

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, October 23, 2012

TRUSTEES PRESENT

Mr. Dean Hirata, Chairperson	Ms. Audrey Hidano
Ms. Barbara Krieg, Vice Chairperson	Ms. Karolyn Mossman
Ms. Linda Currivan Musto, Secretary-Treasurer	Ms. Celeste Nip
Ms. Loretta Fuddy (arrived 9:11 am)	Mr. Clifford Uwaine (arrived 9:06 am)

TRUSTEES ABSENT

Mr. Luis Salaveria

ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

Ms. Barbara Coriell, Administrator	Mr. Tom Morrison, Benefits Consultant
Ms. Sandra Yahiro, Assistant Administrator	Ms. Kathleen Shiroma
Ms. Maria Quartero	Ms. Donna Tonaki
Ms. Bonny Kahalewai	

OTHERS PRESENT

Ms. Monica Engle, VSP	Ms. Mae Kishimoto, HSTA-R
Mr. Christian Fern, HMSA	Mr. Myles Kiyabu, Royal State
Mr. Corey Fujii, Pharmicare	Mr. Kimo Palakiko, HGEA Retirees
Mr. Mark Fukuhara, ABC LLC	Mr. Jarmail Sekhon, B&F
Ms. Elaine Fujiwara, HDS	Ms. Brenda Shiroma, Benefit Plan Solutions
Ms. Keiko Hiraoka, Lilly	Mr. Vaughn Tokashiki, HSTA-R
Ms. Lauri Hunter, CVS/SilverScript	Mr. Troy Tomita, Kaiser

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:05 a.m. by Trustee Dean Hirata, Chairperson, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, October 23, 2012.

II. MINUTES

A. August 28, 2012

The minutes of August 28, 2012 is being reviewed by Deputy Attorney General Diane Erickson and not ready for the Board's review.

B. October 10, 2012

The Board reviewed the draft minutes of October 10, 2012 as circulated.
[Trustee Uwaine arrived at 9:08 a.m.]

MOTION was made for the Board to approve the minutes of October 10, 2012 as circulated. (Krieg/Currivan Musto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

III. REPORTS

A. Administrator Report

1. Biennium Budget Updates

Ms. Coriell reported that the biennium budget will be submitted to the Legislature as is. The Administrator decided not to request an increase in the current ceiling in order to implement some programs earlier because it is almost as much work as submitting the budget. The budget is the priority.

2. Administrator – Attending Reforming State Group Regional Meeting November 14-16, 2012

Overview by Ms. Coriell regarding the Reforming State Group Regional meeting from November 14-16, 2012 in which she is invited to attend. Ms. Coriell stated that her costs will be reimbursed by the Milbank Memorial Fund. There is no cost to the State of Hawaii. [Trustee Fuddy arrived at 9:11 a.m.]

3. HGEA Settlement Update

Overview by Ms. Coriell regarding the HGEA settlement update. The role of the EUTF is to provide files so refunds are processed. The Counties are processing refunds are their own.

B. EUTF Managers' Operational Reports

The IT and Accounting Manager's reports were in Board packet. The Member Services Branch Manager's report was just distributed to the Board. Chair Hirata asked if the Board had any questions for the managers.

1. Member Services Branch (MSB)

a. Data Update

Discussion held by Trustees and staff if there is a pattern of what is causing the calls. Ms. Coriell stated that during the last month CVS calls are down. The EUTF staff will check and report back to the Board.

2. Information Technology (IT)

a. Prescription Drug Transition – Active Employees and Non-Medicare Retirees

Discussion held by Trustees and staff regarding the timeframe when the eligibility issues will be resolved. Ms. Shiroma stated that the EUTF should receive a reply from CVS Caremark in the next couple of weeks. The programming required to make changes will not be resolved in the next couple of weeks. Ms. Coriell stated a plan for the programming will be able to be

implemented. Trustee Hidano expressed her concern that she wants to make sure that everyone is on track in what they are supposed to be doing.

