

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, May 21, 2019

TRUSTEES PRESENT

Mr. Roderick Becker, Chairperson	Ms. Laurel Johnston
Ms. Audrey Hidano, Vice Chairperson (left 11:15 am)	Mr. Gordon Murakami
Mr. Christian Fern, Secretary-Treasurer	Mr. Clifford Uwaine
Ms. Linda Currivan Musto	Mr. Ryker Wada
Mr. Damien Elefante	

TRUSTEES ABSENT

Ms. Celeste Nip

ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Administrator	Mr. Thomas Morrison, Benefits Consultant
Ms. Donna Tonaki, Assistant Administrator	Mr. Raymond Kan
Ms. Maria Quartero	Ms. Heather McMahan
Ms. Amy Cheung	Mr. Kali Puuohau
Ms. Linda Green	Ms. Lara Nitta
Ms. Bonny Kahalewai	Mr. Kuan Yuan

OTHERS PRESENT

Ms. Dina Aun, CVS Health	Ms. Mae Kishimoto, HSTA-R
Ms. Stacia Baek, HMSA	Ms. Angela Kohls, Kaiser
Ms. Irene Bayudan, VSP	Ms. Joey Lee, HDS
Ms. Sandra Benevides, CVS Health	Mr. Christopher Letoto, HMSA
Ms. Carol Bernal, HMA	Ms. Bev Luney, USABLE Life
Mr. Su Chai, Kaiser	Ms. Denise Mercil, Securian
Mr. Tom England, Kaiser	Dr. Chris Miura, Kaiser
Dr. Rupal Gohil, HMSA	Dr. Stephanie Park, HMSA
Ms. May Goya, Kaiser	Mr. Dave Shiroma, Kaiser
Ms. Susan Goya, HGEA-R	Mr. Gavin Swain, HMSA
Mr. Galen Haneda, HMSA	Mr. Troy Tomita, Kaiser
Mr. Brandon Kumabe, HMSA	Ms. Jennifer Woo, C&C, DHR

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 9:00 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, May 21, 2019.

II. MINUTES – April 23, 2019.

The Board reviewed the draft minutes of April 23, 2019.

MOTION was made and seconded to approve the minutes of April 23, 2019 as circulated. (Currivan Musto/Fern) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

III. EXECUTIVE SESSION

MOTION was made and seconded for the Board to move into Executive Session at 9:02 a.m. (Elefante/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

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

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

1. Approved Executive Session minutes of April 23, 2019.
2. Denied Appeal #1 to waive collection of employer premium contributions related to an ex-spouse.
3. Approved Appeal #2 to waive the Medicare Part B enrollment requirement for 12 months.
4. Approved extension of a banking services contract.

IV. COMMITTEE REPORTS

A. Investment Committee

1. March 31, 2019 Strategic Performance Report Including Excess Funds
Mr. Colin Bebee, Meketa Investment Group, participating via telephone, summarized the 1st quarter 2019 results in which the OPEB Trust ended at \$3.0 billion with quarterly returns of 8.2% (net of fees) for the quarter, outperforming the policy benchmark return of 7.8%. Since inception (June 23, 2011), the EUTF portfolio has returned 6.9% (net of fees), equal to the policy benchmark return. Mr. Bebee also informed the Board that recent legislation taxing REITs in Hawaii should have minimal impact to the portfolio as the OPEB Trust investment in REITs is in a passive index fund and exposure to REITs with Hawaii investments is minimal.
2. Quarterly Private Equity Report – Q4 2018
3. Quarterly Real Estate Report – Q4 2018
4. Private Core Real Estate Investment Plan Update
5. Total Portfolio Expected Return Update
6. Manager Watch Status Recommendation
Mr. Kuan Yuan summarized the Investment Committee's report dated May 15, 2019 covering items 2-6 highlighting the reasons for the additional investment in the Morgan Stanley Prime real estate fund, downside risk protection through low leverage and strong growth in their net operating income. Trustee Gordon Murakami asked about the request to place AlphaSimplex on watch status. Mr. Bebee and Mr. Yuan responded that they have been monitoring AlphaSimplex since the organizational change and it is standard practice in the industry to request approval from boards when placing investment managers on watch status.

MOTION was made and seconded to approve the Investment Committee's recommendation of an additional \$40 million commitment to Morgan Stanley Prime. (Fern/Murakami) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

May 21, 2019 Minutes

Page 3

MOTION was made and seconded to approve the Investment Committee's recommendation to place AlphaSimplex on Watch status effective May 1, 2019 due to organizational changes. (Fern/Murakami) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

B. Administrative Committee

1. Proposed EUTF Administrative Rule Changes

Mr. Derek Mizuno summarized the changes described in the Administrative Committee's report dated May 14, 2019. Mr. Mizuno added that the Administrative Committee recommendation to approve the proposed changes is subject to SB1204 becoming law.

2. Progress on Strategic Plan for the Period January 1, 2018 – December 31, 2018

Mr. Mizuno described the scoring meters and monitoring spreadsheet and discussed how to use the two documents in combination using the mail order objective as an example.

Trustee Hidano was excused from the meeting at 11:15 a.m.

V. OLD BUSINESS

A. HMSA Medical Proposed Plan Changes

Mr. Mizuno discussed the HMSA proposal to add coverage of 3D tomosynthesis mammograms to the EUTF and HSTA VB retiree plans effective January 1, 2020.

MOTION was made and seconded to add coverage of 3D digital breast tomosynthesis mammograms to the HMSA EUTF And HSTA VB retiree plans effective January 1, 2020. (Currivan Musto/Johnston) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

B. New Vice Chairperson (Employee Trustee) Effective July 1, 2019

Trustee Celeste Nip was nominated for Vice Chairperson effective July 1, 2019 (Uwaine/Murakami).

