

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, December 13, 2011

TRUSTEES PRESENT

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|--|---------------------------------------|
| Mr. George Kahooahanohano, Chairperson | Ms. Barbara Krieg |
| Mr. Derek Mizuno, Vice-Chairperson | Ms. Karolyn Mossman |
| Ms. Audrey Hidano | Ms. Celeste Nip |
| Mr. Everett Kaneshige | Mr. Clifford Uwaine (arrived 9:30 am) |

TRUSTEES ABSENT

Ms. Loretta Fuddy
Mr. Dean Hirata, Secretary-Treasurer

ATTORNEY

Ms. Sarah Hirakami, Deputy Attorney General

EUTF STAFF

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|---|------------------------------|
| Ms. Barbara Coriell, Administrator | Mr. Tom Morrison, Consultant |
| Ms. Sandi Yahiro, Assistant Administrator | Ms. Kathleen Shiroma |
| Ms. Maria Quartero | Ms. Donna Tonaki |
| Ms. Bonny Kahalewai | Ms. Nicole Wong |

OTHERS PRESENT

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|------------------------------------|-------------------------------------|
| Ms. Barbara Annis, B&F | Ms. Mae Kishimoto, HSTA-R |
| Ms. Nikki Bassett, informedRx | Mr. Tony Malone, HMSA |
| Mr. Greg Buscetto, informedRx | Ms. Wilma Moriyama, HRD |
| Ms. Monica Engle, VSP | Mr. Michael Moss, Kaiser Permanente |
| Mr. Christian Fern, HMSA | Ms. Lynne Miura, Royal State |
| Ms. Elaine Fujiwara, HDS | Mr. Joel Saban, informedRx |
| Mr. Mark Fukuhara, Akamai Benefits | Mr. Phil Takaba, HMSA |
| Ms. Wendy Hamada, HMA | Mr. Vaughn Tokashiki, HSTA-R |
| Mr. Marcus Kim, Aon | |

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order at 9:16 a.m. by Trustee George Kahooahanohano, Chairperson, in EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, December 13, 2011.

Chair Kahooahanohano announced that the EUTF will lose quorum at 11:20 a.m. and recommends that the Board approve amending the agenda to move agenda items out of order as follows: after item III.C. Benefits Committee, move to item IV.A. Early Retiree Reinsurance Program, then move to item III.H. Presentation by Marcus Kim, Aon Risk Services, Inc. – Trustee Liability Insurance, then move to item V.A. informedRx Temporary Contract 1/1/12 – 6/30/12 – Cost Versus Premium Increase at CVS Caremark Rates, then continue the regular agenda until 10:45 a.m., then move to go into Executive Session.

MOTION was made for the Board to approve amending the agenda to move agenda items out of order as follows: after item III.C. Benefits Committee, move to item IV.A. Early Retiree Reinsurance Program, then move to item III.H. Presentation by Marcus Kim, Aon Risk Services, Inc. – Trustee Liability Insurance, then move to item V.A. informedRx Temporary Contract 1/1/12 – 6/30/12 – Cost Versus Premium Increase at CVS Caremark Rates, then continue the regular agenda until 10:45 a.m., then move to go into VII. Executive Session. (Hidano/Kaneshige). The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

II. MINUTES

A. October 18, 2011

The Board reviewed the draft minutes of October 18, 2011.

MOTION was made for the Board to approve the minutes of October 18, 2011 as circulated. (Krieg/Mossman) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

B. November 8, 2011

The Board reviewed the draft minutes of November 8, 2011.

