staff that the Board has an obligation to
the retirees, which most are on a fixed income and the increase is huge and does understand that the EUTF staff have a lot to do. Ms. Coriell recommends sending a letter to retirees regarding the rate increase and give retirees options on-line. Ms. Sandra Benevides from Kaiser stated that they did have a discussion regarding the rate increase and will need to report back to the Administrator. Discussion held by Trustees and staff regarding amending the Motion if Kaiser readjusts the rates. Mr. Lawrence Nishihara, member of the public, commented that there may be a Federal law about requiring an Open Enrollment if the change is over certain amount.

MOTION was made for the Board to approve an Open Enrollment for retirees. (Uwaine/Mossman) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

C. Civil Unions Effective 1/1/12
   This item is deferred until the next Board meeting.

D. RFP for 7/1/13 Other Post Employment Benefits (OPEB) Actuarial Valuation Services and Consulting Services
   This item is deferred until the next Board meeting.

VII. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE
A. May 8, 2012, 9:00 a.m. – Regular Board Meeting

Vice-Chairperson Mizuno asked the Board for a Motion to add a third Appeal in Executive Session.

MOTION was made for the Board to approve adding agenda item VIII. Executive Session, G. Appeal by Member – Request to Extend 30-day Enrollment for New Born. (Nip/Uwaine) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

VIII. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 11:30 a.m. for the reasons stated on the agenda. (Fuddy/Nip) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Executive Session adjourned at 12:59 p.m.

Vice-Chairperson Mizuno reported that the Board has taken the following actions in Executive Session.

1. Approved two (2) Appeals to extend 30-day enrollment for new born.
2. Denied one (1) Appeal to add dental benefits.
3. Deferred Action on Segal contract renewal.
Vice-Chairperson Mizuno announced that the EUTF Administrative Secretary will poll Trustees to schedule a meeting in the next two weeks.

IX. ADJOURNMENT
There being no objections, the meeting adjourned at 1:00 p.m.

Respectfully submitted,

/s/

____________________________________
Dean Hirata, Secretary-Treasurer

APPROVED on August 2, 2012 as amended.

Documents Distributed:

1. Draft Board Minutes of 12/13/11. (14 pages)
2. Draft Board Minutes of 1/10/12. (10 pages)
3. Legislative Session – 2012 EUTF Tracking Chart 3/8/12. (1 page)
4. EUTF 2012 Special Projects Priorities dated 3/12/12. (2 pages)
5. Enrollment Changes Due to Open Enrollment, Data as of 1/31/12 dated 1/31/12. (6 pages)
6. Enrollment Counts by Coverage dated 2/7/12. (6 pages)
7. Enrollment Counts by Subscribers/Dependents dated 2/7/12. (4 pages)
8. Memorandum to BOT from MSB Manager Regarding MSB Operations Report dated 2/6/12. (1 page)
10. Memorandum to BOT from IS Analyst Regarding February IT Operations Report dated 2/3/12. (1 page)
11. Memorandum to BOT from IS Analyst Regarding March IT Operations Report dated 3/7/12. (2 pages)
12. Enrollment Counts as of 2/16/12 dated 3/1/12. (7 pages)
16. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 4 Months Ended 10/31/11 (Unaudited) dated 2/3/11. (2 pages)
20. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 5 Months Ended 11/30/11 (Unaudited) dated 2/4/12. (2 pages)
22. EUTF Unrestricted Gain (Loss) Analysis 5 Months Ended November 30, 2011 dated 2/4/12. (1 page)
24. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 6 Months Ended 12/31/11 (Unaudited) dated 2/9/12. (2 pages)
28. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 7 Months Ended 1/31/12 (Unaudited) dated 3/2/12. (2 pages)
31. EUTF Experience Accounting of Self-Funded Plans for FYE 6/30/2012 for 6 Months as of 12/31/2011 dated 2/11/12. (7 pages)
32. EUTF Experience Accounting of Self-Funded Plans for FYE 6/30/2012 for 7 Months as of 1/1/12 dated 3/7/12. (7 pages)
33. Memorandum to EUTF Board from Segal Regarding Pharmacy Benefit Plan-Reference Based Pricing dated 3/12/12. (2 pages)
34. CVS Caremark Presentation on “Improving Health, Reducing Total Cost with Generic Step Therapy Plans” dated 3/13/12. (5 pages)
35. Memorandum to Administrator from Segal Regarding HDS Dental Plan 18 Month Reconciliation dated 2/8/12. (2 pages)
36. HSTA VB Plans Insured by HMSA – Experience through 12/31/11. (11 pages)
37. Segal Capital Checkup “How to Comply with the ERRP’s Maintenance-of-Contribu
38. E-mail from Tom Morrison, Segal, Regarding ERRP Program Announcement and new Reimbursement Report” dated 2/21/12. (3 pages)
39. Letter to BOT from Aon Regarding ERRP Update dated 3/8/12. (2 pages)
40. 100% Employer Contribution of the Base Monthly Contribution (BMC) Cap as of 12/27/11 dated 1/3/12. (3 pages)