

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

TRUSTEES PRESENT

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| Mr. Roderick Becker, Chairperson | Ms. Laurel Johnston |
| Ms. Audrey Hidano, Vice Chairperson | Mr. Gordon Murakami |
| Mr. Christian Fern, Secretary-Treasurer (arrived 10:05 a.m.) | Ms. Celeste Nip |
| Ms. Linda Currivan Musto | Mr. Clifford Uwaine (arrived at 9:20 a.m.) |
| Mr. Damien Elefante | Mr. Ryker Wada |

TRUSTEES ABSENT: None

ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General

EUTF STAFF

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| Mr. Derek Mizuno, Administrator | Mr. Thomas Morrison, Benefits Consultant (via conf. call) |
| Ms. Donna Tonaki, Assistant Administrator | Mr. Raymond Kan |
| Ms. Maria Quartero | Ms. Lara Nitta |
| Ms. Amy Cheung | Mr. Kuan Yuan |
| Ms. Heather Hall | |

OTHERS PRESENT

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|----------------------------------|------------------------------|
| Ms. Marissa Adachi, HMSA | Ms. Mae Kishimoto, HSTA-R |
| Ms. Cheryl Archer, USAble | Ms. Angela Kohls, Kaiser |
| Ms. Dina Aun, CVS | Mr. Brandon Kumabe, HMSA |
| Ms. Stacia Baek, HMSA | Mr. Christopher Letoto, HMSA |
| Ms. Sandra Benevides, CVS Health | Ms. Denise Mercil, Securian |
| Ms. Elaine Fujiwara, HDS | Dr. Chris Miura, Kaiser |
| Ms. Vanelle Hirayasu, HMA | Mr. Vaughn Tokashiki, HSTA-R |
| Ms. Monica Kim, VSP | Mr. Troy Tomita, Kaiser |

I. CALL TO ORDER

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

II. MINUTES – January 14, 2019.

The Board reviewed the draft minutes of January 14, 2019.

MOTION was made and seconded to approve the minutes of January 14, 2019 as circulated. (Currivan Musto/Elefante) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

III. EXECUTIVE SESSION

MOTION was made and seconded for the Board to move into Executive Session at 9:03 a.m. (Nip/Hidano) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

The regular meeting reconvened from Executive Session at 9:42 a.m.

Chairperson Becker reported that the Board performed the following in Executive Session:

1. Approved the Executive Session minutes of January 14, 2019.
2. Approved assignment of the investment consulting contracts.
3. Approved a commitment of \$50 million to a private credit fund subject to contract negotiation.

IV. INVESTMENT COMMITTEE REPORT – PENSION CONSULTING ALLIANCE

- A. Private Credit Education
- B. Alternative Risk Premia Strategy Benchmark
- C. December 31, 2018 Strategic Performance Report Including Excess Funds
- D. Quarterly Real Estate Report – Q3 2018
- E. Quarterly Private Equity Report – Q3 2018
- F. Private Equity Investment Plan Update

Mr. Kuan Yuan summarized the Investment Committee's report dated February 12, 2019 and Mr. Colin Bebee, Pension Consulting Alliance, participating via telephone summarized the 4th quarter results in which the OPEB Trust ended at \$2.7 billion with quarterly returns of -7.7% (net of fees) for the quarter, underperforming the policy benchmark return of -7.4%. Since inception (June 23, 2011), the EUTF portfolio has returned 6.1% (net of fees), equal to the policy benchmark return.

MOTION was made and seconded to approve the Investment Committee's recommendation of an Alternative Risk Premia strategy benchmark for the managers and the asset class. (Currivan Musto/Nip) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Trustee Christian Fern entered the meeting at 10:05 a.m.

V. NEW BUSINESS

A. 2019 EUTF Related Legislation

Mr. Derek Mizuno presented the legislative spreadsheet highlighting the EUTF proposed bills, bills related to EUTF budget requests, bills that EUTF staff is recommending a position and other bills that would impact the EUTF.

MOTION was made and seconded to support the following bills:

- HB1345 and SB795 related to EUTF budget requests
- HB578 and SB1237 related to the all payer claims database receipt of Medicare Advantage claims data.

