HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, February 18, 2020

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

TRUSTEES ABSENT
Ms. Celeste Nip, Vice-Chairperson

ATTORNEY
Mr. Michael Chambrella, Deputy Attorney General

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

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

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-
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:
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


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)
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
Documents Distributed:
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)
13. HMSA EUTF Diabetes Resource Guide for Active Employees dated November 2019 (6 pages)