MOTION was made for the Board to approve the minutes of November 8, 2011 as circulated. (Mizuno/Krieg) Due to lack of quorum, the motion failed. (Employer Trustees-2 YES- Hidano, Krieg, 1 ABSTAIN-Kaneshige/Employee-Beneficiary Trustees-4 YES-Kahoohanohano, Mizuno, Mossman, Nip)

III. REPORTS

A. Administrative Committee

1. Overview of Meeting

- a. Board Appeals Log
- b. Member Services Branch Appeals Log
- c. Review of all EUTF Administrative Rules
- d. Administrative Rule Change Related to Newborns

Overview by Ms. Audrey Hidano, Vice-Chair, for Administrative Committee meeting held on November 29, 2011 (see Administrative Committee report to Board dated December 9, 2011)

2. Recommendation - One-time Waiver of Medicare Part B Cancellation Due to Failure to Enroll; Effective Date of Cancellation, HAR 5.04c

Overview by Ms. Sandra Yahiro regarding the Medicare Part B project where retirees currently 65 or older are not shown enrolled in Medicare Part B. Letter will be sent to notify them they are required to enroll in Medicare Part B and will give retirees six months to enroll. Copies of the draft letters and procedures were distributed to the Trustees. The dilemma that the EUTF faces is that according to the EUTF Administrative Rules, Section 5:04(c), the EUTF must cancel the person

back to the date that they would be eligible to enroll. Since the EUTF has not been enforcing this rule and will begin to enforce the rule, the administrator is recommending that the Board approve a one-time waiver of that provision in the EUTF Administrative Rules, Section 5:04(c), and authorize the EUTF staff to cancel the person as of July 1, 2012. Ms. Barbara Coriell stated that there is one annual open enrollment for Medicare so if the EUTF were to cancel them now effective January 1, 2012, they would be unable to enroll until open enrollment in the fall for a January 2013 effective date. Discussion held by Trustees and staff regarding the cost to the EUTF fund. Ms. Yahiro stated the EUTF does not know the cost at this time because we have approximately 2,500 retirees who are not showing they are enrolled in Medicare Part B but the EUTF is unsure if they just have not submitted their cards, not enrolled, or are not eligible for Medicare Part B. After the first letter is sent and retirees respond, the EUTF will have a better idea of what the cost is. Trustee Hidano expressed her concern that she is hesitant to approve a one-time waiver without knowing the cost and why the EUTF staff is only addressing this issue now. [Trustee Uwaine arrived at 9:30 a.m.] Ms. Coriell explained that the EUTF faced significant workflow challenges in 2010 and this year is now cleaning up and addressing issues to get it done. Discussion held by Trustees and staff regarding suggestions to change office procedures/systems to be clearer when informing employee-beneficiaries of important information that needs action and that since the EUTF did not enforce this rule, retirees should not be penalized but it should be corrected. Trustee Mossman commented that the last sentence of the second paragraph of the memorandum to the Board regarding the approval to amend Supplemental Contract 3 dated December 8, 2011 is not correct because the Administrative Committee asked the staff to look at the budget and come up with a budgetary plan on how to address at the Board meeting and did not approve to recommend to use the maintenance and support hours during FY12. Also, the Administrative Committee meeting report to the Board dated December 9, 2011 did not include the two action items the committee took to recommend approval of: (1) Vitech additional support hours in the amount of \$292,500 for FY 2013; and (2) the EUTF staff to prepare for the Board meeting to add the additional hours for the Vitech support with the intent to prepare the adjustment in the budget to address the shortfall of 1,500 hours.

MOTION was made upon the recommendation of the Administrative Committee for the Board to approve the EUTF staff's recommendation for a one-time waiver of the provision in the EUTF Administrative Rules, Section 5:04(c) [requiring retroactive cancellation when no Medicare Part B insurance compliance is provided to EUTF], and authorize the EUTF staff to cancel the person as of July 1, 2012 if they do not comply. After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-3 [Trustee Hidano voted yes with reservations]/Employee-Beneficiary Trustees-5)

3. Recommendation - Vitech Additional Support Hours for FY 2013

Overview by Ms. Sandra Yahiro and Ms. Donna Tonaki regarding the Vitech additional support hours for FY 2013. The Administrative Committee recommended that the Board approve the additional supplemental budget request in the amount of \$292,500 for FY 2013.