(Johnston/Currivan Musto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

MOTION was made and seconded to oppose the following portions of bills or bills:

- SB1401 section related to prohibition of copayment incentives for filling prescriptions at a pharmacy or mail order facility that is owned by the pharmacy benefit manager
- HB1358 related to sending notices by registered mail for members who may be eligible for income adjusted Medicare Part B premiums
- HB1462 Part II related to funding the OPEB actuarial accrued liability

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

February 19, 2019 Minutes

Page 3

- SB1153 related to reimbursement of Medicare Part D premiums
- SB493 related to mandated coverage of investigational drugs (Johnston/Elfante) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

B. Board Materials in Electronic Format

Mr. Mizuno informed the Board that laptops can be purchased for the Board's use at the meetings to replace the printing of hard copies. For security reasons, we will continue to not allow wi-fi connection but instead would download Microsoft Office and prior Board meeting materials onto the laptop. EUTF staff will continue to provide electronic versions of the meeting materials for the Trustees to download onto the laptop. If any Trustees are interested, they should inform EUTF staff.

VI. OLD BUSINESS

A. Actuarial Valuation Report as of July 1, 2018

Mr. Mizuno recommended accepting the assumptions and methods contained in the July 1, 2018 actuarial valuation report prepared by Gabriel, Roeder, Smith & Company that was presented at the January 14, 2019 Board meeting.

MOTION was made and seconded to accept the July 1, 2018 actuarial valuation aggregate employer report and the assumptions and methods contained therein. (Nip/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

B. Status Report on Pending Items from Claims Technologies, Inc. Claims Audit Report – HMSA plans (active employees 7/1/13 – 6/30/16 and retirees 1/1/14 – 12/31/15)

Mr. Mizuno reported on the possible resolution of the last pending item from the HMSA audit related to duplicate payments. Claims Technologies, Inc. (CTI) had identified \$500,000 of possible duplicate payments. In lieu of HMSA reviewing each individual claim, CTI recommended a settlement of 20% or \$100,000 on their experience with similar potential duplicate payments. HMSA agreed to this amount and EUTF staff recommend acceptance of this settlement. In addition, HMSA will be conducting additional procedures, post CTI audit, to identify and correct duplicate payments. These new procedures will be reviewed by CTI during their next audit of HMSA for the period July 1, 2017 – June 30, 2018 active employees and calendar year 2017 retirees.

Ms. Mae Kishimoto, HSTA-R, asked what types of duplicate payments occur. HMSA will provide a list for the Board and the public.

MOTION was made and seconded to approve the settlement amount of \$100,000 with HMSA related to possible duplicate claims as recommended by Claims Technologies, Inc. and EUTF staff. (Fern/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

VII. REPORTS

A. Segal

1. Quarterly Plan Performance Report
2. Quarterly Performance Guarantee Report

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

February 19, 2019 Minutes

Page 4

3. Segal Quarterly Practical Research on Public Sector Benefits – Winter 2019
 4. Segal Quarterly Trend Report
- Mr. Tom Morrison, Segal Company, summarized the aforementioned items for the Board. The Committee, EUTF staff, and benefits consultant discussed Kaiser's reporting deadlines.
- B. Administrator
1. Meetings with legislators and unions
 2. Public engagement
- C. EUTF Managers', Program Specialist and Benefits Audit Specialist Reports
- The EUTF Managers' and Specialists' reports were in the Board packet.
1. Member Services Branch (MSB)
 - a. MSB Data
 - b. MSB Staffing Update
 - c. Carrier Reports
 2. Information Systems (IS)
 - a. V3 Benefits Administration System (V3 BAS) Modified Phase II (Employer File Feed)
 - b. HIC to MBI Number Conversion
 - c. HIPAA Risk Assessment
 - d. Medicare Part B Reimbursement Amounts for 2017
 - e. Microsoft Azure Cloud
 - f. Vacancies
 - g. Enrollment Counts
 3. EUTF Benefits Audit Specialist Report
 - a. Audits Currently in Progress
 - b. Additional Audits to be Initiated by 6/30/19
 - c. Completed and Recurring Audits
 4. EUTF Program Specialist Report
 - a. Worksite wellness
 - b. Preventive health
 - c. Chronic disease management
 5. Financial Services Branch (FSB)
 - a. FSB Performance Data
 - b. Management Letter Corrective Action Plan Status
 - c. EUTF Collections
 - d. FSB Staffing Update
 - e. Financial Statements as of November 30 and December 31, 2018
- D. Carrier Reports
- The Carrier reports were in the Board packet.
1. CVS Caremark