- b. Prescription Drug Transition – Medicare Retirees
The comments provided for agenda item a. applies to this item. Chair Hirata stated he recognizes what needs to be done to resolve some of these file issues but should it be raised at a higher level in terms of expectations/contingencies of the RFP. Ms. Coriell stated that she is working with CVS extensively and in good shape with the actives and non-Medicare retirees files. The concern is with the Medicare retirees eligibility discrepancies. Trustee Hidano asked Ms. Lauri Hunter from SilverScript to follow-up on these issues to make sure it is addressed timely. Discussion held by Trustees and staff that there are other issues besides the IT issues that are impacting our members that need to be addressed and resolved and in the August Board meeting it was mentioned to review the RFP to see if issues, such as huge increases in costs and medications no longer covered are in the RFP or if it is only a miscommunication.
 - c. HGEA Favored Nation Refund Project
Discussion held by Trustees and staff regarding the HGEA favored nation refund project. Ms. Kathleen Shiroma stated that the EUTF IT staff met the deadline.
 - d. Automated Clearing House (ACH) Process – Bank of Hawaii
Discussion held by Trustees and staff that there are still some retirees that are receiving Medicare Part B reimbursement checks, so that the next phase is for Bank of Hawaii to implement that process.
 - e. State Enterprise Resource Plan (ERP) Initiative – Office of Information Management and Technology (OIMT)
Discussion held by Trustees and staff that the benefits for this program when the ERP is implemented is to have some kind of interface with the employers to be able to get data and more electronic input versus paper and to reduce time spent on what staff is doing now.
 - f. IT Position Vacancy
Discussion held by Trustees and staff that the position has been posted and no resumes have been received.
 - g. Enrollment Counts: (see handout dated 10/1/12)
3. Accounting
- a. Bank of Hawaii
Discussion held by Trustees and staff that we are in the last phase with the Bank of Hawaii transition, how many years are we in with the Bank of Hawaii

contract that started late, and to make sure we are moving forward in due diligence to complete the transition.

Discussion held by Trustees and staff regarding an update on the project list timeline that should be an on-going standing report. The Administrator will submit an on-going standing report on projects with a timeline to the Board.

b. Financial Audit for FY 2012

Discussion held by Trustees and staff that this item is included on the project list, due dates for the audit report, and concerns with last year's audit report. Ms. Donna Tonaki clarified that the final draft audit report is due November 12, 2012 and the final report should be issued in the beginning of December. Chair Hirata would like the EUTF Board to have the opportunity to comment before the final is submitted. The EUTF staff will e-mail a copy of the draft audit report to the Trustees when received by the auditor.

c. Biennium Budget for FY 2014-2015

Discussion held by Trustees and staff regarding the next steps and timing of submitting the biennium budget, if the Board needs to do anything, and the EUTF will have an opportunity to rebut. The EUTF staff will update the Board at the December 11, 2012 Board meeting.

d. Personnel for Accounting

Discussion held by Trustees and staff that the position has been posted, resumes have been received, and interviews will be scheduled shortly.

Ms. Sandi Yahiro reported that the MSB are conducting interviews.

e. Financial Statement as of July 31, 2012

Ms. Donna Tonaki reported that normally the August Financial Statements are submitted but the accounting staff is focused on the budget. At the December 11, 2012 Board meeting, the financial statements through October 2012 will be provided.

C. Deputy Attorney General's Report

1. Legislative Proposal (BUF-15) Update

Mr. Kyle Chang reported that he revised the Legislative Proposal (LP) as directed by the Board and approved by Ms. Diane Erickson. The draft comported with on-going litigation and wanted Mr. Brian Aburano to review. Upon Mr. Aburano's return to the office yesterday, he did review and was okay with the revision. When submitted to the EUTF staff they have some concerns and may want to discuss now. Ms. Coriell summarized the purpose of the bill. The Administrator's concern with the revised bill received by the Attorney General's office is the recommendation to take the first part and apply it only to people who are hired

July 1, 2013 and explained the additional complexity granted 25 years down the road. For the amount of savings to be generated of approximately \$1 million currently, it is not worth the effort to put the first part of the legislation through and just to separate it out so it applies to only the medical and drug. Trustee Mossman stated she is not in support of this LP, does not see this LP as justified, and lesser benefits and unfavorable working conditions for new employees. Deputy Attorney General Kyle Chang clarified that he will remove the first part of the LP that the Board does not support which provides for reimbursing future employees (July 1, 2013) going forward no more than the standard Medicare Part B premium. The Board supports the second part of the LP that allows retirees that are solely enrolled in dental, vision, and life insurance to receive those benefits without enrollment in Medicare Part B.

