

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Benefits Committee Meeting
Tuesday, October 15, 2024

TRUSTEES PRESENT

Mr. Osa Tui, Chairperson (via video conference)	Ms. Sabrina Nasir
Mr. Wesley Machida, Vice Chairperson (via video conference)	Ms. Maureen Wakuzawa
Mr. Christian Fern (excused at 10:42 a.m.)	Mr. Robert Yu (via video conference, entered at 9:04 a.m.)
Ms. Audrey Hidano	

TRUSTEES ABSENT

Ms. Jacqueline Ferguson-Miyamoto	Mr. Ryan Yamane
Mr. James Wataru	

ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General (via video conference)

EUTF STAFF

Mr. Derek Mizuno, Administrator	Ms. Desiree Yamauchi
Ms. Donna Tonaki, Assistant Administrator (via video conference)	Ms. Lara Nitta
Ms. Jessica McDonald, Member Services Branch Manager (via video conference)	

CONSULTANTS

Mr. Tyler Brotz, Segal Consulting	Ms. Mary Fedor, Segal Consulting
Ms. Shelley Chun, Segal Consulting	Mr. Stephen Murphy, Segal Consulting (via video conference)

OTHERS PRESENT (via video conference or teleconference, unless otherwise noted)

Mr. Blaise Aquino, HMSA	Mr. Chris Letoto, HMSA
Ms. Tiffany Andrade, HMSA	Ms. Joni Lozano, CVS (in person)
Ms. Stacia Baek, HDS (in person)	Ms. Denise Mercil, Securian
Ms. Sandra Benevides, CVS (in person)	Dr. Christopher Miura, Kaiser
Mr. Ty Bowers, CVS (in person)	Mr. Kurt Neuenfeld, CVS (in person)
Mr. Su Chai, Kaiser	Mr. Clesson Pang, HDS
Mr. Francis Cuenca, CVS	Mr. Dave Shiroma, Kaiser
Mr. Thomas England, Kaiser	Ms. Jenny Smith, Humana
Ms. Samantha Furutani, CVS (in person)	Dr. Rodd Takiguchi, Kaiser
Dr. Rupal Gohil, HMSA	Ms. Tracy Tekiela, CVS
Mr. Galen Haneda, HMSA	Mr. Troy Tomita, Kaiser
Ms. Monica Kim, VSP (in person)	Ms. Gretel Tsoi, HDS
Ms. Meagan Kini-Ho, HMSA	Ms. Anne VanHaaren, CVS
Mr. Lawrence Lau, HDS	Anonymous

I. CALL TO ORDER

The meeting of the Benefits Committee of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) was called to order at 9:00 a.m. by Trustee Osa Tui, Chairperson, in the EUTF Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, October 15, 2024.

II. REVIEW OF MINUTES – August 19, 2024

The Benefits Committee reviewed the draft minutes of August 19, 2024. Since there were no edits or objections by the Trustees, the minutes stand approved.

Trustee Robert Yu joined the meeting at 9:04 a.m.

III. NEW BUSINESS

A. Medicare Retiree Prescription Drug Plan

1. SSI Semi-Annual Utilization Report for the period ending June 30, 2024
Mr. Ty Bowers, SilverScript, presented prescription drug plan utilization reports for the six months ended for the EUTF Medicare retiree plan (EGWP) noting claim trends per member per month (PMPM) of 13.3% and 5.3% after rebates and subsidies. Specialty and GLP-1 claim trends continue to be areas of concern. In addition, prescription drug claims (ingredient cost and administration) for the treatment of COVID-19 (Paxlovid) are now covered under the EGWP with federal government funding ending on March 9, 2024. Pfizer is expected to provide rebates for Paxlovid claims which CVS is required to pass through to the EUTF.
2. SSI Update on Medicare Part D Benefit Design and the Inflation Reduction Act
Mr. Bowers reported on Inflation Reduction Act upcoming changes in 2025 related to Medicare Part D coverage phase changes, impact to direct subsidy and reinsurance, CMS' price negotiation of 10 highly utilized Medicare Part D drugs for 2026, and the Medicare prescription payment plan.