MOTION was made upon the recommendation of the Administrative Committee for the Board to approve the additional supplemental budget request in the amount of \$292,500 for FY2013. After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

4. Recommendation - Vitech Additional Support Hours for FY 2012

Trustee Mossman requested that the EUTF staff correct the last sentence of the second paragraph in the report regarding the approval to amend Supplemental Contract 3 dated December 8, 2011 as stated earlier on the agenda. Ms. Tonaki noted the correction as requested by Trustee Mossman and summarized the recommendation by the EUTF staff dated December 8, 2011.

MOTION was made upon the recommendation of the Administrative Committee for the Board to approve the additional supplemental hours for FY2012. After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

B. Investment Committee

1. Performance Update for Quarter Ending September 30, 2011

Chair Derek Mizuno reported that Pension Consulting Alliance (PCA) briefed the Investment Committee on the Quarterly Report ending September 30, 2011. The portfolio was down \$11.8 million or 6.3%. In comparison to our peers, BNY Mellon Public Fund Universe we are in the 24th percentile, we are not that bad relative to our peers. The policy benchmark returned a negative 5.5%. However, the portfolio update through October 31, 2011, the portfolio had recovered and only down 0.7% or \$2.1 million versus the benchmark being down 0.3%. The EUTF recovered most of what was lost in that quarter.

2. Recommendation to Change Asset Allocation to 65 (Equity)/35 (Fixed Income) Over Next Six Months

PCA's memorandum to the Board regarding 2011 Asset Allocation Summary dated December 9, 2011 was distributed to the Board. Chair Mizuno gave history of the Policy Statement that PCA made some changes that the Board reviewed and approved. The Board referred the review of the Strategic Asset Allocation to the Investment Committee. Chair Mizuno reported that the committee wanted to try to get closer to the 7% return that is in the EUTF Investment Policy Statement. The current asset allocation is at 50/50 which is an estimated return of 6.1%. The Investment Committee selected a portfolio with an expected return of 7.0% which has slightly more risk but more return. It is a 65% equity or risk oriented asset and

35% stable asset allocation. The proposed change would be implemented over the next six (6) months. The Investment Committee also discussed active versus passive strategies. Currently, all of the strategies are in passive management except for the TIPS allocation which are inflation protected securities. If the Board accepts this revised allocation, the real estate allocation will go up and the EUTF will be at a level that we may be able to get some benefits of active management. The investment consultant will start looking at some possible active managers in this area and then the Investment Committee will bring it back to the Board. The Investment Committee recommends a change from the current 50/50 allocation to the 65/35 allocation to be implemented over the next six (6) months. Discussion held by Trustees that investments just started June 2011. Trustee Everett Kaneshige expressed that there are some contentious issues for some Hawaii properties held by real estate funds and asked if anyone reviewed if there are any Hawaii real estate in the portfolio. Chair Mizuno stated that this is not an issue that the Board or committee should be looking at because it is not a mandate by law that if a real estate fund owns Hawaii, the Board cannot invest. The mandate and fiduciary duty of the Board/Investment Committee is to maximize return within acceptable levels of risk. Discussion held by Trustees and deputy attorney general regarding if the Board could invest in real estate investments that would not put the Board in those specific investments regardless of the mandate and that it could be one of the bases for selection criteria. Ms. Sarah Hiramami stated that the statute refers to certain statutes of the ERS investments. It outlines which ones the EUTF is able to follow to invest monies. Legally, if it falls under any one of the categories, it is a legal investment. It is the Board's discretion as to which, if any of the permitting categories, you choose to invest in. Trustee Everett Kaneshige stated he is mentioning because we are a state entity and independent. The actions that this Board takes have certain ramifications that would just be on return of investments. Return of investments is important to our members and the EUTF's performance but as a governmental entity versus a private entity, the EUTF's action has certain weight in the community. Chair Mizuno stated that the deputy attorney should look into this issue on what the Board can or cannot do, and then when the Investment Committee reviews the active management, the Investment Committee will report back to the Board.

