

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, April 28, 2020

TRUSTEES PRESENT

Mr. Christian Fern, Chairperson (via video conference)	Mr. Damien Elefante (via video conference)
Ms. Celeste Nip, Vice-Chairperson (joined at 9:29 a.m. via video conference)	Ms. Audrey Hidano (via video conference)
Ms. Laurel Johnston, Secretary-Treasurer (via video conference)	Mr. Osa Tui (via video conference)
Mr. Roderick Becker (via video conference)	Mr. Clifford Uwaine
	Mr. Ryker Wada (joined at 9:07 a.m. via video conference, excused at 11:55 a.m.)

TRUSTEES ABSENT

None

ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General (via video conference)

EUTF STAFF

Mr. Derek Mizuno, Administrator	Ms. Bonny Kahalewai (via video conference)
Ms. Donna Tonaki, Assistant Administrator	Ms. Emily Kaimulua (via video conference)
Ms. Desiree Yamauchi	Mr. Raymond Kan (via video conference)
Mr. Stephen Murphy, Consultant (via video conference)	Ms. Lara Nitta
Ms. Amy Cheung	Mr. Kuan Yuan
Ms. Linda Green	Mr. Dylan Zheng (via video conference)

OTHERS PRESENT (via video conference or teleconference)

Ms. Dina Aun, CVS	Ms. Angela Kohls, Kaiser
Ms. Stacia Baek, HMSA	Mr. Brandon Kumabe, HMSA
Mr. Colin Bebee, Meketa	Mr. Lawrence Lau, HDS
Ms. Sandra Benevides, CVS	Ms. Minna Lehti, HDS
Mr. Ty Bowers, CVS	Mr. Chris Letoto, HMSA
Ms. Cheryl Byron, CVS	Ms. Denise Mercil, Securian
Mr. Luis Carbajal, CVS	Dr. Chris Miura, Kaiser
Ms. Richelle Cardwell, HMSA	Mr. Kurt Neuenfeld, CVS
Mr. Su Chai, Kaiser	Mr. Clesson Pang, HDS
Mr. Tom Delaney, HDS	Dr. Robert Sherman, HDS
Mr. Thomas England, Kaiser	Mr. Dave Shiroma, Kaiser
Ms. Elaine Fujiwara, HDS	Mr. Troy Tomita, Kaiser
Ms. Sami Furutani, CVS	Ms. Barbara Vandenbrande, VSP
Mr. Galen Haneda, HMSA	Mr. Chad Wong, HMSA
Ms. Jerolyn Hee, HMSA	Mr. Scott Yamaguchi, HMSA
Ms. Monica Kim, VSP	

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, April 28, 2020.

Chairperson Fern informed the Board of the following:

- Trustee Uwaine is at the EUTF with the EUTF staff.
- The remaining Trustees, Deputy Attorney General Michael Chambrella, Segal-Steve Murphy, CVS, HDS, HMSA, Kaiser, and VSP are attending via Zoom.

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- The public will participate in open session via teleconference.

II. MINUTES – APRIL 13, 2020

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

MOTION was made and seconded to approve the minutes of April 13, 2020, as circulated. (Johnston/Elfante) The motion passed unanimously. (Employer Trustees-4/ Employee-Beneficiary Trustees-3)

III. EXECUTIVE SESSION

MOTION was made and seconded to move into Executive Session at 9:03 a.m. (Elfante/Uwaine) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

The regular meeting reconvened at 9:37 a.m.

IV. BENEFITS COMMITTEE

Mr. Derek Mizuno summarized the proposed plan changes as described in the Benefits Committee Report dated April 27, 2020.

A. HDS Dental Proposed Plan Changes

MOTION was made and seconded to approve 60% coverage of athletic/sport mouth guards once every 24 months for members age 18 and under for the EUTF and HSTA VB retiree HDS dental plans effective January 1, 2021. (Uwaine/Nip) Trustees Laurel Johnston and Audrey Hidano were concerned about making changes to retiree plans in light of the Dannenberg lawsuit. The motion failed. (Employer Trustees-5 NO Becker, Hidano, Elfante, Johnston, Wada/Employee-Beneficiary Trustees-4 YES Fern, Nip, Tui, Uwaine)

