

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Thursday, March 29, 2012

TRUSTEES PRESENT

Mr. Derek Mizuno, Vice-Chairperson	Ms. Barbara Krieg
Ms. Loretta Fuddy	Ms. Karolyn Mossman
Ms. Audrey Hidano	Ms. Celeste Nip
Mr. Everett Kaneshige	Mr. Clifford Uwaine

TRUSTEES ABSENT

Mr. Dean Hirata, Secretary-Treasurer

ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

Ms. Barbara Coriell, Administrator	Mr. Tom Morrison, Benefits Consultant (via conference call)
Ms. Sandi Yahiro, Assistant Administrator	Ms. Maria Quartero

OTHERS PRESENT

Ms. Sandra Benevides, Kaiser	Mr. Tony Malone, HMSA
Ms. Elaine Fujiwara, HDS	Ms. Lynne Miura, Royal State
Ms. Monica Engle, VSP	Mr. Kurt Neuenfeld, CVS Caremark
Mr. Christian Fern, HMSA	Mr. Clesson Pang, Kaiser
Mr. Galen Haneda, HMSA	Ms. Allison Parsons, CVS Caremark
Mr. Chris Hause, Kaiser	Ms. Heather Wodiuk, CVS Caremark
Ms. Lauri Hunter, CVS Caremark	

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 2:30 p.m. by Trustee Derek Mizuno, Vice-Chairperson, in EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Thursday, March 29, 2012.

II. ADMINISTRATOR'S REPORT

A. Supplemental Budget Request Update

Overview by Ms. Barbara Coriell regarding the update on the supplemental budget request. The EUTF requested \$292,000 for V3 programming which House Finance cut in half. Discussion held by Trustees and staff regarding the EUTF funding and that the monies are in the EUTF budget with no additional cost to the State.

III. NEW BUSINESS

A. New Base Monthly Contribution Amounts July 1, 2012

Overview by Ms. Coriell regarding the EUTF Base Monthly Contribution (BMC) analysis and Kaiser's letter regarding the BMC changes (see Kaiser's letter dated 3/23/12). At the last Board meeting, discussion was held regarding holding an Open Enrollment due to the BMC rate changes. Ms. Coriell stated since there is now no

changes to what retirees are paying, an Open Enrollment is not necessary. Discussion held by Trustees and staff that no correspondence were sent out to retirees.

There being no objections by the Trustees, an Open Enrollment will not be held.

B. HMSA HSTA VB Supplemental Plan Change July 1, 2012

Overview by Ms. Barbara Coriell regarding Health Care Reform Act eliminating the plan maximum benefit amounts, HMSA's error in calculating the plan maximum benefits amounts, and the rate adjustments to be applied (see HMSA HSTA VB Supplemental 7/1/2012 Rate Adjustment handout dated 3/29/12). Ms. Coriell stated she and Christian Fern from HMSA recommend that the Board approve to calculate the overcharge for the time period of July 1, 2011 to January 1, 2012 (where the error occurred) and give the EUTF a refund for the amount of approximately \$44,000.00. Because the January 1 rates are somewhat too high, take that off the July 1, 2012 rate change. The people enrolled in the Supplemental Plan since January 1 are not moving anywhere because the EUTF is not having an Open Enrollment July 1, 2012 but will still get the benefit of the decrease. The plan as a whole will receive the refund of the overcharge. It is better for the EUTF as a whole because this is group insurance. All our other plans have been self-funded, particularly the last year; the EUTF had claims that were lower in premiums so there were excess dollars in the Fund. The excess dollars will be spread over rate increases in the future. The EUTF does not go back and refund money to individuals at the end of the plan year because it was determined that our self-funded rates were higher than they needed to be. To look at the possibility of refunding checks to individuals in this situation may set a dangerous precedent. Discussion held by Trustees and staff regarding people who would lose out from July 1, 2011- January 1, 2012 and did not renew. Ms. Coriell stated that people buy insurance with the expectation that if they have large claims they would be covered up to the plan maximum, whether or not their actual claims are over the premium they pay in. Similarly, if they pay more and have no claims, you do not expect you would get an individual refund. It is important that there is no aspect to this plan that we would pay individuals back. Trustee Mossman expressed her concern with the logic of the Administrator. An error was made by HMSA, people were charged extra and something should be done about it. Ms. Coriell stated that this is a group insurance policy but if it was an individual policy that person has every right to expect money back. Out of the 23 people, the EUTF does not know who would have had large claims that far exceeded the premium they paid in. Discussion held by Trustees and staff that it was a clerical error and not an incorrect assumption and where the monies would be in the EUTF accounts. Vice-Chairperson Mizuno stated, in absence of a motion, the EUTF staff will adjust the rates with HMSA effective July 1, 2012 and put the refund into the EUTF general account.

IV. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 2:51 p.m. for the reasons stated on the agenda. (Fuddy/Kaneshige) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Executive Session adjourned at 3:38 p.m.

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

1. Approval of Segal contract extension to June 30, 2013.
2. Denial of reconsideration of Appeal by member – late enrollment request of dental benefits.

V. CVS CAREMARK – REFERENCE BASED PRICING

Ms. Barbara Coriell stated at the last Board meeting, Trustees had questions regarding Reference Based Pricing (RBP) and introduced Allison Parsons from CVS Caremark to answer any questions. Discussion held by Trustees and Ms. Allison Parsons regarding the difference a member would be paying for RBP versus Step Therapy if a prescription does not work and a Prior Authorization is approved. Part of the savings is on the brand co-pay. [Trustee Kaneshige left at 3:41 p.m.]

MOTION was made for the Board to approve to switch to CVS Step Therapy effective May 1, 2012 as recommended by the Administrator and Benefits Consultant. (Uwaine/Mossman) The motion passed. (Employer Trustees-3/Employee-Beneficiary Trustees-4) [Trustee Kaneshige returned at 3:42 p.m.]

Trustee Kaneshige announced that he is no longer with the State and is resigning from the EUTF Board. This will be his last Board meeting. Trustees thanked him for his services.

MOTION was made for the Board to approve to amend agenda to go back into Executive Session to discuss informedRx. (Nip/Mossman) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Vice-Chairperson Mizuno announced to the public that since there are no further agenda items to discuss, the Board will go into Executive Session and adjourn after Executive Session.

MOTION was made for the Board to move into Executive Session at 3:45 p.m. to discuss informedRx. (Mossman/Krieg) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Executive Session adjourned at 4:04 p.m.

VI. ADJOURNMENT

There being no objections, the meeting adjourned at 4:04 p.m.

Respectfully submitted,

/s/

Dean Hirata, Secretary-Treasurer

APPROVED on August 2, 2012.

Documents Distributed:

1. EUTF Base Monthly Contribution Analysis-2012 dated 12/6/11. (1 page)
2. Letter from Kaiser Regarding BMC dated 3/23/12. (1 page)
3. HMSA HSTA VB Supplemental 7/1/2012 Rate Adjustment dated 3/28/12. (1 page)
4. HSTA Supplemental Plan for Actives Non-Grandfathered Rates received 3/29/12. (2 pages)