MOTION was made upon the recommendation of the Investment Committee for the Board to approve a change from the current 50/50 allocation to the 65/35 allocation to be implemented over the next six (6) months. After discussion by the Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

C. Benefits Committee

1. Overview of December 9, 2011 Meeting

Chair Barbara Krieg reported that the administrator did an excellent overview on the group benefits concepts. The Benefits Committee plans to review the plan designs by each provider/carrier. After getting all the information on the various plans, the Benefits Committee will be able to discuss whether there should be any changes to the plans.

IV. OLD BUSINESS

A. Early Retiree Reinsurance Program (ERRP)

1. Update

Ms. Debbie Donaldson and Mr. John Plonka of Aon are on conference call. Ms. Donaldson summarized Aon's report to the Board dated December 9, 2011. Discussion held by Trustees, staff and Ms. Donaldson regarding the actual due date and if the EUTF needs to go to the ERRP website to claim the money before December 31, 2011. Ms. Donaldson clarified that the money does not need to be claimed before December 31, 2011, the initial claims file needs to be in by December 31, 2011. The initial claims file could get denied for various reasons, then Aon will work on resubmitting the claims file and when approved then the EUTF will get noticed that the EUTF will need to seek the reimbursement. Discussion held by Trustees, staff and Ms. Donaldson if Aon has the amount of the reimbursement for the claims file that will be submitted at the end of December. Ms. Donaldson stated that Aon does not have the amount of the reimbursement at this time because they are working on getting all the data together to be submitted. Trustee Hidano stated she appreciates Aon putting the EUTF at the top of their list. As Ms. Donaldson just informed the Board that \$4.5 billion has been spent, Trustee Hidano reminded Ms. Donaldson that a year ago she told the Board that there was \$5 billion and not to worry. Ms. Donaldson stated she knew that we would have money until the end of the year. When Aon did the Q3 submission, Aon was comfortable there would be enough money for the Q3 submission. Discussion held by Trustees, staff and Ms. Donaldson regarding if the first payment was settled. Ms. Sandra Yahiro stated that the EUTF did get \$1.1 million but the debit of the \$947,000 has not yet occurred. Ms. Donaldson stated that is right. Ms. Coriell stated that she heard from Mr. Plonka that HHS does not know how they are going to get the money and has alerted the Department of Accounting and General Services (DAGS) and others just in case the federal government may pull \$1 million from the State account. Trustee Hidano inquired if Aon is on track for Q4 and if everyone submitted their reports. Ms. Donaldson stated that Aon is on track for making another submission in Q4 at the end of this month. Mr. Morrison stated that December 31, 2011 is the latest incurred date for which you could make a submission. Discussion held by Trustees and Ms. Donaldson if all data was submitted. Ms. Donaldson stated yes, for the first time Aon submitted Kaiser

data, updated data from HMSA, HMA, and about 99.9% data from informedRx. Ms. Yahiro stated that the current contract with Aon is for claims incurred through June 30, 2011. Any claims incurred after that date, Aon is not processing under the contract. However, SPO just approved a contract extension with Aon for claims incurred beyond June 30, 2011 which needs to be executed. Discussion held by Trustees, staff, benefits consultant and Ms. Donaldson regarding if Washington may put more money in this pool. Ms. Donaldson stated Aon has not heard anything recently but Senator Cherry from Massachusetts has made an attempt to get a bill across to extend it but it has not gone anywhere. Mr. Morrison stated that to extend it would take amending the Affordable Care Act which no one wants to amend to begin with. Discussion held by Trustees, staff, benefits consultant and Ms. Donaldson regarding resubmitting claims with errors and who would be first in line.