MOTION was made for the Board to approve to support the concept of the second part of the legislative proposal (BUF-15) that allows retirees that are solely enrolled in dental, vision, and life insurance to receive those benefits without enrollment in Medicare Part B and authorize the deputy attorney to remove the first part of the legislative proposal and include language related to domestic partners. (Mossman/Nip) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

D. Benefits Consultant Report

1. Quarterly Financial Report

Overview by Mr. Tom Morrison regarding the quarterly financial report (see EUTF Annual Plan Experience Report Calendar Year to Date through June 2012 dated 10/23/12). Discussion held by Trustees, staff and benefits consultant regarding the key findings: HMSA surpluses; according to Kaiser's contract having surpluses in the Kaiser plan does not result in money being refunded but rather a lower rate increase; there are no deficits payable under any contracts except the self-funded CVS Caremark plan; and the HDS increase/decrease for HSTA VB actives and retirees. Mr. Morrison continued to summarize the charts in the quarterly financial report. Discussion held by Trustees, staff, and benefits consultant regarding concern about Kaiser being 30 days later than all other vendors in providing cost information and that Kaiser should keep up like the other vendors; in past reports utilization by bargaining units were provided and Segal will include information by bargaining units going forward; that Segal does analyze the reports and will ask the vendors to confirm or explain changes/spikes in utilization; and the HMSA 80/20 plan fluctuating month to month.

2. Current Carrier Administration of Plan for New Retirees

Overview by Mr. Morrison regarding administrative policies of benefit providers for retirees (see Segal Memorandum dated 10/17/12). Discussion held by Trustees, staff, and benefits consultant regarding the HDS active employee \$2,000 plan year benefit maximum; concerns expressed by Trustees that active and

retiree benefits are not the same and when plans were changed; the retiree plan changing from fiscal year to a calendar year; and, VSP able to reset to zero when someone retires but there will be an additional cost. Mr. Kyle Chang stated there is no requirement that the benefits be equivalent between actives and retirees which can be confirmed with Deputy Attorney General Brian Aburano. Discussion held by Trustees, staff, and benefits consultant regarding benefits which ties in to the lawsuit which is still on-going, and briefing and updating all plan documentation to clearly explain policies for maximums and limitations.

3. Affordable Care Act (ACA) Update

Overview by Mr. Morrison regarding the Affordable Care Act update (see Segal Listing of Tasks and Responsibility for the Affordable Care Act Implementation dated 10/23/12). Discussion held by Trustees, staff, and benefits consultant regarding the 90 day waiting period implementation that must be formally documented by the employer on what the eligibility is for benefits, essential benefits coverage, and that the effective date of January 1, 2014 for 60% actuarial value test, and that the ACA ignored retirees. Mr. Morrison stated in the future he will only provide updates on the ACA. Discussion held by Trustees, staff, and benefits consultant regarding if someone is currently enrolled they will be able to waive automatic enrollment, if the EUTF would need to propose any amendments to the current statutes and that the Attorney General's office should review the federal law and the EUTF statutes to see where it conflicts on behalf of the State. Ms. Coriell stated she will go back and review the eligibility. Discussion held by Trustees, staff, and benefits consultant that the employer is the responsible party and will be assessed penalties not the EUTF, concerns about the systems that will need to be set up for testing, and the employee self-service system.

4. Administrative Policies of Benefit Providers for Retiree

This is a duplicate of item number 2 which was already addressed.

E. CARRIER REPORTS

1. CVS Caremark

Written reports received.

2. SilverScript

Written reports received.

3. Hawaii Dental Service (HDS)

Written reports received.

4. Hawaii Medical Service Association (HMSA)

Written reports received. Mr. Christian Fern reported that HMSA will transition to CVS Caremark as the new pharmacy benefits manager effective January 2013.

It does not impact the beneficiaries in the HDHP and HSTA VB supplemental plans. Talking points will be provided to the EUTF.

5. Kaiser Health Foundation
Written reports received.
6. Royal State Insurance
Written reports received.
7. Vision Service Plan (VSP)
Written report received.

Mr. Vaughn Takahashi, member of the public, appreciated the assistance HSTA members have received regarding concerns with SilverScript and continues to refer members to the administrative staff. Discussion held by Trustees, staff, and Mr. Takahashi regarding enrollment of 89-day hires. Mr. Kimo Palakiko, member of the public, expressed concern and research regarding retirees eligibility for age 26. Ms. Barbara Coriell stated that this has been discussed at prior Board meetings. The ACA does not apply to retiree plans. The only reason the EUTF extended dependent coverage to age 26 because it was mandated under the ACA for active employee plans. It is still under discussion under the Benefit Committee.