B. Active and Non-Medicare Retiree Prescription Drug Plan

1. CVS Semi-Annual Utilization Reports for the period ending June 30, 2024
Ms. Sandra Benevides and Mr. Kurt Neuenfeld, CVS Health, presented prescription drug plan reports for the 12 months ended for EUTF active plans and six months ended for the EUTF non-Medicare retiree plans noting claim trends PMPM of 18.9% and 15.6% after rebates for actives and 22.2% and 17.6% after rebates for non-Medicare retirees noting the same concerns as the EGWP plan plus increased utilization of GLP-1s for weight management. CVS reported savings under the active plans from antidiabetic GLP-1 utilization management currently in place.
2. Proposed CVS Prescription Drug Plan Changes
Ms. Shelley Chun, Segal Consulting, noted EUTF active prescription drug plan higher year over year claims trend projection (before rebates) for plan year 24-25 of 18.3% versus the Segal public sector and book of business clients over the same time period, primarily due to the EUTF's open formulary. Segal presented the following plan changes to help address the high trend:
 - a. Hyperinflation Management program which excludes high-cost drugs with readily available, clinically appropriate and more cost-effective alternatives with low member disruption (1.36% actives and 1.76% non-Medicare retirees) and Year 1 cost savings. Trustee Christian Fern asked why there is no grandfathering and if this program is commonly implemented with the Basic Control Formulary. Ms. Chun responded that there's no grandfathering to maximize savings and the Hyperinflation Management program is commonly implemented with the Basic Control Formulary.
Recommended implementation for EUTF actives and non-Medicare retirees effective July 1, 2025.
 - b. Basic Control Formulary which is an open formulary that adds utilization

management on non-preferred products in 10 drug classes. The vast majority of Segal and CVS public sector clients have formularies that are more restrictive than the current EUTF formulary. Low member disruption (0.8% actives and 1.2% non-Medicare retirees) and significant Year 1 cost savings.

Recommended implementation for EUTF actives and non-Medicare retirees effective July 1, 2025.

- c. Standard Control Formulary which is a closed formulary that would cause more member disruption (15% actives and 18.6% non-Medicare retirees) but significant Year 1 cost savings.
Not recommended at this time due to member disruption.
- d. Increasing EUTF active copayments which are currently below the HMSA prevalent plan and public sector plans in the western region. Projected savings presented with higher non-specialty copays.
Recommended implementation for EUTF actives effective July 1, 2025. However, EUTF staff recommended deferring this change.
- e. Two possible options for tighter control over antidiabetic GLP-1s: 1) adjusting the GLP-1 smart logic by removing metformin and diabetic supplies from the 24-month lookback period criteria or 2) completely removing the GLP-1 smart logic. Option 1 would cause minimal disruption (300 actives and 65 non-Medicare retirees) and result in Year 1 cost savings while option 2 would result in higher costs to the plan because of changes to the rebate guarantees.
Recommend removal of metformin and diabetic supplies from the 24-month smart logic lookback criteria for EUTF actives and non-Medicare retirees effective July 1, 2025.
- f. Increasing BMI thresholds for anti-obesity GLP-1 medications. This would result in higher costs to the plan because of changes to the rebate guarantees.
No recommendation due to the negative cost impact.

C. Proposed HMSA Medical Plan Changes

Mr. Chris Letoto, HMSA, proposed coverage of CMS preventive health services at current benefit levels for non-Medicare retirees to close coverage gaps.

Segal recommended implementation for EUTF and HSTA VB non-Medicare and Medicare retiree plans effective January 1, 2025.

HMSA proposed a cardiac rehabilitation plan for EUTF and HSTA VB active and retiree plans effective July 1, 2025 and January 1, 2026, respectively. At the meeting, HMSA informed the EUTF and Segal that coverage is currently provided for a pilot program which was not mentioned to Segal and EUTF staff during their evaluation process.

HMSA will provide information on the pilot program. Segal is also working with HMSA on the premium impact.

Segal did not recommend this change at this time because of premium impact concerns but will continue to work with HMSA and the new information on the pilot program.

D. Proposed HDS Dental Plan Changes

Ms. Stacia Baek, HDS, proposed aligning the fluoride treatment benefit for the HSTA VB HDS active dental and supplemental dental plans with the other plans by increasing the number of treatments to two from one annually for members through age 19.