MOTION was made and seconded to close nominations for Vice Chairperson effective July 1, 2019. (Johnston/Elefante) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Trustee Nip was elected Vice Chairperson effective July 1, 2019.

C. 2019 EUTF RELATED LEGISLATION

Mr. Mizuno summarized the status of the EUTF proposed bills and other bills impacting the EUTF noting that bills mandating coverage died in conference committee.

VI. REPORTS

A. Segal

1. Quarterly Plan Performance Report
2. Quarterly Performance Guarantee Report
3. Segal Quarterly Trend Report – 2nd Quarter 2019

Mr. Tom Morrison, Segal Company, summarized the aforementioned items for the Board.

B. Administrator

1. Meetings with legislators and unions
2. Public engagement

C. EUTF Managers', Program Specialist and Benefits Audit Specialist Reports

Chairperson Becker informed the Board that the EUTF Managers' and Specialists' reports were included the Board packet and asked if there were any questions. There was no discussion or questions.

1. Member Services Branch (MSB)
 - a. MSB Data
 - b. MSB Staffing Update
 - c. 2019 Active Employee Open Enrollment (OE)
 - d. Carrier Reports
2. Information Systems (IS)
 - a. Network Equipment Replacement
 - b. EUTF New Benefits Administration System (BAS) Project
 - c. V3 Benefits Administration System (V3 BAS) Modified Phase II (Employer File Feed)
 - d. HIC to MBI Number Conversion
 - e. HIPAA Risk Assessment
 - f. Medicare Part B Reimbursement Amounts for 2017
 - g. Vacancies
 - h. Enrollment Counts
3. EUTF Benefits Audit Specialist Report
 - a. Audits Currently in Progress
 - b. Additional Audits to be Initiated by 12/31/19
 - 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

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

May 21, 2019 Minutes

Page 5

- c. EUTF Collections
- d. FSB Staffing Update
- e. Financial Statements as of March 31, 2019

D. Carrier Reports

Chairperson Becker informed the Board that the carrier reports were in the Board packet and asked if there were any questions or comments.

1. CVS Caremark

Trustee Linda Currivan Musto commended CVS on their decision to join the Quit Big Tobacco campaign and not do business with public relations agencies that have ties to the tobacco industry.

2. SilverScript

3. Hawaii Dental Service (HDS)

Trustee Currivan Musto commended HDS on their participation in the Waianae Keiki Spring Fest.

4. Hawaii Mainland Administrators (HMA)

5. Hawaii Medical Service Association (HMSA)

Trustee Currivan Musto commended HMSA on their participation in numerous events across the state.

6. Kaiser Health Foundation

Trustee Currivan Musto commended Kaiser for their donation to Mental Health America of Hawaii and participation in campus beautification at Ilima Intermediate School.

7. Securian

8. USABLE Life

Trustee Currivan Musto commended USABLE for their participation in the Hawaii Food Bank.

9. Vision Service Plan (VSP)

VII. NEXT MEETING DATE

The next Board meeting is on Tuesday, June 25, 2019 at 9:00 a.m. – Retiree Premiums Effective January 1, 2020.

VIII. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 11:38 a.m. (Elefante/Currivan Musto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/

Christian Fern, Secretary-Treasurer

APPROVED on June 25, 2019.

Documents Distributed:

1. Draft Board Minutes of 4/23/19. (5 pages)
2. Memorandum to BOT from Investment Committee Regarding 5/14/19 Investment Committee Meeting dated 5/15/19. (2 pages)
3. Memorandum to BOT from Administrative Committee Regarding 5/14/19 Administrative Committee Meeting dated 5/14/19. (2 pages)
4. Legislative Update dated 5/21/19. (2 pages)
5. EUTF Year to Date Contract Plan Experience Report Contract Year to Date through May 21, 2019. (37 pages)
6. Trends by Segal Consulting, 2nd Quarter 2019. (1 page)
7. Administrators Monthly Report to the Board from April 2019-May 2019 dated 5/10/19. (1 page)
8. Memorandum to BOT from Member Services Branch Manager Regarding April 2019-May 2019 Member Services Operations Report dated 5/10/19. (8 pages)
9. Memorandum to BOT from Information Systems Chief Regarding April 2019-May 2019 Information Systems (IS) Operations Report dated 5/10/19. (11 pages)
10. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding April 2019-May 2019 EUTF Benefits Audit Specialist Report dated 5/10/19. (2 pages)
11. Memorandum to Administrator from EUTF Program Specialist Regarding April 2019-May 2019 EUTF Program Specialist Report dated 5/10/19. (5 pages)
12. Memorandum to BOT from Financial Management Officer Regarding April 2019-May 2019 Financial Services Branch (FSB) Report dated 5/10/19. (15 pages)
13. CVS Caremark Monthly Carrier Report for April 2019 dated 5/8/19. (17 pages)
14. SilverScript Monthly Carrier Report for April 2019 dated 5/6/19. (4 pages)
15. HDS Monthly Carrier Report for April 2019 dated 5/10/19. (2 pages)
16. HMA Monthly Carrier Report for April 2019 dated 5/1/19. (2 pages)
17. HMSA Monthly Carrier Report for April 2019 dated 5/15/19. (3 pages)
18. Kaiser Monthly Carrier Report for April 2019 dated 5/10/19. (2 pages)
19. Securian Financial Monthly Carrier Report for April 2019 dated 5/10/19. (1 page)
20. US Able Life Monthly Carrier Report for April 2019 dated 5/6/19. (2 pages)
21. VSP Monthly Carrier Report for April 2019 dated 5/8/19. (2 pages)