IV. OLD BUSINESS

A. Update on Two Medicare Part B Project

1. Death Validation Project

Ms. Sandi Yahiro reported that they are still working on the death validation project and further discussion will be held in Executive Session.

2. Retirees Not Enrolled in Medicare Part B

Overview by Ms. Yahiro regarding retirees not enrolled in Medicare Part B. A handout that was distributed to the Board on October 10, 2012 is being distributed to the Trustees now. The Ad Hoc Committee's recommendation dated October 8, 2012 is also being distributed to the Trustees. Ms. Yahiro summarized the recommendations (see Memorandum to Board dated 10/8/12). Discussion held by Trustees, staff, and benefits consultant for those that do not respond by March 31, 2013 will need to submit an appeal and deadline dates.

MOTION was made for the Board to approve to continue coverage for all retirees who appealed (64*) through June 30, 2013. Inform the appellants that they must enroll in Medicare Part B during the next Medicare open enrollment period, January 1, 2013 through March 31, 2013, with an effective date of July 1, 2013. For those that do not enroll and provide EUTF with appropriate proof of enrollment in Part B, coverage will terminate June 30, 2013. (Uwaine/Mossman)

The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to approve to send letter to remainder of retirees age 65+ who did not appeal and who are not enrolled in Medicare Part B informing them that their coverage terminates October 31, 2012 (276). For any retiree who subsequently contacts EUTF, their plans will be reinstated on November 1, 2011. Those retirees whose plans are reinstated will be advised that they must enroll in Medicare Part B during the January 1, 2013 to March 31, 2013 open enrollment period. For those that do not enroll and provide EUTF with appropriate proof of enrollment in Part B, coverage will terminate June 30, 2013. (Uwaine/Krieg) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to approve to waive the requirement to enroll in Medicare Part B for all retirees (retirees who appealed, current retirees, and future retirees) who are only enrolled in life, dental, and/or vision. (Uwaine/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

- B. Retirees Not Enrolled in Medicare Part B Appeals
This is a duplicate of item 2 which was already addressed.

V. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

- A. December 11, 2012, 9:00 a.m. – Regular Board Meeting
Trustee Krieg requested legal advice on Board duties and responsibilities, if policy or management Board and liability be added to the agenda.

Trustee Uwaine stated that he will need to leave meeting at 11 a.m.

Trustee Hidano stated that this is her third request for an Administrative Committee meeting.

VI. 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/Krieg) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Executive Session adjourned at 12:48 p.m.

Chairperson Hirata reported that the Board has taken the following actions in Executive Session.

1. Executive Session Minutes are deferred.

2. Approval of (3) three appeals to enroll in Medicare Part B.

IX. ADJOURNMENT

There being no objections, the meeting adjourned at 12:51 p.m.

Respectfully submitted,

/s/

Linda Currivan Musto, Secretary-Treasurer

APPROVED on January 29, 2013.

Documents Distributed:

1. Draft Board Minutes of 10/10/12. (6 pages)
2. Memorandum to BOT from MSB Manager Regarding MSB Operations Report dated 10/19/12. (1 page)
3. Memorandum to BOT from IS Analyst Regarding October IT Operations Report dated 10/17/12. (9 pages)
4. Memorandum to BOT from Financial Management Officer Regarding Accounting Operations Report for 10/23/12 dated 10/17/12. (2 pages)
5. EUTF Statement of Net Assets – Fiscal Year Ending June 30, 2012 (Unaudited) for Current Month 7/31/12 dated 10/13/12. (2 pages)
6. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 1 Month Ended 7/31/12 (Unaudited) dated 10/12/12. (2 pages)
7. EUTF Statement of Cash Flows 1 Month Ended 7/31/12 (Unaudited) dated 10/12/12. (1 page)
8. EUTF Annual Plan Experience Report Calendar YTD through June 2012 dated 10/23/12. (103 pages)
9. Segal Listing of Tasks and Responsibility for the Affordable Care Act Implementation dated 10/23/12. (4 pages).
10. Memorandum to BOT from Segal Regarding Administrative Policies of Benefit Providers for Retiree dated 10/17/12. (1 page)
11. Memorandum to BOT Regarding Committee Recommendations on Medicare Part B Appeals dated 10/8/12. (1 page)