MOTION was made and seconded to approve 60% coverage of occlusal/night guards once every five years for the EUTF and HSTA VB retiree HDS dental plans effective January 1, 2021. (Uwaine/Nip) Trustees Johnston and Hidano reiterated their concern about making changes to retiree plans in light of the Dannenberg lawsuit. Trustee Osa Tui requested and received confirmation from Mr. Derek Mizuno that this benefit has not been added to active employee plans. The motion failed. (Employer Trustees-5 NO Becker, Hidano, Elfante, Johnston, Wada/Employee-Beneficiary Trustees-3 YES Fern, Nip, Uwaine, 1 NO Tui)

MOTION was made and seconded to approve 60% coverage of composite fillings for back teeth for the EUTF and HSTA VB retiree HDS dental plans effective January 1, 2021. (Uwaine/Nip) Trustees Johnston and Hidano reiterated their concern about making changes to retiree plans in light of the Dannenberg lawsuit. Trustee Tui requested and received confirmation from Mr. Mizuno that this benefit has not been added to active employee plans. The motion failed. (Employer Trustees-5 NO Becker, Hidano, Elfante, Johnston, Wada/Employee-Beneficiary Trustees-3 YES Fern, Nip, Uwaine, 1 NO Tui)

B. VSP Vision Proposed Plan Changes

MOTION was made and seconded to approve the Benefits Committee recommendation to

increase the retail frame allowance from \$120 to \$150 every other year for the EUTF and HSTA VB retiree VSP vision plans effective January 1, 2021. (Nip/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

MOTION was made and seconded to approve the Benefits Committee recommendation to separate the contact lens fitting and evaluation from the contact lens allowance and cap the member copayment at \$60 for the EUTF and HSTA VB retiree VSP vision plans effective January 1, 2021. (Elefante/Nip) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

MOTION was made and seconded to approve the Benefits Committee recommendation to increase the annual contact lens allowance from \$120 to \$130 for the EUTF and HSTA VB retiree VSP vision plans effective January 1, 2021. (Elefante/Uwaine) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Mr. Mizuno noted that a question arose regarding members who are due to see their optometrist to update their contact lens prescription and utilize their contact lens allowance, but are unable to because of the COVID-19 pandemic. Mr. Mizuno noted that VSP has said that because there is a U.S. Food and Drug Administration rule that contact lens prescription must be updated once a year to be filled, members should call their optometrist about an appointment or for assistance. Ms. Monica Kim confirmed that members should contact their optometrist.

C. Kaiser COVID-19 Costs and Diabetes Prevention Program

MOTION was made and seconded to approve the Benefits Committee recommendation of 100% coverage of COVID-19 diagnostic testing costs in accordance with federal law under the EUTF and HSTA VB Kaiser medical and prescription drug plans for services incurred from March 5, 2020 until ended by Kaiser. (Johnston/Elefante) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

MOTION was made and seconded to approve the Benefits Committee recommendation of 100% coverage of COVID-19 treatment costs under the EUTF and HSTA VB Kaiser medical and prescription drug plans for services incurred from April 1, 2020 until ended by Kaiser. (Uwaine/Nip) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

MOTION was made and seconded to approve the Benefits Committee recommendation to extend the facility and digitally based Diabetes Prevention Program pilot project for EUTF and HSTA VB active employee and non-Medicare retiree Kaiser medical and prescription drug plans for the period July 1, 2020 – June 30, 2021. (Johnston/Uwaine) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

D. Self-Funded Prescription Drug (CVS) Proposed Plan Changes

No motions were made for the following changes proposed by CVS for the self-funded EUTF active employee and non-Medicare prescription drug plans effective July 1, 2020 with grandfathering:

1. Quantity limits for topical corticosteroids (external treatment for inflammation)

- with post limit prior authorization for cost and safety.
2. Quantity limit for Mupirocin (treats staph infections) with post limit prior authorization for cost and prevention of overuse.
 3. Step therapy for Gralise, Horizant, Lyrica and Lyrica CR (manages or treats nerve pain) for members to try lower cost alternatives.
 4. Prior authorization on Rosacea product for cost and safety.
 5. Prior authorization on Palforzia (peanut allergy powder) for cost and proper utilization. No grandfathering is available since this is a new product.

Mr. Mizuno asked the Board whether they preferred that plan design changes be presented differently. Mr. Mizuno noted that twice a year (i.e. active employees and retirees) EUTF staff work with Segal and the carriers to determine if there are recommended plan changes based on the changes in the healthcare industry or high cost areas. Trustees Rod Becker and Johnston suggested that looking at the changes holistically would be helpful. Mr. Mizuno will work on a framework for plan design changes.