2. Aon Contract Extension (Action Item)

Overview by Ms. Barbara Coriell regarding the original Aon contract through an exemption and the contract extension. SPO recently approved the contract extension. There are two issues that the Board needs to be aware of. (1) In light of information from the federal government that \$4.5 billion of the \$5 billion has been used, should the EUTF move forward in executing an extension with Aon. After discussions with the assistant administrator, the administrator stated it would be better to have the extension in case money is still available. (2) At the prior Board meeting, the Board also requested that the EUTF ask SPO if the contract can also be amended to include additional provisions such as performance expectations and timeliness on the work product. Because this is an extension of the existing contract, the EUTF must extend the contract as it is written without additional provisions. The EUTF is working much better with Aon, they have been doing the job, and at a higher level of oversight and involvement, Bonny Kahalewai is able to be dedicated to that project. The administrator recommends that the Board approve the extension of Aon's contract as it is currently written for claims incurred through December 30, 2011 for an amount not to exceed \$200,000. Discussion held by Trustees, staff and benefits consultant regarding billable hours and if the EUTF knew ahead of time and on track for claims incurred would be until December 31, 2011, why did the EUTF do the contract up until June 30. Mr. Morrison stated it was a new announcement, the extension of the contract preceded Friday's announcement from the federal government that said because they are running out of money they now will not accept any claims incurred after December 31, 2011. The original contract expired June 30, 2011 and the extension would have been June 30, 2012.

MOTION was made for the Board to approve the extension of Aon's contract as is currently written for claims incurred through December 30, 2011 for an amount not to exceed \$200,000.00 as recommended by the administrator.

(Mossman/Kaneshige) After discussion by Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

H. Presentation by Marcus Kim, Aon Risk Services, Inc. - Trustee Liability Insurance Renewals

Mr. Marcus Kim summarized the EUTF Renewal Proposal presentation by Aon dated December 13, 2011 for the Trustee Liability Insurance. Discussion held by Trustees, staff and Mr. Kim regarding insurance for state equipment and property. Mr. Kim stated that the EUTF is under the State's insurance for state equipment and property. Discussion held by Trustees, staff and Mr. Kim regarding the HIPAA sublimit coverage and fines that would be imposed, if the coverage includes fines, and what cyber risk covers. Mr. Kim stated that the fines are included in the coverage. There is no coverage for cyber risk. Ms. Coriell stated that cyber risk is something the Board may want to look into. Trustee Kaneshige stated that increasing the coverage of the \$500,000 HIPAA sublimit to \$2 million with a difference of \$2,500.00 is worth it. Due to the shortness of time for Aon's review, the EUTF staff and Administrative Committee should look into the cyber risk coverage and other components and contact Aon to see if the EUTF can get an endorsement.

MOTION was made for the Board to approve all of the existing coverages (Public Officials and Employment Practices Liability and Crime insurance) and add Option 4 (with \$2,000,000 HIPAA Sublimit) for the Fiduciary Liability Insurance as recommended by Aon. (Krieg/Kaneshige) After discussion by Trustees, the motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

V. NEW BUSINESS

A. informedRx Temporary Contract 1/1/12 – 6/30/12 – Cost Versus Premium Increase at CVS Caremark Rates

Mr. Tom Morrison gave an update on the previous motions made and approved by the Board to subsidize the rates charged to the participants in the HMSA HSTA VB plans and informedRx proposal pricing. Mr. Morrison stated that if the Board wants to continue to charge the rates that are in place where the employees are contributing; there is an additional subsidy of rates of approximately \$1.1 million from the last request. The Board will later be discussing other alternatives to recoup some of that in terms of an additional agreement tendered by informedRx should the temporary contract stay in place until June 30, 2012. Ms. Coriell gave a breakdown of the differences, an additional \$400,000 for the HSTA VB drug coverage that remains with HMSA until the protest is resolved, approximately \$1 million for the informedRx piece between their best and final pricing offer and an additional \$1.1 million because the EUTF will be extending the contract at their current pricing. The total will be \$2.5 million a month that the EUTF will be absorbing until the protest is resolved. The EUTF's actual surplus as of August 2011 is approximately \$90 million. The EUTF could raise the drug rates which would raise the rates for employers and employees which the administrator does not recommend. Discussion

