

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, July 19, 2011

TRUSTEES PRESENT

Mr. George Kahooanohano, Chairperson	Mr. Everett Kaneshige
Mr. Derek Mizuno, Vice-Chairperson	Ms. Celeste Nip
Mr. Dean Hirata, Secretary-Treasurer	Ms. Sunshine Topping
Ms. Loretta Fuddy	Mr. Clifford Uwaine
Ms. Audrey Hidano	

TRUSTEES ABSENT

Ms. Karolyn Mossman

ATTORNEY

Ms. Sarah Hirakami, Deputy Attorney General

EUTF STAFF

Ms. Barbara Coriell, Administrator	Mr. Tom Morrison, Consultant
Ms. Sandi Yahiro, Assistant Administrator	Ms. Kathleen Shiroma
Ms. Maria Quartero	Ms. Nicole Wong

OTHERS PRESENT

Ms. Cassandra Adachi, HRD	Mr. Myles Kiyabu, Royal State
Ms. Lynette Arakawa, HDS	Mr. Roger Kormylo, informedRx
Ms. Nikki Bassett, informedRx	Mr. Blaise Liu, Royal State
Ms. Sandra Benevides, Kaiser Permanente	Mr. Mark Mahler, Kaiser
Mr. Greg Buscetto, informedRx	Mr. Tony Malone, HMSA
Dr. Carol Dickson	Mr. Michael Moss, Kaiser Permanente
Ms. Monica Engle, VSP	Mr. Harris Nakamoto, HMA
Mr. Christian Fern, HMSA	Ms. Lori Naylor, HMA
Ms. Elaine Fujiwara, HDS	Mr. Devon Nekoba, Restat
Mr. Mark Fukuhara, Akamai Benefits	Mr. Larry Nishihara, Akamai Benefits
Mr. John Garibaldi, Royal State	Ms. Christie Robinson, CVS Caremark
Ms. Susan Goya, HGEA-R	Mr. Ronald Scott, HWMG
Ms. Wendy Hamada, HMA	Mr. Phil Takaba, HMSA
Mr. Mike Jaeger, CVS Caremark	Mr. Paul Young, HAH
Ms. Mae Kishimoto, HSTA-R	

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:02 a.m. by Trustee George Kahooanohano, Chairperson, in EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, July 19, 2011.

Trustee Karolyn Mossman is on conference call but is not allowed to participate in the meeting today.

Overview by Chair Kahooohanohano regarding amending the agenda to add Deputy Attorney General Report in Executive Session and to move agenda item VIII.
Communications from the Public and Input from Attendees after Executive Session.

MOTION was made for the Board to approve amending the agenda to add Deputy Attorney General Report in Executive Session and to move agenda item VIII.
Communications from the Public and Input from Attendees after Executive Session. (Uwaine/Fuddy). After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

II. MINUTES

The Board reviewed the draft minutes of June 15, 2011. Discussion held by Trustees regarding the minutes and to amend minutes as follows: (1) page 3, lines 23-26, rephrase the last sentence; (2) page 4, line 5, spell out CAF "Comprehensive Annual Financial Report (CAFR)"; (3) page 4, line 38, change principle to "principal"; (4) page 5, line 39, change non-grandfathers to "non-grandfathered plans"; (5) page 6, line 31, change correctly to "correct"; (6) page 6, line 35, delete "their", after responsibility add "third party insurer", delete "insurer and as the issuer of the policy"; and (7) page 7, line 16, delete "two or more" and add "more than two".

Discussion held by Trustees and staff regarding the EUTF procedures for review and approval of Executive Session minutes and when outstanding Executive Session minutes will be ready for review and approval. Chair Kahooohanohano requested that the EUTF staff provide at least one Executive Session minutes for Board review and approval at the next Board meeting. Discussion held by Trustees, staff and deputy attorney general regarding a Trustee's inquiry regarding if the current Board of Trustees are authorized to approve outstanding Board minutes when they were not Trustees at the time the meeting was held and concerns expressed by Trustees that part of the deputy attorney general's report regarding the response to the Trustee's inquiry and other issues to be held in Executive Session are not confidential and should be held in public session.