V. INVESTMENT COMMITTEE

A. Portfolio and Market Update

Mr. Kuan Yuan summarized recent market fluctuations and its impact on performance of the OPEB Trust portfolio.

B. 2020 Strategic Allocation Review Update and Reinsurance

Mr. Yuan and Mr. Colin Bebee presented the Investment Committee Report dated April 21, 2020 noting that Part II of the Strategic Allocation Review has been postponed until the market and economy normalizes. The Investment Committee will continue to work with EUTF staff and Meketa to determine whether the asset class, reinsurance, will be added to the portfolio's asset allocation.

VI. NEW BUSINESS

A. New Chairperson (employer trustee), Vice Chairperson (employer trustee) and Secretary-Treasurer (employee trustee) Effective July 1, 2020

MOTION was made and seconded to appoint Trustee Rod Becker as Chair of the Board. (Hidano/Elfante) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

MOTION was made and seconded to appoint Trustee Damien Elfante as Vice Chair of the Board. (Hidano/Nip) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

MOTION was made and seconded to appoint Trustee Christian Fern as Secretary-Treasurer of the Board. (Uwaine/Tui) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

B. Committee Assignments

Mr. Mizuno noted that this matter was included on the agenda in case a new employee-beneficiary trustee was appointed.

- C. Unrestricted Net Assets for Patient-Centered Outcomes Research Institute (PCORI) Fees
Mr. Mizuno presented a memo from the EUTF Financial Management Officer dated April 17, 2020 requesting that the PCORI fee which was recently extended by Congress through June 30, 2029 for active employees and December 31, 2028 for retirees be paid from unrestricted, unreserved net assets.

MOTION was made and seconded to reserve an additional \$6.565 million (\$2.2 million active employees and \$4.365 million retirees) of unrestricted, unreserved net assets to fund PCORI fees through June 30, 2029 active employees and December 31, 2028 retirees. (Nip/Uwaine) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

VII. OLD BUSINESS

A. 2020 EUTF Related Legislation

Mr. Mizuno noted that a schedule of bills that were alive when the 2020 Legislature was suspended was provided to the Board for information.

B. Waiver of EUTF Administrative Rule Related to Non-Payment of Plans and Possible Other Waivers of EUTF Administrative Rules

Mr. Mizuno noted that April 2020 cancellations due to non-payment were comparable to the prior year and months. EUTF staff will monitor whether payments are made by the May 2020 deadline. If the required payments are not made by the mid-May deadline, these members will be terminated. Other than waiving cancellation for May 2020, EUTF staff do not have any recommendations to waive other provisions of the EUTF Administrative Rules.

MOTION was made and seconded to waive the portion of EUTF Administrative Rule 4.11(b) related to cancellation due to non-payment for the normally scheduled terminations in May 2020. (Uwaine/Nip) Trustee Elefante requested that staff provide an accounting for the waivers at the May Board meeting. The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

C. Use of EUTF Reserve Funds for 100% Coverage of Furloughed Active Employees' Healthcare Premiums

Trustee Clifford Uwaine requested that the Deputy Attorney General continue to investigate the possibility of using EUTF reserves to pay for employer and employee premiums for a pay period or month. He requested that this item remain on future agendas.

VIII. REPORTS

A. Segal

1. Legislative Update
2. Quarterly Trend Report

B. Administrator

1. Meetings with legislators and unions
2. Public engagement

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

1. Member Services Branch (MSB)

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- a. MSB Data
- b. MSB Staffing Update
- c. Outreach & Training
- d. Carrier Reports
- e. 2020 Active Employee Open Enrollment
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. COVID-19 Response
 - 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 January 31 and February 29, 2020
- 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 recessed and moved into Executive Session at 11:09 a.m.

The regular meeting reconvened at 12:07 p.m.

IX. NEXT MEETING DATE

Tuesday, May 26, 2020, 9:00 a.m. – Benefits and Investment Committee Reports

X. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 12:07 p.m. (Elefante/Johnston) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/

Laurel Johnston, Secretary-Treasurer

APPROVED on May 26, 2020.

