

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, November 19, 2019

TRUSTEES PRESENT

Mr. Christian Fern, Chairperson	Mr. Damien Elefante
Ms. Celeste Nip, Vice-Chairperson (excused at 11:00 a.m.)	Ms. Audrey Hidano
Ms. Laurel Johnston, Secretary-Treasurer	Mr. Clifford Uwaine (arrived 9:17 a.m.)
Ms. Linda Currivan Musto	Mr. Ryker Wada

TRUSTEES ABSENT

Mr. Roderick Becker

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. Jessica McDonald
Ms. Amy Cheung	Ms. Heather McMahan
Ms. Linda Green	Ms. Lara Nitta
Ms. Bonny Kahalewai	Mr. Kuan Yuan

OTHERS PRESENT

Mr. Garet Azama, HMSA	Ms. Mae Kishimoto, HSTA-R
Ms. Sokhadina Aun, CVS Health	Mr. Chris Magnussen, HMSA
Ms. Stacia Baek, HMSA	Ms. Denise Mercil, Securian
Ms. Sandra Benevides, CVS Health	Dr. Christopher Miura, Kaiser
Mr. Ty Bowers, CVS Health	Mr. Neal Nakashima, Marsh
Mr. Su Chai, Kaiser	Mr. Wendell Oda, HMSA
Ms. Elaine Fujiwara, HDS	Ms. Michelle Suckow, CTI
Mr. Galen Haneda, HMSA	Mr. Troy Tomita, Kaiser
Ms. Vivian Hayashi, CTI	Mr. Trebor Waihee-Yanazaki, HMSA
Ms. Keiko Hiraoka, Lilly	Ms. Darlene Yamada, DHRD-EAO
Ms. Vanelle Hirayasu, HMA	Mr. Scott Yamaguchi, Kaiser
Ms. Monica Kim, VSP	

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 9:01 a.m. by Chairperson Christian Fern, in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, November 19, 2019

II. MINUTES – October 15, 2019.

The Board reviewed the draft minutes of October 15, 2019.

MOTION was made and seconded to approve the minutes of October 15, 2019, as circulated. (Currivan Musto/Elefante) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

III. NEW BUSINESS

A. EUTF Fiduciary Liability Insurance

Mr. Neal Nakashima, Marsh, presented the results of Marsh's marketing of the EUTF's fiduciary liability insurance policy and his recommendation to bind coverage with the incumbent, RLI Insurance Company, under the same terms as the current policy. Mr. Derek Mizuno noted that EUTF staff concurs with the recommendation.

MOTION was made and seconded to bind fiduciary liability insurance coverage with RLI Insurance Company as recommended by Marsh for the period December 15, 2019-December 15, 2020. (Hidano/Johnston) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

- B. Claim Technologies, Inc. Claims Audit Reports – HMSA, Royal State National Supplemental and USABLE Plans for Active Employees July 1, 2017 – June 30, 2018 and Retirees January 1, 2017 – December 31, 2017.

Ms. Michelle Suckow from Claim Technologies, Inc. (CTI) presented the results of CTI's claims audits of the HMSA medical, Royal State National supplemental and USABLE Life life insurance plans for the audit periods noted above. Ms. Suckow noted the amounts of monies owed as a result of the audit and the timing of when these payments will be made for HMSA (performance guarantee penalties \$2,128,123 and claims overpayments \$83,271), Royal State National (performance guarantee penalties \$9,873 and claims overpayments \$5,749), and USABLE Life (performance guarantee penalties \$16,667). CTI also noted that USABLE Life did not pay benefits related to two deaths. USABLE Life has been instructed to initiate the claims payment process. EUTF staff and HMSA are resolving one last item related to implantable devices.

Ms. Heather McMahon presented a memorandum dated November 18, 2019 summarizing additional amounts owed by HMSA totaling \$1,397,563 related to performance guarantee penalties not identified during prior periods dating back to July 1, 2013 active employees and January 1, 2014 retirees.

Trustee Clifford Uwaine arrived at 9:17 a.m. during the claims audit discussion.

IV. EXECUTIVE SESSION

MOTION was made and seconded to move into Executive Session at 9:27 a.m. (Johnston/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Trustee Nip was excused from the meeting at 11:00 a.m.

