

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Monday, January 13, 2020

TRUSTEES PRESENT

Mr. Christian Fern, Chairperson	Mr. Damien Elefante
Ms. Celeste Nip, Vice-Chairperson (excused at 10:05 a.m.)	Ms. Audrey Hidano
Ms. Laurel Johnston, Secretary-Treasurer	Mr. Osa Tui
Mr. Roderick Becker	Mr. Clifford Uwaine (arrived at 9:01 a.m.)
Ms. Linda Currivan Musto	Mr. Ryker Wada

TRUSTEES ABSENT

None

ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Administrator	Mr. Stephen Murphy, Benefits Consultant
Ms. Donna Tonaki, Assistant Administrator	Ms. Bonny Kahalewai
Ms. Desiree Yamauchi	Mr. Raymond Kan
Ms. Amy Cheung	Ms. Heather McMahan
Ms. Linda Green	Ms. Lara Nitta

OTHERS PRESENT

Ms. Sokhadina Aun, CVS Health	Ms. Robyn Kawamura, KKDLY
Ms. Stacia Baek, HMSA	Ms. Monica Kim, VSP
Ms. Sandra Benevides, CVS Health	Ms. Angela Kohls, Kaiser
Mr. Ty Bowers, CVS Health	Mr. Leslie Kondo, State Auditor
Mr. Su Chai, Kaiser	Ms. Denise Mercil, Securian
Ms. Elaine Fujiwara, HDS	Mr. Joe Newton, GRS
Mr. Galen Haneda, HMSA	Ms. Kristen Ota, KKDLY
Ms. Keiko Hiraoka, Lilly	Mr. Mehdi Riazi, GRS
Ms. Vanelle Hirayasu, HMA	Mr. Vaughn Tokashiki, HSTA-R
Mr. Ralph Kanetoku, KKDLY	Mr. Troy Tomita, Kaiser

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

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

January 13, 2020 Minutes

Page 2

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

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

January 13, 2020 Minutes

Page 3

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:

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

January 13, 2020 Minutes

Page 4

1. Executive Session minutes of December 17, 2019
2. RFP 20-004 Benefit Plan Audit Services
3. Premium rates for active employees for HMSA, Kaiser, HDS, and VSP effective July 1, 2020.

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/Elefante) 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)
10. Administrator's Monthly Report to the Board from December 7, 2019 – January 3, 2020 dated January 3, 2020 (1 page)
11. Memorandum to BOT from Member Services Branch Manager Regarding December 2019-January 2020 Member Services Operations Report dated January 3, 2020. (6 pages)
12. Memorandum to BOT from Information Systems Chief Regarding December 2019-January 2020 Information Systems (IS) Operations Report dated January 3, 2020. (11 pages)
13. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding December 2019-January 2020 EUTF Benefits Audit Specialist Report dated January 3, 2020. (2 pages)
14. Memorandum to Administrator from EUTF Program Specialist Regarding December 2019-January 2020 EUTF Program Specialist Report dated January 3, 2020. (1 page)
15. Memorandum to BOT from Financial Management Officer Regarding December 2019-January 2020 Financial Services Branch (FSB) Report dated January 3, 2020. (15 pages)
16. CVS Caremark Monthly Carrier Report for December 2019 dated January 9, 2020. (2 pages)

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

January 13, 2020 Minutes

Page 5

17. SilverScript Monthly Carrier Report for December 2019 dated January 6, 2020. (3 pages)
18. HDS Monthly Carrier Report for December 2019 dated January 10, 2020. (2 pages)
19. HMA Monthly Carrier Report for December 2019 dated January 8, 2020. (2 pages)
20. HMSA Monthly Carrier Report for December 2019 dated January 6, 2020. (3 pages)
21. Kaiser Monthly Carrier Report for December 2019 dated January 8, 2020. (2 pages)
22. Securian Financial Monthly Carrier Report for December 2019 dated January 10, 2020. (1 page)
23. VSP Monthly Carrier Report for December 2019 dated January 8, 2020. (2 pages)