MOTION was made for the Board to approve to waive attorney-client privilege regarding a Trustee's inquiry if the current Board of Trustees are authorized to approve outstanding Board minutes when they were not Trustees at the time the meeting was held be removed from Executive Session and discussed in the public session. (Uwaine/Hidano)

Discussion held by Trustees and staff regarding concerns that the minutes were being discussed and action should be taken before this motion.

After discussion by the Trustees, Trustee Uwaine and Hidano withdrew their motion.

MOTION was made for the Board to approve the minutes of June 15, 2011 as amended. (Topping/Mizuno) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

MOTION was made for the Board to approve to waive attorney-client privilege regarding a Trustee's inquiry if the current Board of Trustees are authorized to approve outstanding Board minutes when they were not Trustees at the time the meeting was held be removed from Executive Session and discussed in the public session. (Uwaine/Hidano) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Ms. Sarah Hirakami stated yes, the Trustees may approve minutes even if you were not a Trustee at the time the meeting was held. Trustee Hidano stated she does not have to and will not be responsible for what happened before she became a Trustee and will not approve any of those minutes. Discussion held by Trustees, staff and deputy attorney general regarding if a Trustee can abstain from voting. Ms. Hirakami stated that a Trustee may abstain from voting but it may tie the hands of the Board.

III. ELECTION OF VICE CHAIR FOR FY12

Trustee Derek Mizuno was nominated for Vice-chairperson. (Nip)

MOTION was made to close nomination. (Hidano/Hirata). The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Trustee Derek Mizuno was elected Vice-chairperson by virtue of being the only Trustee nominated for that position.

IV. PUBLIC INPUT AT BOARD MEETING

Chair Kahooahanohano informed and read to the Board and members of the public Section 1.08 of the EUTF administrative rules that allow for the public to orally comment on agenda items after the Board has completed discussion on that agenda item. Based on the rules, the Chair will ask the public for their comments after each agenda item. Any person wishing to speak must speak on the agenda item and will be limited to 3 minutes.

V. REPORTS

A. Administrator

1. Update on Medicare Part B Projects

Overview by Ms. Barbara Coriell regarding Medicare Part B projects: (1) to collect monies owed to the EUTF because reimbursements continued to be paid even when a spouse passed away; and (2) that the EUTF will be cancelling retirees from EUTF plans who are Medicare eligible but not enrolled in Medicare Part B. A letter will be sent to the retirees first to allow them time to submit their Medicare Part B cards or enroll in Medicare Part B.

Discussion held by Trustees and staff regarding the procedures the EUTF staff is taking to collect monies owed to the EUTF. Ms. Yahiro stated that the EUTF is working with the ERS to put in a system to find out when a spouse passed away

and is setting up procedures to collect monies that are owed to the EUTF. Discussion held by Trustees, staff, and deputy attorney general regarding under what authority or whether it is permissible to withhold prior deductions. Ms. Yahiro stated the EUTF did confirm with the deputy attorney general and it is covered under the EUTF rules that we do have the authority to withhold prior deductions. Discussion held by Trustee, staff, and deputy attorney general regarding that it could also be fraud and if the EUTF rules permit it, what statute permits the EUTF rules to cancel retirees. Ms. Hiramami stated the statutes require retirees and spouse to enroll in Medicare Part B, in turn our rules govern their notice to us that they enroll in Medicare Part B, that they notify the Board of all changes in status of themselves or dependents that can affect their eligibility. If they do not comply with the EUTF rules, they could be cut off completely and lose their eligibility. Discussion held by Trustees and staff regarding setting up standardized and consistent procedures. Ms. Coriell stated that the EUTF staff will be developing procedures

