

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Minutes of the Board of Trustees

Tuesday, February 18, 2020

TRUSTEES PRESENT

Mr. Christian Fern, Chairperson	Ms. Audrey Hidano
Ms. Laurel Johnston, Secretary-Treasurer	Mr. Osa Tui
Mr. Roderick Becker	Mr. Clifford Uwaine
Mr. Damien Elefante	Mr. Ryker Wada

TRUSTEES ABSENT

Ms. Celeste Nip, Vice-Chairperson

ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General

EUTF STAFF

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

OTHERS PRESENT

Ms. Sokhadina Aun, CVS Health	Ms. Mae Kishimoto, HSTA-R
Ms. Stacia Baek, HMSA	Ms. Monica Kim, VSP
Ms. Sandra Benevides, CVS Health	Ms. Angela Kohls, Kaiser
Mr. Ty Bowers, CVS Health	Ms. Denise Mercil, Securian
Ms. Richelle Caldwell, HMSA	Dr. Chris Miura
Mr. Su Chai, Kaiser	Mr. Dave Shiroma, Kaiser
Mr. Thomas England, Kaiser	Mr. Vaughn Tokashiki, HSTA-R
Ms. Elaine Fujiwara, HDS	Mr. Troy Tomita, Kaiser
Mr. Galen Haneda, HMSA	Mr. Chad Wong, HMSA
Ms. Keiko Hiraoka, Lilly	Mr. Scott Yamaguchi, Kaiser
Ms. Vanelle Hirayasu, HMA	

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 Tuesday, February 18, 2020.

Chairperson Fern informed the Board and public of the resignation of former Trustee Linda Currivan Musto and acknowledged her dedicated service since 2012.

II. MINUTES – January 13, 2020.

The Board reviewed the draft minutes of January 13, 2020.

MOTION was made and seconded to approve the minutes of January 13, 2020, as circulated. (Elefante/Wada) The motion passed unanimously. (Employer Trustees-5/ Employee-

Beneficiary Trustees-3)

III. EXECUTIVE SESSION

MOTION was made and seconded to move into Executive Session at 9:02 a.m. (Hidano/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

The regular meeting reconvened at 10:51 a.m.

Chairperson Christian Fern reported that the following were approved during Executive Session:

1. Executive Session minutes of January 13, 2020.
2. Appeal to retroactively add a domestic partner.
3. Appeal to waive employer contributions related to an ex-spouse.
4. Commitment of funds to a private equity fund, subject to contract negotiation.

IV. Investment Committee

A. December 31, 2019 Strategic Performance Report Including Excess Funds

Mr. Colin Bebee, Meketa Investment Group, participating via telephone summarized the 4th quarter results in which the OPEB Trust ended at \$3.6 billion with quarterly and annual net of fee returns of 4.2% and 17.1%, respectively, which underperformed by 0.1% and outperformed by 0.6% of the policy benchmark, respectively. Since inception (June 23, 2011), the EUTF portfolio has returned 7.3% (net of fees) versus the policy benchmark return of 7.2%.

B. Manager Watch Status Recommendation

Mr. Kuan Yuan summarized the Investment Committee's recommendation to place an investment manager for the global options strategy, AQR, on watch status because of recent personnel changes.

MOTION was made and seconded to approve the Investment Committee's recommendations to place AQR on watch status effective February 1, 2020.

(Johnston/Hidano) The motion passed unanimously. (Employer Trustees-5/ Employee-Beneficiary Trustees-3)

C. Quarterly Private Equity & Private Credit Report – Q3 2019

D. Quarterly Real Estate Report – Q3 2019

E. Education Review: Core Real Assets

F. 2020 Strategic Allocation Review Part 1 of 2

Mr. Yuan summarized items C-F on the Investment Committee Report dated February 11, 2020.

V. NEW BUSINESS

A. 2020 EUTF Related Legislation

Mr. Mizuno highlighted various bills that the EUTF staff is following including those that EUTF staff are recommending positions.