held by Trustees, staff and benefits consultant regarding what the cost of raising the rates would be. Mr. Morrison stated it would be approximately a 5-7% increase in the charge rates and based upon the bargaining agreement it may be half borne by the employee and half by the employer. There is a 5% rate increase just to bring the drug rates back up to what they should have been for the contract extension versus what they were built on which was the awardee of the contract. Discussion held by Trustees, staff and benefits regarding rate adjustments. Mr. Morrison stated that we do not know when that rate adjustment will happen because the contract extension is for six (6) months but with the ability of the Board to terminate without cause with 90 days written notification and we have been waiting now for two (2) months the outcome of the hearings officer that could go on. Discussion held by Trustees, staff and benefits consultant regarding what the Board already voted on. Mr. Morrison stated there is a difference between the Board voting on basing the rates and approving the subsidy on what was the proposal from informedRx, that cost, but the contract extension that the Board awarded was on the current pricing terms intended for six (6) months. Whereas, we had a difference between what we had assumed we were going to have in a pricing, which was the proposal pricing from informedRx versus what informedRx actually put on the table as a contract extension. Discussion held by Trustees, staff and benefits consultant regarding clarity on what the Trustees voted on and will vote on now. Trustee Kaneshige asked if there was anything that would have prevented the Board from entering into a contract that was previously contemplated in the October Board meeting based on informedRx's best and final offer (BAFO) through the procurement. Mr. Morrison stated that was not what they offered back to the Board. What informedRx offered back to the Board as an extension was the current contract terms without any changes and later the Board will discuss an amendment to that which informedRx has offered. informedRx proposed as an extension which was approved by the Board in November was same term; pricing and no changes. Mr. Greg Buscetto from informedRx stated he was the one negotiating and that it is not exactly accurate. Back in October informedRx offered for the BAFO rate to be installed and were not asked for that. informedRx was asked for an extension of the current rates. Trustee Celeste Nip asked if there is a caveat with the BAFO. Mr. Buscetto stated the caveat is what the Board will be asked to look at during Executive Session, nothing has changed. Chair Kahoohanohano stated there is a motion on the floor. Deputy Attorney General Sarah Hiramaki stated what happened when the Board approved the extension at the current rate because at the time, the EUTF only had State Procurement Office (SPO) permission to approve the extension at the current rate. At the previous meeting, the Board asked the EUTF staff to get permission to incorporate this offer that the Board will consider in Executive Session and that the Board would address after SPO's permission has been attained. That is why it was approved at the current rate, although we knew about the offer. Discussion held by Trustees, staff and benefits consultant regarding deferring this motion until after Executive Session.

MOTION was made for the Board to approve the additional subsidy of the rates for an unknown period of time at the rate of an additional \$1.1 million per month over what was previously approved at \$1.4 million a month making it a total of \$2.5 million a month to keep the current rates until the award of contract with the pharmacy benefit manager contract is resolved. (Mizuno/Kaneshige)

Trustees Mizuno and Kaneshige withdrew the motion.

VII. EXECUTIVE SESSION

MOTION was made for the Board to move into Executive Session at 10:55 a.m. for the reasons stated on the agenda. (Mizuno/Kaneshige) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

Executive Session adjourned at 11:21 a.m.

Chair Kahooahanohano reported that the Board has taken no action in Executive Session.

V. NEW BUSINESS (continued)

A. informedRx Temporary Contract 1/1/12 – 6/30/12 – Cost Versus Premium Increase at CVS Caremark Rates

MOTION was made for the Board to approve the additional subsidy of \$1.1 million per month in order to maintain the current rates that are being charged for actives and retirees for the temporary period until such time as all issues of the procurement are resolved as recommended by the benefits consultant. (Kaneshige/Mizuno) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

MOTION was made for the Board to authorize the administrator, benefits consultant and deputy attorney general to execute the amendment to the existing extension of the contract with informedRx as proposed by informedRx and the terms and conditions that were explained in the proposal with the best and final pricing offer if the enrollment and the contract is carried through June 30, 2012 which has been approved by the State Procurement Office (SPO) for the amendment to the contract with informedRx as recommended by the benefits consultant. (Kaneshige/Nip) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

The agenda items that were not discussed earlier on agenda are deferred until the next Board meeting.

