I. CALL TO ORDER
The meeting of the Board of Trustees was called to order at 9:00 a.m. by Chairperson Christian Fern, in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Monday, January 13, 2020.

Trustee Clifford Uwaine arrived at 9:01 a.m.

II. MINUTES – December 17, 2019.
The Board reviewed the draft minutes of December 17, 2019.

MOTION was made and seconded to approve the minutes of December 17, 2019, as circulated. (Currivan Musto/Elefante) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

III. NEW BUSINESS
A. Actuarial Valuation Report as of July 1, 2019
Mr. Joseph Newton and Mr. Mehdi Riazi of Gabriel Roeder Smith & Company (GRS) presented the results of their July 1, 2019 actuarial valuation of the State and counties other post-employment benefits noting that the valuation was very close to the expectations from the July 1, 2018 actuarial valuation.

MOTION was made and seconded to accept the July 1, 2019 actuarial valuation aggregate employer report and the assumptions and methods contained therein. (Johnston/Currivan Musto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

B. Fiscal Year Ending June 30, 2019 Financial Statement Audit

Mr. Ralph Kanetoku, Ms. Robyn Kawamura, and Ms. Kristen Ota of KKDLY LLC presented the results of their audit of the EUTF’s financial statements for the fiscal year ending June 30, 2019 including the presentation to the Board, Communication with Those Charged with Governance, the Report to the Auditor, the Management Letter, the Schedule of Changes in Fiduciary Net Position by Employer, the Report on Census Data, and the audited financial statements. KKDLY LLC noted that the two management letter comments were the same as last year’s audit and the number of adjusting journal entries were significantly reduced. Mr. Derek Mizuno noted the following regarding the management letter comments

- An audit is currently being conducted on the prescription drug claims through December 31, 2017 retirees and June 30, 2018 actives with projected completion this calendar year. EUTF staff will also present a draft request for proposals for future prescription drug claims audits.
- EUTF staff continue to work on reducing the number and dollar amount of refunds due to members. The Financial Services Branch is currently fully staffed which includes an additional account clerk position provided by the Member Services Section and will be adding another account clerk position also provided by the Member Services Section. Staff continues to work on the employer file feed project that should provide more timely notification of employee terminations which will reduce new refunds.

Mr. Mizuno also noted that EUTF Financial Services Branch staff reduced the number of adjusting journal entries to nine in this year’s audit from 34 during last year’s audit of which the majority were EUTF prepared adjusting journal entries.

IV. REPORTS

A. Segal

B. Administrator

1. Meetings with legislators and unions
   Mr. Mizuno reported that all meetings with the unions and key legislators have been completed.

2. Public engagement

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

1. Member Services Branch (MSB)
   a. MSB Data
   b. MSB Staffing Update
   c. Outreach & Training
   d. Carrier Reports
2. Information Systems (IS)
   a. EUTF New Benefits Administration System (BAS) Project
   b. V3 Benefits Administration System Modified Phase II (Employer File Feed)
   c. HIC to MBI Number Conversion
   d. ISB Staffing Update
   e. Enrollment Counts
3. EUTF Benefits Audit Specialist Report
   a. Audits Currently in Progress
   b. Additional Audits to be Initiated by 06/30/20
   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. 2019 Financial Audit
   f. Financial Statements as of October 31, 2019
D. Carrier Reports
   1. CVS Caremark
   2. SilverScript
   3. Hawaii Dental Service (HDS)
   4. Hawaii Mainland Administrators (HMA)
   5. Hawaii Medical Service Association (HMSA)
      Trustee Linda Currivan Musto commended HMSA on their community activities on the Big Island during the month of December.
   6. Kaiser Health Foundation
      Trustee Currivan Musto commended Kaiser on its donations to not-for-profit organizations and national recognition for their healthcare service delivery.
   7. Securian
   8. Vision Service Plan (VSP)
V. EXECUTIVE SESSION
MOTION was made and seconded to move into Executive Session at 10:05 a.m. (Nip/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Trustee Celeste Nip was excused from the meeting at 10:05 a.m.

The regular meeting reconvened at 10:28 a.m.

Chairperson Christian Fern reported that the following were approved during Executive Session:
1. Executive Session minutes of December 17, 2019
2. RFP 20-004 Benefit Plan Audit Services

VI. NEXT MEETING DATE
Tuesday, February 18, 2020, 9:00 a.m. – Investment Committee Report and EUTF Related Legislation

VII. ADJOURNMENT
MOTION was made and seconded for the Board to adjourn the meeting at 10:29 a.m. (Hidano/Elemante) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/

Laurel Johnston, Secretary-Treasurer

APPROVED ON February 18, 2020

Documents Distributed:
1. Draft Board Minutes of December 17, 2019. (5 pages)
2. GRS July 1, 2019 Retiree Healthcare Valuation (OPEB) Presentation dated January 2020 (17 pages)
3. GRS Draft Actuarial Valuation Report as of July 1, 2019 (64 pages)
4. KKDLY Financial Audit of the EUTF for Year Ended June 30, 2019 (9 pages)
5. KKDLY Communication with Those Charged with Governance dated June 30, 2019 (9 pages)
6. KKDLY Management Letter dated June 30, 2019 (4 pages)
7. KKDLY Financial Statements and Supplementary Information dated June 30, 2019 (92 pages)
8. KKDLY Schedule of Changes in Fiduciary Net Position by Employer dated June 30, 2019 and 2018 (20 pages)
9. KKDLY Report on Census Data dated June 30, 2019 (2 pages)