Segal recommended implementation for HSTA VB HDS active dental and supplemental

dental plans effective July 1, 2025.

E. Proposed VSP Vision Plan Changes

Ms. Monica Kim, VSP, VSP proposed enhancing coverage of highly utilized lens enhancements – anti-reflective coating, polycarbonate for adults and premium/custom progressive lenses. These benefits are not part of the Hawaii VSP book of business and would add significant costs.

Segal did not recommend this change.

F. Dependent Child Eligibility

Mr. Derek Mizuno investigated at the request of a trustee extending dependent children of active employees dental and vision coverage and dependent children of retirees medical, prescription drug, dental and vision coverage to age 26 under the same criteria as dependent children of active employees medical/prescription drug coverage under ACA. EUTF staff found that the vast majority of other plans in Hawaii and other western region state plans apply the same ACA dependent eligibility criteria. Estimated annual costs for active employee plans are \$1.3 million and the estimated increase in the unfunded liability is \$30.1 million. Additionally, this would significantly reduce EUTF staff time 1.5 full-time equivalents and disruption for the members. Lastly, expansion of the dependent child eligibility criteria will reduce employer costs for retirees in the long-term by bringing low-cost members into the plan that the post June 30, 2001 retirees will be paying for.

EUTF staff also noted that the recent permitted interaction group found that the state and county employees and retirees had lower benefits than their western region state counterparts and the State faced lower revenues in the future. Adoption of the recommended changes would reduce annual costs with low member disruption (e.g., the Basic Control Formulary) but also provide enhanced benefits (e.g., expansion of the dependent child eligibility).

MOTION was made and seconded to recommend to the Board:

1. Adoption of the Hyperinflation Management Program under the EUTF active employee and non-Medicare retiree prescription drug plans administered by CVS effective July 1, 2025;
2. Adoption of the Basic Control Formulary under the EUTF active employee and non-Medicare retiree prescription drug plans administered by CVS effective July 1, 2025;
3. Revision of utilization management for antidiabetic GLP-1s by removing metformin and diabetic supplies from the 24-month smart logic lookback period under the EUTF active employee and non-Medicare retiree prescription drug plans administered by CVS effective July 1, 2025;
4. Coverage of Medicare covered preventive screening services at the current preventive screening benefit level under the EUTF and HSTA VB HMSA non-Medicare and Medicare retiree medical plans effective January 1, 2025;
5. Coverage of two fluoride treatments per calendar year through age 19 under the HSTA VB HDS active employee dental and supplemental dental plans effective July 1, 2025; and
6. Coverage of dependent children under the active employee dental and vision plans and retiree medical, prescription drug, dental and vision plans under the same eligibility criteria as active employee medical/prescription drug plans effective July 1, 2025 and

transfer of \$30.9 million from the EUTF Trust Fund to the OPEB Trust Fund. (Fern/Wakuzawa) Trustee Wesley Machida stated that he would like more time to evaluate the impact of expanding the eligibility criteria for the dental and vision but would like the retiree medical and prescription drug to be consistent with the active medical and prescription drug. Motion was made and seconded to amend item 6 to “coverage of dependent children under retiree medical and prescription drug plans under the same eligibility criteria as active employee medical/prescription drug plans effective January 1, 2026 and transfer of \$30.9 million from the EUTF Trust Fund to the OPEB Trust Fund.” (Machida/Yu) The amendment passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3). The amended motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3).

Trustee Fern was excused from the meeting at 10:42 a.m.

B. Active and Non-Medicare Retiree Prescription Drug Plan (continued)

3. Segal Active Annual Prescription Drug Report as of June 30, 2024

Ms. Chun and Mr. Tyler Brotz, Segal Consulting, presented their review of the active prescription drug plan through June 30, 2024 noting the high claims trend, cost drivers (i.e., diabetes, autoimmune/psoriasis, and oncology), clinical program savings and the biosimilar pipeline.