D. Administrator

1. Enrollment Changes Due to Open Enrollment
2. Enrollment Counts by Plans
3. Internal Controls Questionnaire

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4. Update of 2012 EUTF Legislative Proposals
 5. International Foundation Employee Benefits Plans (IFEBP) Conference Report
 6. Other Meetings: Hawaii Health Exchange and Hawaii Health Information Exchange and Employees Retirement System
- E. EUTF Managers' Operational Reports
1. Member Services Branch (MSB)
 - a. MSB Customer Service Outputs
 - b. MSB Service Factors
 - c. Open Enrollment (OE) Processing for Coverage Changes Effective January 1, 2012
 - d. COBRA OE [November 23, 2011 – December 14, 2011]
 - e. Administrative Appeal Outcomes
 2. Information Technology (IT)
 - a. Vitech Systems Group, Inc. – V3 Benefits Administration System (BAS)
 - b. IT Support by Gartner, Inc. – SPO Approved Vendor
 - c. Other IT Support Activities
 3. Accounting
 - a. Supplemental Budget FY13
 - b. Additional Maintenance and Support Hours for V3 Benefits Administration System for FY12
 - c. Trustee Liability Insurance Renewals
 - d. V3 Benefits Administration System
 - e. Update on FY11 Audit Report
 - f. Financial Report as of August 31, 2011
- F. Segal – Benefits Consultant Report
1. Financial Impact of Age 26 Enrollment Provision on EUTF Active Plans
 2. Plan Data
- G. Presentation by Gartner, Rosy Spraker - Risk Assessment of Vitech Benefits Administration System (BAS)
- H. Presentation by Marcus Kim, Aon Risk Services, Inc. - Trustee Liability Insurance Renewals
This item was taken out of order and addressed earlier on the agenda.
- I. Carrier Reports
1. Hawaii Dental Service (HDS)
 2. Hawaii Medical Service Association (HMSA)
 3. Health Management Associates (HMA)
 4. informedRx/NMHC Group Solutions Insurance

5. Kaiser Health Foundation
6. Royal State Insurance
7. Standard Insurance
8. Vision Service Plan (VSP)

IV. OLD BUSINESS

B. Early Retiree Reinsurance Program (ERRP)

1. Update
2. Aon Contract Extension (Action Item)

These items were taken out of order and addressed earlier on the agenda.

C. Update on Two Medicare Part B Projects

1. Death Validation Project
2. Retirees Not Enrolled in Medicare Part B

V. NEW BUSINESS

A. informedRx Temporary Contract 1/1/12 – 6/30/12 – Cost Versus Premium Increase at CVS Caremark Rates

This item was taken out of order and addressed earlier on agenda.

B. FY11 EUTF Annual Report

C. Medicare Part B Premium Increase 1/1/12

D. New Base Monthly Contribution Amounts 7/1/12 – Rates Over Caps

E. Civil Unions Effective 1/1/12

F. RFP for 7/1/13 Other Post Employment Benefits (OPEB) Actuarial Valuation Services and Consulting Services

VI. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

A. January 10, 2012, 9:00 a.m. – Regular Board Meeting

VII. EXECUTIVE SESSION

This item was taken out of order and discussed earlier on agenda.

VIII. ADJOURNMENT

There being no objections, the meeting adjourned at 11:25 a.m.

Respectfully submitted,

/s/

Dean Hirata, Secretary-Treasurer

APPROVED on March 13, 2012 as amended.