2. Update on Memorandum Sent to All Employees on New 50/50 Rate Splits
Overview by Ms. Coriell regarding the memorandum sent to all employees regarding the new 50/50 rate splits. Discussion held by Trustees and staff regarding an announcement made by the County of Hawaii that they negotiated remaining at pre July 1 contribution levels. The EUTF needs to receive an official notice from the County of Hawaii to reinstate the previous split and that the rate splits are effective 7/1/11.
3. Update on Clearance/Certificates
Ms. Coriell reported that all current carriers are in compliance with clearances and certificates as of today.
4. IFEBP Annual Conference, New Orleans, 10/30/11-11/2/11
Overview by Ms. Coriell regarding the IFEBP Annual Conference. Discussion held by Trustees and staff regarding how valuable the IFEBP conference is, who should attend the conference, if the Board receives material/calendar of conferences, and if the Board are members of the IFEBP. The EUTF staff will add all Board of Trustees to the IFEBP membership so they will receive materials and updates of all conferences conducted. Discussion held by Trustees and staff regarding other IFEBP educational conferences that the Board will review in the future.

MOTION was made for the Board to approve all EUTF officers (Chair, Vice-chairperson, secretary-treasurer) and three (3) EUTF staff to attend the IFEBP Annual Conference in New Orleans, 10/30/11-11/2/11. (Uwaine/Topping) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Vice-Chairperson Mizuno stated he is already scheduled to attend the conference for HGEA.

5. Contract Awards for Dental, Vision, Life

Ms. Coriell informed the Board that letters were sent to HDS, Royal State, and VSP regarding award of contracts for dental, life, and vision. Discussion held by Trustees and staff regarding if letter was sent to vendors not awarded the contract. Ms. Coriell stated that the awards were only posted on the SPO website as required.

6. OPEB Funding Investments

Ms. Coriell reported that the OPEB monies were invested as of 6/22/11 and 6/28/11.

7. OPEB Valuation Supplemental Contract or RFP

Ms. Coriell gave background information that was discussed at the last Board meeting regarding whether to execute a supplemental contract or issue an RFP. Ms. Coriell stated that after review, the administrator recommends that the Board approve an RFP for the OPEB valuation. Discussion held by Trustees, staff, and benefits consultant regarding concerns why Aon was not able to complete the OPEB Valuation on a timely basis.

MOTION was made for the Board to approve an RFP for the OPEB valuation. (Fuddy/Uwaine) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

8. Upcoming Open Enrollment – 10/3/11-10/21/11

Ms. Coriell recommends that the Board approve Open Enrollment for actives and retirees for 10/3/11-10/21/11, effective date of 1/1/2012.

MOTION was made for the Board to approve Open Enrollment for actives and retirees for 10/3/11-10/21/11, effective date of 1/1/2012. (Topping/Fuddy) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

9. Limited Open Enrollment for High Deductible Health Plans (HDHP) and Kaiser Basic Plans

Overview by Ms. Coriell regarding the limited Open Enrollment for HDHP and Kaiser Basic Plans. A significant concern is that the amount people will pay is fairly high and that may tempt people to waive medical coverage for the next 4-5 months until open enrollment but some will not make it for 4-5 months and will incur high medical expenses. The Administrator recommends that the Board approve a limited Open Enrollment for HDHP and Kaiser Basic Plans to only

change to another medical plan. Discussion held by Trustees, staff, and benefits consultant that private sector companies cannot allow members to drop plans due to the Prepaid Health Care Law, that Collective Bargaining agreements do not stipulate that they cannot drop plans, PCP requirements, and effective dates for the limited open enrollment. Some Trustees expressed concerns that the plan is no longer affordable and beneficiaries should be given the option to just drop the plan because they may have other options outside of the EUTF plans. Some Trustees expressed their concerns and will not support allowing the option to just drop plans. Mr. Lawrence Nishihara, member of the public, commented that beneficiaries may drop from a family plan to a self plan and according to current EUTF rules you would forfeit your PCP but because the IRS ruling allows it to happen, the person would have a reason to ask the Department of Human Resource Development (DHRD) if they would allow this because it meets the criteria of a significant cost increase. Members may drop plans at anytime and cannot be told they are not allowed to drop coverage. Trustee Topping stated that is a good point and clarified that DHRD cannot make the ruling, the IRS makes the ruling and do have a cut-off point. Mr. Morrison stated that it is not a requirement that you have to allow people to make changes, that is discretionary by the EUTF Board as to whether they want to be as liberal of the qualifying events under the IRS family lifestyle changes or can still say no changes are permitted because we have an open enrollment coming up in October 2011 for January 1, 2011. Discussion held by Trustees and staff regarding keeping it status quo and allowing people to file an appeal.