The regular meeting reconvened at 11:03 a.m.

Chairperson Fern reported that the following were performed during Executive Session:

1. Approved Executive Session minutes of October 15, 2019
2. Denied an appeal to void open enrollment selections.
3. Denied an appeal to terminate coverage retroactively or waive employer contributions related to an ex-spouse.
4. Denied an appeal to waive employer contributions related to an ex-spouse.

5. Approved an appeal to retroactively add an ex-spouse as a domestic partner.
6. Approved premium rates for active employees for HMSA, Kaiser, HDS, VSP, and Securian.
7. Approved a commitment of funds to a private credit fund subject to contract negotiation.

V. COMMITTEE REPORTS

A. Investment Committee

1. September 30, 2019 Strategic Performance Report Including Excess Funds
Mr. Colin Bebee, Meketa Investment Group, participating via telephone summarized the 3rd quarter results in which the OPEB Trust ended at \$3.3 billion with quarterly returns of 1.3% (net of fees) for the quarter, exceeding the policy benchmark return of 0.7%. Since inception (June 23, 2011), the EUTF portfolio has returned 7.0% (net of fees) versus the policy benchmark return of 6.9%.
2. Quarterly Private Equity & Private Credit Report – Q2 2019
3. Quarterly Private Real Estate Report – Q2 2019
4. Private Core Real Estate Update
5. Education Review: Reinsurance
Mr. Kuan Yuan summarized items 2-5 in the Investment Committee Report from their November 13, 2019 meeting.

B. Administrative Committee

1. Reports to the Legislature
 - a. EUTF Annual Report
Mr. Mizuno summarized the Administrative Committee's recommendation to approve the draft EUTF Annual Report to the 2020 Legislature. He also noted that the 2018 reported amount of 102,474 enrollment related outbound documents included 12,510 of reprinted documents. As a result, the 102,474 will be amended to 89,964.

MOTION was made and seconded to approve the Administrative Committee's recommendation to approve the EUTF Annual Report as amended.

(Hidano/Uwaine) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

- b. Progress on Conversion of Exempt Employees to Civil Service
Mr. Mizuno summarized the Administrative Committee's recommendation to approve the draft Report to the 2020 Legislature, Act 145, Session Laws of Hawaii 2017, Relating to Staff of the Hawaii Employer-Union Health Benefits Trust Fund.

MOTION was made and seconded to approve the Administrative Committee's recommendation to approve the draft Report to the 2019 Legislature, Act 145, Session Laws of Hawaii 2017, Relating to Staff of the Hawaii Employer-Union Health Benefits Trust Fund. (Hidano/Uwaine) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

2. Progress on Strategic Plan – January 1, 2018 – June 30, 2019

Mr. Mizuno summarized progress on the strategic plan through June 30, 2019 noting that this update focused on goals 1 and 3 related to active employee medical and prescription claims trends and customer service, respectively.

C. Benefits Committee

1. Segal Comparison of HMSA and Kaiser Public HEDIS Scores

Trustee Christian Fern noted that this item was deferred by the Benefits Committee at their meeting on November 18, 2019 for presentation at today's meeting.

Mr. Tom Morrison presented the report entitled State of Hawaii Significant National Committee for Quality Assurance Measures of Care Healthcare Effectiveness Data and Information Set.

VI. OLD BUSINESS

A. HMSA Medical Proposed Plan Changes

Mr. Mizuno reported on coverage of oral contraceptive counseling that was supposed to be presented at the October 15, 2019 Board meeting regarding HMSA medical proposed plan changes for active employees effective July 1, 2020. EUTF staff and the deputy attorney general reported that they do not agree with HMSA's position that the EUTF plans must cover oral contraceptive counseling services provided by pharmacists.

III. NEW BUSINESS (continued)

C. Self-Funded Supplemental Medical and Prescription Drug Rates for Active Employees Effective July 1, 2020

Mr. Morrison presented the proposed rates for the active employee supplemental medical and prescription drug plan rates noting an increase of between 7.8% and 9.4% effective July 1, 2020.