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

February 19, 2019 Minutes

Page 5

2. SilverScript
3. Hawaii Dental Service (HDS)
4. Hawaii Mainland Administrators (HMA)
5. Hawaii Medical Service Association (HMSA)

6. Kaiser Health Foundation
Trustee Linda Currivan Musto commended Kaiser on their grants totaling \$188,500 for community health initiatives.

7. USAbled Life
8. Vision Service Plan (VSP)

The regular meeting recessed and Executive Session reconvened at 10:47 a.m.

The regular meeting reconvened at 11:39 a.m.

Chairperson Becker reported that the Board performed the following in Executive Session:

1. Approved an award of contract for RFP 19-001 Consulting Services to Assist in the Development of a Request for Proposals for a Health Benefits Administration System subject to contract negotiations
2. Approved classifying the three temporary positions, that are part of the benefits administration system implementation budget request, as exempt.

VIII. NEXT MEETING DATE

Tuesday, March 19, 2019, 9:00 a.m.

IX. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 11:40 a.m. (Elefante/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Respectfully submitted,

/s/

Christian Fern, Secretary-Treasurer

APPROVED on March 19, 2019 as amended.

Documents Distributed:

1. Draft Board Minutes of 1/14/19. (5 pages)
2. Memorandum to BOT from Investment Committee Regarding 2/12/19 Investment Committee Meeting. (1 page)
3. Legislative Update dated 2/14/19. (13 pages)
4. Memorandum to BOT from Administrator Regarding Status Report on Pending Items from Claims Technologies, Inc. Claims Audit Report-HMSA plan (active employees 7/1/13-6/30/16 and retirees 1/1/14-12/31/15). (1 page)

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

February 19, 2019 Minutes

Page 6

5. EUTF Year to Date Contract Plan Experience Report Contract Year to Date through December 2018 dated 2/19/19. (41 pages)
6. Segal Consulting data, Practical Research on Public Sector Benefits, Winter 2019. (28 pages)
7. Segal Consulting Trends, Health Plan News at a glance for the Public Sector, 1st Quarter 2019. (1 page)
8. Administrators Monthly Report to the Board from 01/05/19-02/08/19 dated 02/08/19. (1 page)
9. Memorandum to BOT from Member Services Branch Manager Regarding January 2019 – February 2019 Member Services Operations Report dated 02/08/19. (12 pages)
10. Memorandum to BOT from Information Systems Chief Regarding January 2019-February 2019 Information Systems (IS) Operations Report dated 02/08/19. (11 pages)
11. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding January 2019-February 2019 EUTF Benefits Audit Specialist Report dated 02/08/19. (2 pages)
12. Memorandum to Administrator from EUTF Program Specialist Regarding January 2019-February 2019 EUTF Program Specialist Report dated 02/08/19. (1 page)
13. Memorandum to BOT from Financial Management Officer Regarding January 2019-February 2019 Financial Services Branch (FSB) Report dated 02/08/19. (25 pages)
14. CVS Caremark Monthly Carrier Report for January 2019 dated 02/07/19. (7 pages)
15. SilverScript Monthly Carrier Report for January 2019 dated 02/07/19. (3 pages)
16. HDS Monthly Carrier Report for January 2019 dated 02/08/19. (2 pages)
17. HMA Monthly Carrier Report for January 2019 dated 02/01/19. (2 pages)
18. HMSA Monthly Carrier Report for January 2019 dated 02/15/19. (3 pages)
19. Kaiser Monthly Carrier Report for January 2019 dated 02/08/19. (2 pages)
20. Securian Financial Monthly Carrier Report for January 2019 dated 02/10/19. (1 page)
21. US Able Life Monthly Carrier Report for January 2019 dated 02/08/19. (2 pages)
23. VSP Monthly Carrier Report for January 2019 dated 02/07/19. (2 pages)