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Documents Distributed:

1. Draft Board Minutes of 10/18/11. (12 pages)
2. Draft Board Minutes of 11/08/11. (2 pages)
3. Excerpt from EUTF Administrative Rules, Section 5.04. (1 page)
4. Memorandum to BOT from Vice-Chair Audrey Hidano Regarding Administrative Committee Meeting Report dated 12/9/11. (2 pages)
5. Memorandum to BOT from PCA Regarding 2011 Asset Allocation Summary dated 12/9/11. (5 pages)
6. Enrollment Change Due to Open Enrollment dated 12/6/11. (5 pages)
7. Enrollment Counts As of 11/16/11 dated 12/8/11. (7 pages)
8. Memorandum to BOT from MSB Manager Regarding MSB Operations Report dated 12/6/11. (1 page)
9. Memorandum to BOT from IS Analyst Regarding December IT Operations Report dated 12/5/11. (1 page)
10. Memorandum to BOT from Financial Management Officer Regarding Accounting Operations Report- October/November 2011 dated 12/6/11. (2 pages)
11. Memorandum to BOT from Administrator Regarding Request for Approval to Amend Supplemental Contract 3 with Vitech Systems Group, Inc. to Support the Benefits Administration System. (6 pages)
12. EUTF Statement of Net Assets – Fiscal Year Ending June 30, 2012 (Unaudited) for August 31, 2011 dated 11/3/11. (2 pages)
13. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison Month Ended 8/31/11 (Unaudited) dated 11/3/11. (2 pages)
14. EUTF Statement of Cash Flows 2 Months Ended August 31, 2011 (Unaudited) dated 11/3/11. (1 page)
15. EUTF Unrestricted Gain (Loss) Analysis 2 Months Ended August 31, 2011 dated 11/4/11. (1 page)
16. EUTF Statement of Net Assets – Fiscal Year Ending June 30, 2012 (Unaudited) for September 30, 2011 dated 12/2/11. (3 pages)
17. EUTF Combined Statement of Revenues and Expenses-Budget & Actual Comparison Month Ended 9/30/11 (Unaudited) dated 12/2/11. (2 pages)
18. EUTF Statement of Cash Flows 3 Months Ended September 30, 2011 (Unaudited) dated 12/2/11. (1 page)
19. EUTF Unrestricted Gain (Loss) Analysis 3 Months Ended September 30, 2011 dated 12/2/11. (1 page)
20. EUTF Experience Accounting of Self-Funded Plans for FYE 6/30/2012 for 2 Months as of 8/31/2011 dated 12/6/11. (7 pages)
21. EUTF Experience Accounting of Self-Funded Plans for FYE 6/30/2012 for 3 Months as of 9/30/2011 dated 12/7/11. (7 pages)
22. Active Employees – Counts of All Dependents Ages 19-25, May Enrollment vs. October Enrollments dated 12/6/11. (1 page)
23. EUTF Annual Report as of 6/30/11 by Segal dated 12/6/11. (14 pages)
24. EUTF Benefits Administration System Project Assessment Report 16 for the Period 7/1-11/30/11 submitted 12/5/11. (14 pages)

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25. EUTF Public Officials and Employment Practices Liability, Fiduciary Liability Insurance and Crime Insurance Renewal Proposal Presentation by Aon dated 12/31/11. (25 pages)
26. Letter to BOT from Aon Consulting Regarding ERRP Update dated 12/9/11. (3 pages)
27. Segal Capital Checkup Regarding 2012 Medicare Premiums, Deductibles and Coinsurance dated 11/3/11. (3 pages)
28. Medicare Part B Reimbursements (2nd Quarter 2010, 2nd Quarter 2011 and Projected 1st Quarter 2012) as of 12/6/11 and 12/2/11. (1 page)
29. Retiree Base Monthly Contribution (BMC) Over Cap 07/01/2012 as of 12/6/11. (1 page)
30. EUTF Base Monthly Contribution Analysis – 2012 dated 12/6/11. (1 page)