MOTION was made for the Board to approve a limited Open Enrollment for HDHP and Kaiser Basic plans at the earliest possible time (9/1/11) and to allow employee-beneficiaries to change to another medical plan or to disenroll from the medical plan. (Mizuno/Uwaine) After discussion held by the Trustees, the motion failed. (Employer Trustees-5 NO-Fuddy, Hidano, Hirata, Kaneshige, Topping/Employee-Beneficiary Trustees-4 YES Kahooanohano, Mizuno, Nip, Uwaine)

MOTION was made for the Board to approve a limited Open Enrollment for HDHP and Kaiser Basic Plans with an effective date of 9/1/11 and to allow employee-beneficiaries to change to another medical plan only. (Mizuno/Kaneshige) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

10. FY 10 Audit Status

Overview by Ms. Coriell regarding the FY 10 audit status.

B. EUTF Managers' July Operational Reports

1. Member Services

The MSB Operations report was distributed to Trustees today (see MSB

Operations report).

2. IT

The IT Operations report was in the Board packet (see IT Operations report).

3. Accounting

The Accounting Operations report was in the Board packet (see Accounting Operations report). Ms. Coriell stated that Ms. Donna Tonaki is on vacation and if the Trustees had any questions regarding the Accounting Operations report or the financial report, they may e-mail Ms. Tonaki directly and she will send her response to all Trustees.

a. Financial Report as of May 31, 2011

The Financial report for May 31, 2011 was in the Board packet. Discussion held by Trustees and staff regarding if an invoice was received from the Legislative Auditor's for approximately \$15,000 for the audit. Ms. Coriell will follow-up and report back to the Board. Discussion held by Trustees and staff regarding the Statement of Net Assets, reason for the cash increase from 3/31/11-5/31/11. Ms. Coriell stated that the State paid the EUTF early as noted on line 7 and the self-funded plan had a surplus of \$10 million. Trustees have requested that the font for the Financial Report be increased because it is too small to read.

C. Segal Report

1. Plan Financial Data – HSTA Data

Mr. Tom Morrison reported on the updated copy of the HSTA VEBA data that was distributed to the Trustees today (see report). Discussion held by Trustees and benefits consultant regarding the IBNR for contracts.

2. Revised Appeals Process – Affordable Care Act (ACA)

Mr. Morrison reported on the updated regulations on external and internal claim and appeals under ACA (see Segal memorandum dated 7/19/11).

VI. OLD BUSINESS

A. Early Retiree Reinsurance Program Status Update

Overview by Ms. Coriell regarding the status on the Early Retiree Reinsurance program reimbursements, notices that were sent to actives and retirees, new requirements from the federal government, and Kaiser's memorandum. Aon's report on the ERRP update dated 7/18/11, an article from the ERRP.gov website, and a memorandum from Kaiser dated 7/18/11 were distributed to the Trustees today. Discussion held by Trustees, staff, and benefits consultant regarding Kaiser's data that was not submitted. Trustee Hidano expressed her concerns that Kaiser is a business that should be aware of what is happening, if Kaiser Nationwide submitted data prior to April 2010, why Kaiser Hawaii was unable to submit their data and what

recourse does the EUTF have. Ms. Coriell stated that there were issues with the Business Associate Agreement and the privacy contract. After submittal, the federal government changed the format for submission and now they are holding off from processing all submittals. In regards to any recourse, Ms. Hirakami stated that she will need to review the contract. Ms. Coriell stated that she does not think there is any recourse because it is new; it probably would not be in the scope of services.