Documents Distributed:

1. Draft Board Minutes of April 13, 2020. (4 pages)
2. Memorandum to BOT from EUTF Benefits Committee Regarding Proposed Plan Changes, Redacted Version dated April 27, 2020. (4 pages)
3. Memorandum to BOT from Investment Committee Regarding April 21, 2020 Investment Committee Meeting dated April 21, 2020. (1 page)
4. Hawaii Employer-Union Health Benefits Trust Fund Committee Assignments dated March 23, 2020. (1 page)
5. Memorandum to BOT from EUTF Financial Management Officer Regarding Unrestricted Net Assets for Patient-Centered Outcomes Research Institute (PCORI) Fees dated April 17, 2020. (2 pages)
6. Legislative Update dated March 16, 2020. (7 pages)
7. Memorandum to BOT from EUTF Financial Management Officer Regarding Possible Extension on Waiver of EUTF Administrative Rule 4.11(b) Related to Non-Payment of Plans dated April 24, 2020. (1 page)
8. Memorandum to BOT from Segal Consulting Regarding Brief Overview of Assistance to State, Tribal Governments, and Local Governmental Entities Provided in the CARES Act dated April 15, 2020. (16 pages)
9. Trends by Segal Consulting, 2nd Quarter 2020. (2 pages)
10. Administrator's Monthly Report to the Board from February 8, 2020 – April 17, 2020 dated April 20, 2020 (1 page)
11. Memorandum to BOT from Member Services Branch Manager Regarding February – March 2020 Member Services Operations Report dated March 13, 2020. (6 pages)
12. Memorandum to BOT from Member Services Branch Manager Regarding March – April 2020 Member Services Operations Report dated April 17, 2020. (6 pages)
13. Memorandum to BOT from Information Systems Chief Regarding February – March 2020 Information Systems (IS) Operations Report dated March 13, 2020. (11 pages)
14. Memorandum to BOT from Information Systems Chief Regarding March – April 2020 Information Systems (IS) Operations Report dated April 17, 2020. (11 pages)
15. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding February – March 2020 EUTF Benefits Audit Specialist Report dated March 13, 2020. (2 pages)
16. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding March – April 2020 EUTF Benefits Audit Specialist Report dated April 17, 2020. (2 pages)
17. Memorandum to Administrator from EUTF Program Specialist Regarding February – March 2020 EUTF Program Specialist Report dated March 13, 2020. (1 page)
18. Memorandum to Administrator from EUTF Program Specialist Regarding March – April 2020 EUTF Program Specialist Report dated April 17, 2020. (1 page)
19. Memorandum to BOT from EUTF Financial Management Officer Regarding February – March 2020 Financial Services Branch (FSB) Report dated March 13, 2020. (15 pages)

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20. Memorandum to BOT from EUTF Financial Management Officer Regarding March – April 2020 Financial Services Branch (FSB) Report dated April 17, 2020. (15 pages)
21. CVS Caremark Monthly Carrier Report for February 2020 dated March 6, 2020. (7 pages)
22. CVS Caremark Monthly Carrier Report for March 2020 dated April 3, 2020. (4 pages)
23. SilverScript Monthly Carrier Report for February 2020 dated March 5, 2020. (3 pages)
24. SilverScript Monthly Carrier Report for March 2020 dated April 3, 2020. (3 pages)
25. HDS Monthly Carrier Report for February 2020 dated March 9, 2020. (2 pages)
26. HDS Monthly Carrier Report for March 2020 dated April 7, 2020. (2 pages)
27. HMA Monthly Carrier Report for February 2020 dated March 6, 2020. (2 pages)
28. HMA Monthly Carrier Report for March 2020 dated April 9, 2020. (2 pages)
29. HMSA Monthly Carrier Report for February 2020 dated March 15, 2020. (3 pages)
30. HMSA Monthly Carrier Report for March 2020 dated April 15, 2020. (3 pages)
31. Kaiser Monthly Carrier Report for February 2020 dated March 9, 2020. (2 pages)
32. Kaiser Monthly Carrier Report for March 2020 dated April 8, 2020. (3 pages)
33. Securian Financial Monthly Carrier Report for February 2020 dated March 10, 2020. (2 pages)
34. Securian Financial Monthly Carrier Report for March 2020 dated April 10, 2020. (1 page)
35. VSP Monthly Carrier Report for February 2020 dated March 9, 2020. (2 pages)
36. VSP Monthly Carrier Report for March 2020 dated April 8, 2020. (3 pages)