MOTION was made and seconded to approve the self-funded supplemental medical and prescription drug rates for active employees effective July 1, 2020 as presented by Segal. (Uwaine/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

D. Self-Funded Prescription Drug (Administered by CVS) Rates for Active Employees Effective July 1, 2020

Mr. Morrison presented the proposed rates for the active employee self-funded prescription drug plans noting decreases of over 5% for EUTF plans and an increase of 11.5% for HSTA VB plans effective July 1, 2020.

MOTION was made and seconded to approve the self-funded prescription drug, administered by CVS, rates for active employees effective July 1, 2020 as presented by the benefits consultant. (Uwaine/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

E. Committee Assignments

Trustee Fern requested that this item be deferred since we have not received the appointment of a new employee trustee. We are expecting it prior to the December 17th board meeting.

F. 2020 Medicare Part B Premium and Retiree Base Monthly Contribution

Ms. Donna Tonaki reported that the standard Medicare Part B premium for 2020 will be increased by 6.7% from \$135.50 to \$144.60 in addition to revised tiers and amounts for income adjusted Medicare Part B premiums. Mr. Mizuno also noted that there remains 20,074 Medicare enrolled retirees and spouses (out of 54,184 total Medicare enrolled retirees and spouses) receiving less than the current standard amount of \$135.50 since they have not submitted documentation supporting an increase. Mr. Mizuno noted that the EUTF provides notice in the Winter and Spring Holomua about this issue and mailed a postcard to the 28,000 retirees and spouse whose reimbursements in July 2018 were less than the standard.

VII. REPORTS

A. Segal

1. Fourth Quarter Segal Trend Report
2. Coverage of Gene Therapies

Mr. Morrison summarized the November 11, 2019 memorandum Coverage of Gene Therapies noting that Segal and EUTF staff will work with HMSA and Kaiser to provide information at the December 16, 2019 Benefits Committee meeting on planned coverage for such procedures.

B. Administrator

1. Meetings with legislators and unions
2. Public engagement

Mr. Mizuno discussed the request for information from the Hawaii Business Magazine regarding an article related to the Hawaii Executive Conference publication and a draft response. Mr. Mizuno reported that he will call the writer and discuss the ways the EUTF Board is addressing the healthcare trend.

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

1. Member Services Branch (MSB)

- a. MSB Data
- b. MSB Staffing Update
- c. Outreach & Training
- d. 2020 Active Employee Open Enrollment
- e. Carrier Reports

2. Information Systems (IS)

- a. EUTF New Benefits Administration System (BAS) Project
- b. V3 Benefits Administration System (V3 BAS) Modified Phase II (Employer File Feed)
- c. HIC to MBI Number Conversion
- d. Retiree Open Enrollment for 2020
- e. ISB Staffing Update
- f. Enrollment Counts

3. EUTF Benefits Audit Specialist Report

- a. Audits Currently in Progress
- b. Additional Audits to be Initiated by 12/31/19

- c. Completed and Recurring Audits
- 4. EUTF Program Specialist Report
 - a. Worksite wellness
 - b. Preventive health
 - c. Chronic disease management
 - Trustee Currivan Musto commended Ms. Linda Green for her work on starting the lunch and learn sessions in the urban core.
- 5. Financial Services Branch (FSB)
 - a. FSB Performance Data
 - b. Management Letter Corrective Action Plan Status
 - c. EUTF Collections
 - d. FSB Staffing Update
 - e. 2019 Financial Audit
 - f. Financial Statements as of August 31, 2019
- D. Carrier Reports
 - 1. CVS Caremark
 - 2. SilverScript
 - 3. Hawaii Dental Service (HDS)
 - 4. Hawaii Mainland Administrators (HMA)
 - 5. Hawaii Medical Service Association (HMSA)
 - Trustee Currivan Musto commended HMSA for its numerous community activities both on Oahu and the neighbor islands.
 - 6. Kaiser Health Foundation
 - Trustee Currivan Musto commended Kaiser for contributing \$182,000 to various community organizations.
 - 7. Securian
 - 8. Vision Service Plan (VSP)

The meeting was recessed at 12:00 p.m. and reconvened from Executive Session at 12:42 p.m.

Chairperson Fern reported that the Board approved an extension of the benefits consultant contract during Executive Session.

VIII. NEXT MEETING DATE

Tuesday, December 17, 2019, 9:00 a.m. – Benefits Committee Report

IX. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 12:43 p.m. (Uwaine/Johnston) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

Respectfully submitted,

/s/

Laurel Johnston, Secretary-Treasurer

APPROVED on December 17, 2019 as amended.