MOTION was made and seconded to:

- Support SB3085 related to socially responsible investing
- Support limitations on insured individual liability and reasonable determinations of insurer/plan liability, and oppose significant addition of costs to the EUTF plans for nonparticipating provider services in HB2504/SB2278/SB2423 related to balance billing
- Oppose prohibition of EUTF Administrative Rule two-year retroactive limitation on income adjusted Medicare Part B premium reimbursements and a requirement to notify all Medicare retirees and spouses who do not submit income adjusted amounts contained in HB1899
- Oppose the prohibition on copayment incentives when there is an ownership relationship between the PBM and retail or mail order pharmacies and prohibition on use of maximum allowable cost lists, if applicable to EUTF plans, contained in HB1609/SB2280 related to pharmacy benefit managers
- Oppose HB2389/SB2981, if revived, that eliminates the prefunding provisions in Act 268, Session Laws of Hawaii 2013

(Wada/Elefante) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

VI. REPORTS

A. Segal

1. Quarterly Plan Performance Report through December 31, 2019
 2. Quarterly Performance Guarantee Report through December 31, 2019
 3. Segal Quarterly Update – January 28, 2020
 4. Segal Trends – First Quarter 2020
 5. Segal Health Plan Cost Trend Survey – Fall 2019
 6. Five-Year Rate Projection with Approved Active Employee Rates
- Mr. Stephen Murphy reviewed items 1-6.

B. Administrator

1. Meetings with legislators and unions
Mr. Mizuno reported that he has been and will be meeting with vice chairs of key committees.
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. Active Employee Open Enrollment 2020
 - b. EUTF New Benefits Administration System (BAS) Project
 - c. V3 Benefits Administration System Modified Phase II (Employer File Feed)

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- d. HIC to MBI Number Conversion
- e. ISB Staffing Update
- f. Enrollment Counts
3. EUTF Benefits Audit Specialist Report
 - a. Audits Currently in Progress
 - b. Additional Audits to be Initiated by June 30, 2020
 - 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, 2019 and December 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)
 6. Kaiser Health Foundation
 7. Securian
 8. Vision Service Plan (VSP)

III. EXECUTIVE SESSION (continued)

The Board meeting was recessed and moved into Executive Session at 11:46 a.m.

The regular meeting reconvened at 12:03 p.m.

VII. NEXT MEETING DATE

Tuesday, March 24, 2020, 9:00 a.m. –EUTF Related Legislation

VIII. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 12:04 p.m. (Uwaine/Tui) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

Respectfully submitted,

/s/

Laurel Johnston, Secretary-Treasurer

APPROVED ON April 13, 2020

Documents Distributed:

1. Draft Board Minutes of January 13, 2020. (5 pages)
2. Memorandum to BOT from Investment Committee Regarding February 11, 2020 Investment Committee Meeting dated February 11, 2020. (2 pages)
3. Legislative Update dated February 18, 2020. (15 pages)
4. EUTF Year to Date Contract Plan Experience Report Contract Year to Date through December 2019 dated February 18, 2020. (37 pages)
5. Update by Segal Consulting dated January 28, 2020. (3 pages)
6. Trends by Segal Consulting, 1st Quarter 2020. (2 pages)
7. Data by Segal Consulting, Fall 2019. (27 pages)
8. Administrator's Monthly Report to the Board from January 4, 2020 – February 7, 2020 dated February 7, 2020 (1 page)
9. Memorandum to BOT from Member Services Branch Manager Regarding January 4, 2020 – February 7, 2020 Member Services Operations Report dated February 7, 2020. (6 pages)
10. Memorandum to BOT from Information Systems Chief Regarding January 4, 2020 – February 7, 2020 Information Systems (IS) Operations Report dated February 7, 2020. (11 pages)
11. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding January 4, 2020 – February 7, 2020 EUTF Benefits Audit Specialist Report dated February 7, 2020. (2 pages)
12. Memorandum to Administrator from EUTF Program Specialist Regarding January 4, 2020 – February 7, 2020 EUTF Program Specialist Report dated February 7, 2020. (1 page)
13. HMSA EUTF Diabetes Resource Guide for Active Employees dated November 2019 (6 pages)
14. HMSA EUTF Diabetes Resource Guide for Retirees dated November 2019 (7 pages)
15. Memorandum to BOT from Financial Management Officer Regarding January 4, 2020 – February 7, 2020 Financial Services Branch (FSB) Report dated February 7, 2020. (25 pages)
16. CVS Caremark Monthly Carrier Report for January 2020 dated February 5, 2020. (9 pages)
17. SilverScript Monthly Carrier Report for January 2020 dated February 5, 2020. (3 pages)
18. HDS Monthly Carrier Report for January 2020 dated February 6, 2020. (2 pages)
19. HMA Monthly Carrier Report for January 2020 dated February 6, 2020. (2 pages)
20. HMSA Monthly Carrier Report for January 2020 dated February 11, 2020. (3 pages)
21. Kaiser Monthly Carrier Report for January 2020 dated February 7, 2020. (2 pages)
22. Securian Financial Monthly Carrier Report for January 2020 dated February 10, 2020. (1 page)
23. VSP Monthly Carrier Report for January 2020 dated February 10, 2020. (2 pages)