4. Pharmacy vs. Medical Coverage of Continuous Glucose Monitors and Disposable Insulin Pumps

Ms. Chun presented their initial cost analysis on moving coverage of continuous glucose monitors and disposable insulin pumps from the HMSA medical plan to the CVS prescription drug plan to reduce costs and improve the member experience. Most Segal clients are already doing this and HMSA is planning this change effective January 1, 2025. Segal, HMSA and CVS/SSI will continue to evaluate the cost impact and how to address retirees with HMSA medical but no CVS/SSI prescription drug coverage for future consideration.

5. PrudentRx Opportunity Analysis

Ms. Chun reviewed the CVS PrudentRx program to capture the lost value of manufacturer specialty coupons to reduce plan costs. Due to the current legislative issues, potential member confusion due to plan design changes needed, and difficulty in developing a custom network, Segal does not recommend this program at this time.

6. CVS CostVantage and TrueCost

Ms. Benevides and Ms. Joni Lozano, CVS Health, presented the new reimbursement model for payments made by pharmacy benefit managers (PBM) to CVS pharmacies (CostVantage) based on actual drug cost and an optional pricing model to PBM clients (TrueCost) that provides net cost pricing at the drug level based on the lesser of National Average Drug Acquisition Cost (NADAC) or wholesale acquisition cost (WAC). Segal does not recommend implementing TrueCost since we just completed an RFP process and this is a totally new model that could change the administrative fee and pricing guarantees, and staff noted that EUTF can retain the current guarantees as protection in case the CostVantage changes increase prescription drug costs.

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IV. NEXT MEETING DATE – November 25, 2024

The next meeting agenda will include the HMSA, Kaiser Permanente, HDS, and VSP utilization reports and Segal active annual report for the period ending June 30, 2024 and proposed plan changes.

V. ADJOURNMENT

MOTION was made and seconded to adjourn the meeting at 11:20 a.m. (Machida/Wakuzawa)
The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-2)

APPROVED on November 25, 2024.

Documents Distributed:

1. Draft Benefits Committee Minutes for August 19, 2024. (4 pages)
2. RxInsights, EUTF Medicare Retirees, Jan 2024-June 2024, Prescription Benefit Review, prepared by CVS Health, Redacted Version. (10 pages)
3. 2025 and 2026 IRA Updates, prepared by CVS Caremark, dated October 15, 2024, Redacted Version. (11 pages)
4. RxInsights, EUTF-Actives, July 2023-June 2024, Prescription Benefit Review, prepared by CVS Health, Redacted Version. (23 pages)
5. RxInsights, EUTF Non-Medicare Retiree Report, January -June 2024, Prescription Benefit Review, Redacted Version. (11 pages)
6. EUTF Active and Non-Medicare Retiree Plan Changes, prepared by Segal Consulting, dated October 2024, Redacted Version. (24 pages)
7. Memorandum to Benefits Committee from Segal Consulting, regarding Addendum to Appendix from April 2024 Formulary Analysis, Redacted Version. (13 pages)
8. HMSA Plan Change Overview and Authorization, Actives (2025) Retirees (2025 and 2026), prepared by HMSA, Redacted Version. (4 pages)
9. HSTA VB Active Plans, Propose Benefit Changes, prepared by HDS, dated October 15, 2024, Redacted Version. (5 pages)
10. EUTF, Proposed Benefit Changes, Actives-Effective July 1, 2025, Retirees-Effective January 1, 2026, prepared by VSP, dated October 15, 2024, Redacted Version. (7 pages)
11. Memorandum to Benefits Committee from Administrator, regarding Dependent Child Eligibility, dated October 7, 2024. (3 pages)
12. EUTF Actives Annual Prescription Drug Report July 2023-June 2024, prepared by Segal Consulting, dated October 2024, Redacted Version. (12 pages)
13. Memorandum to Benefits Committee from Segal Consulting, regarding Pharmacy vs. Medical coverage of Continuous Glucose Monitors and Disposable Insulin Pumps, Redacted Version. (4 pages)
14. Memorandum to Benefits Committee from Segal Consulting, regarding PrudentRx Opportunity Analysis, dated October 15, 2024, Redacted Version. (3 pages)
15. Memorandum to Benefits Committee from Program Specialist, regarding Drug Pricing Overview-Confidential, dated October 15, 2024, Redacted Version. (3 pages)
16. Reshaping pharmacy pricing, prepared by CVS Caremark, dated October 15, 2024, Redacted Version. (15 pages)