Documents Distributed:

1. Draft Board Minutes of October 15, 2019. (5 pages)
2. Claims Administration Audits, Hawaii Medical Service Association Blue Cross Blue Shield, Royal State National Life and US Able by Claim Technologies Incorporated dated November 19, 2019. (13 pages)
3. Comprehensive Claim Administration Audit, Executive Summary, Hawaii Medical Service Association Blue Cross Blue Shield by Claim Technologies Incorporated dated November 19, 2019. (13 pages)
4. Limited Claim Administration Audit, Specific Findings and Executive Summary Report, Royal State National by Claim Technologies Incorporated dated November 19, 2019. (12 pages)
5. Limited Claim Administration Audit, Specific Findings and Executive Summary Report, US Able by Claim Technologies Incorporated dated November 19, 2019. (7 pages)
6. Memorandum to BOT from EUTF Benefits Audit Specialist Regarding Report on HMSA Performance Guarantees from Claim Technologies, Inc. Claims Audit Report for period July 1, 2017 – June 30, 2018 for Active Employees and January 1, 2017 – December 31, 2017 for Retirees dated November 18, 2019 (1 page)
7. Memorandum to BOT from Investment Committee Regarding November 13, 2019 Investment Committee Meeting dated November 13, 2019. (1 page)
8. Memorandum to BOT from Administrative Committee Regarding November 14, 2019 Administrative Committee Meeting dated November 14, 2019. (1 page)
9. Memorandum to BOT from Benefits Committee Regarding November 18, 2019 Benefits Committee Report dated November 18, 2019. (1 page)
10. Memorandum to BOT from Segal Consulting Regarding 2020/2021 Active Supplemental Medical Plan Rates dated November 19, 2019. (3 pages)
11. Memorandum to BOT from Segal Consulting Regarding 2020/2021 Active Prescription Drug Rates dated November 19, 2019. (3 pages)
12. EUTF Committee Assignments dated November 19, 2019 (1 page)
13. Memorandum to BOT from Financial Services Manager Regarding 2020 Medicare Part B Premium and Retiree Base Monthly Contribution dated November 15, 2019. (2 pages)
14. Trends by Segal Consulting, Fourth Quarter 2019. (1 page)
15. Memorandum to BOT from Segal Consulting Regarding Coverage of Gene Therapies dated November 11, 2019. (6 pages)
16. Administrators Monthly Report to the Board from October 4, 2019-November 8, 2019 dated November 8, 2019. (1 page)

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17. Email from Administrator Regarding Inquiry from Hawaii Business Magazine inquiry dated November 15, 2019 (3 pages)
18. Memorandum to BOT from Member Services Branch Manager Regarding October-November 2019 Member Services Operations Report dated November 8, 2019. (6 pages)
19. Memorandum to BOT from Information Systems Chief Regarding October-November 2019 Information Systems (IS) Operations Report dated November 8, 2019. (11 pages)
20. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding October-November 2019 EUTF Benefits Audit Specialist Report dated November 8, 2019. (2 pages)
21. Memorandum to Administrator from EUTF Program Specialist Regarding October-November 2019 EUTF Program Specialist Report dated November 8, 2019. (2 pages)
22. Memorandum to BOT from Financial Management Officer Regarding October-November 2019 Financial Services Branch (FSB) Report dated November 8, 2019. (15 pages)
23. CVS Caremark Monthly Carrier Report for October 2019 dated November 6, 2019. (3 pages)
24. SilverScript Monthly Carrier Report for October 2019 dated November 6, 2019. (3 pages)
25. HDS Monthly Carrier Report for October 2019 dated November 8, 2019. (2 pages)
26. HMA Monthly Carrier Report for October 2019 dated November 8, 2019. (2 pages)
27. HMSA Monthly Carrier Report for October 2019 dated November 15, 2019. (3 pages)
28. Kaiser Monthly Carrier Report for October 2019 dated November 8, 2019. (2 pages)
29. Securian Financial Monthly Carrier Report for October 2019 dated November 10, 2019. (1 page)
30. VSP Monthly Carrier Report for October 2019 dated November 7, 2019. (2 pages)