

TESTIMONY BY SANDRA YAHIRO
ACTING ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

ON

HOUSE BILL NO. 2050

January 28, 2014, 8:30 a.m.

RELATING TO PRESCRIPTION DRUG BENEFITS

Chairperson Nakashima and Members of the Committee:

The Employer-Union Health Benefits Trust Fund's (EUTF) Board of Trustees (Board) has not yet had a chance to review and discuss HB 2050. However, I would like to inform you that the EUTF is poised to send out a Request for Proposals (RFP) to conduct a comprehensive claims audit of the current pharmacy benefit manager (PBM) to ensure that claims are being processed in accordance with the contract between EUTF and the PBM, that participants are receiving the benefits to which they are entitled, and that cost containment measures and contractual pricing mechanisms are being uniformly applied. The draft RFP is being presented to the Board at its January 28, 2014 Board meeting (see attached agenda). Upon Board approval the RFP will be posted on the State Procurement Office's website to solicit competitive proposals. The scope of the audit will include, but not be limited to:

- Audit of administrative procedures and system edits
- Audit of claims processing, including verifying claims are paid in accordance with contract provisions

WRITTEN ONLY

- Audit of rebates
- Audit of mail order brand drug acquisition costs

The period of the audit will be May 1, 2012 to June 30, 2013 for the active employee and non-Medicare retiree plans and July 1, 2012 to June 30, 2013 for the Medicare retiree plans.



STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

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ACTING ADMINISTRATOR
SANDRA L. YAHIRO

January 22, 2014

NOTICE OF MEETING OF THE BOARD OF TRUSTEES
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

DATE: January 28, 2014, Tuesday
TIME: 9:00 a.m.
PLACE: HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND (EUTF)
CITY FINANCIAL TOWER
201 MERCHANT STREET, 15TH FLOOR
HONOLULU, HAWAII

AGENDA

- I. Call to Order
- II. Minutes
 - A. December 10, 2013
- III. Executive Session
 - A. Executive Session Minutes – December 10, 2013 [Authorized under HRS 92-5a(4)(8)]
 - B. Rates for Retiree Plans for Vision Service Plan Effective January 1, 2014 [Authorized under HRS 92-5a(4)(8)]
 - C. Rates for the Active Employee Plans Effective July 1, 2014 – HMSA, Kaiser, VSP, HDS, Royal State National [Authorized under HRS 92-5a(4)(8)]
 - D. Pharmacy Benefit Manager Claims Audit Request for Proposals [Authorized under HRS 92-5a(4)(8)]
 - E. Atlas Insurance Agency Assuming EUTF's Insurance Broker Business from Arthur J Gallagher & Co [Authorized under HRS 92-5a(4)(8)]
 - F. Appeals [Authorized under HRS 92-5a(4)(8)]
 - 1. Newborn – Enrollment Application Received Beyond 30 Days (4 Appeals)
 - 2. Change Effective Date to Add Spouse
 - 3. Retiree Medicare Part B Reimbursement
 - G. Report from Administrative Committee Meeting on January 10, 2014
 - H. EUTF Administrator Vacancy [Authorized under HRS 92-5a (2)(4)]
- IV. Committee Report
 - A. Administrative Committee Report

1. Internal Controls Status Update
2. Administrative Rules Revision Project Status Update
3. Pharmacy Benefit Manager Claims Audit Request for Proposals (Executive Session)
4. EUTF 2014 Legislation

V. Old Business

- A. 2014 EUTF-Related Legislation
- B. Investment Committee Recommendation Regarding Strategic Allocation

VI. New Business

- A. 60th Annual Employee Benefits Conference, Boston, MA – October 12-15, 2014
- B. Rates for the Active Employee Prescription Drug Plans Effective July 1, 2014
- C. Administrative Rules Section 4.10(c) Continuation of Coverage Rule Change
- D. Concern From Active Employee Regarding Pharmacy Benefits Manager

VII. Reports

- A. Segal – Benefits Consultant Report
 1. Bundling of Medical and Drug Plans for Active Employees Effective July 1, 2014
Due to the Federal Affordable Care Act (ACA)
 2. Eliminating EUTF and HSTA VB Supplemental Plans Effective June 30, 2014
Due to ACA
 3. Mapping Members Enrolled in Supplemental Plans and Stand Alone Medical and Drug Plans
- B. Acting Administrator
 1. Vitech Modified Phase II
 2. Bank of Hawaii Banking Services Progress
 3. Administrative Rules Revision Project
 4. Medicare Death Validation Project Update
 5. Direct Deposit Project Update
 6. Affordable Care Act Implementation
 7. CVS Implementation Guarantee
 8. HIPAA Security & Compliance Audit
 9. Expanding EUTF's Office Space
 10. EUTF's Internal Controls
 11. Premium/Rate Splits Different Between Bargaining Units and Between Employers
 12. Business Associate Agreement with Department of Accounting & General Services and Employees Retirement System
 13. EUTF Website Review
 14. Vitech Rebill Issue
 15. HB65, Act 226 SLH2013
 16. Customer Service Improvement Project
 17. RFP for Actuarial Consultant
 18. FY15 Budget

19. Calendar Year 2013 W-2 Reporting Cost of Employee/Employer Health Plan Coverage
 20. Health Benefit Plans Claims Audits
 21. Retroactive Rate Changes – BU 10, 12 and 13
 22. RFPs for Medical and Prescription Drug Plans
 - C. EUTF Managers' and Program Specialist Operational Reports
 1. Member Services Branch (MSB)
 - a. MSB Data Update
 - b. MSB Staffing Level Update
 - c. Active Employee Open Enrollment
 - d. Carrier Reports for the Month of December
 2. Information Technology (IT)
 - a. V3 Benefits Administration System
 - b. Employer and Employee Retroactive Rate Change for Bus 00, 10, 12 and 13
 - c. Employer-Provided Health Coverage Reporting – Form W-2 for 2013
 - d. IT Staff Vacancy
 - e. V3 BAS Modified Phase II (Employer File Feed)
 - f. Active Employee's Open Enrollment 2014
 - g. Microsoft Office 365 Conversion
 - h. 100% Employer Contribution of the Base Monthly Contribution (BMC) Cap
 - i. Enrollment Counts
 3. EUTF Program Specialist
 - a. Prescription Drug Claim Auditing Services Request for Proposal (RFP)
 - b. Wellness Initiatives
 4. Accounting
 - a. Financial Statement as of October 31, 2013
 - D. Carrier Reports
 1. CVS Caremark
 2. SilverScript
 3. Hawaii Dental Service (HDS)
 4. Hawaii Medical Service Association (HMSA)
 5. Kaiser Health Foundation
 6. Royal State Insurance
 7. Vision Service Plan (VSP)
- VIII. Future Agenda Items Discussion and Next Meeting Date
- A. February 25, 2014, 9:00 a.m. – Regular Board Meeting
- IX. Adjournment
- Persons with special needs may call Maria Quartero at (808) 587-5434 by Friday, January 24, 2014 to discuss accommodation arrangements.

yamashita1

From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 24, 2014 12:53 PM
To: LABtestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB2050 on Jan 28, 2014 08:30AM*

HB2050

Submitted on: 1/24/2014

Testimony for LAB on Jan 28, 2014 08:30AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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