VII. CARRIER REPORTS

A. HDS

Written report submitted. Ms. Lynette Arakawa thanked the Board for awarding the contract to HDS.

B. HMSA

Written report submitted.

C. HMA

Written report submitted.

D. informedRX & NMHC

Written report submitted.

E. Kaiser

Written report distributed to Board today.

F. Royal State

Written report submitted. Mr. Blaise Liu introduced John Garibaldi, new President and CEO of Royal State.

G. Standard Insurance

Written report submitted.

H. VSP

Written report submitted.

VIII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

A. Letters from Employee-Beneficiary dated 6/27/11, 7/1/11

As amended earlier on the agenda, this item will be addressed after Executive Session.

IX. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

A. August 9, 2011, 9:00 a.m. – Regular Board Meeting.

X. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 11:14 a.m. for the reasons stated on the agenda. (Topping/Mizuno) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Executive Session adjourned at 2:10 p.m.

The Board has taken the following actions in Executive Session:

1. Approval of award of contract for RFP No. 11-06 – Pharmacy Benefit Management Services, subject to submittal of all clearances and Certificate of Insurance.
2. Approval to offer fully insured plans only.
3. Approval of award of contract for RFP No. 11-01 Medical Benefits subject to submittal of all clearances and Certificate of Insurance.
4. Approval of new rates for the HSTA supplemental contract 7/1/11-12/31/11.

VIII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

- A. Letters from Employee-Beneficiary dated 6/27/11, 7/1/11
The letters were in the Trustees packet.

Letters from Pamela Ferguson-Brey and Carol Dickson were distributed to the Trustees today. Dr. Dickson expressed her concerns regarding informedRx.

XI. ADJOURNMENT

There being no objections, the meeting adjourned at 2:18 p.m.

Respectfully submitted,

/s/

Dean Hirata, Secretary-Treasurer

APPROVED on August 9, 2011 as amended.

Documents Distributed:

1. Draft Board Minutes for June 15, 2011. (10 pages)
2. EUTF Plans for Active Employees except Bus 1, 9, 10, 11, 12 Rates Effective 3/1/11; Extended 7/1/11. (1 page)
3. Memorandum to BOT from MSB Manager Regarding MSB Operations Report dated 7/13/11. (1 page)
4. Memorandum to BOT from IS Analyst Regarding July IT Operations Report dated 12/12/11. (1 page)
5. Memorandum to BOT from Financial Management Officer Regarding Accounting Operations Report- June/July 2011 dated 7/12/11. (2 pages)
6. EUTF Statement of Net Assets (Unaudited) dated 7/12/11. (1 page)
7. EUTF Unrestricted Gain (loss) Analysis 11 Months Ended May 31, 2011. (1 page)
8. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison 11 Months Ended 5/31/11 (Unaudited) dated 7/11/11. (1 page)

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9. Memorandum to BOT from Segal Regarding Updated Regulations on External and Internal Claim and Appeals under ACA dated 7/19/11. (1 page)
10. EUTF Active Monthly Plan Experience – HMSA, HSTA-VEBA from Segal dated 7/18/11. (1 page)
11. EUTF Retiree Monthly Plan Experience – HMSA, HSTA-VEBA from Segal dated 7/18/11. (1 page)
12. EUTF Board of Trustees FY 12 Meeting Schedule dated 6/15/11. (1 page)
13. Memorandum to BOT from Aon Regarding ERRP Project dated 7/18/11. (2 pages).
14. News and Announcements from ERRP.gov “Updates on ERRP Center Claim List Reviews, Enhancements to Educational Materials, and Upcoming Training Events” dated 7/15/11. (1 page)
15. Letter to EUTF Chair Kahooahanohano/Administrator Coriell Regarding ERRP from Kaiser dated 7/18/11. (2 pages)
16. Letter to BOT from Pamela Ferguson-Brey Regarding informedRx dated 7/19/11. (2 pages)
17. Letter to BOT from Carol Dickson Regarding informedRx dated 7/19/11 (1 page)