

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Minutes of the Board of Trustees  
Tuesday, May 26, 2020

TRUSTEES PRESENT

Mr. Christian Fern, Chairperson (via video conference)	Mr. Damien Elefante (via video conference)
Ms. Celeste Nip, Vice-Chairperson (via video conference)	Ms. Audrey Hidano (via video conference)
Ms. Laurel Johnston, Secretary-Treasurer (joined at 9:03 a.m. via video conference)	Mr. Osa Tui (via video conference)
Mr. Roderick Becker (via video conference)	Mr. Clifford Uwaine (via teleconference)
	Mr. Ryker Wada (via video conference)

TRUSTEES ABSENT

None

ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Administrator	Mr. Stephen Murphy, Consultant (via video conference)
Ms. Donna Tonaki, Assistant Administrator	Mr. Raymond Kan
Ms. Desiree Yamauchi	Ms. Jessica McDonald (via video conference)
Ms. Amy Cheung	Ms. Lara Nitta (via video conference)
Ms. Linda Green (via video conference)	Mr. Kuan Yuan
Ms. Bonny Kahalewai	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. Christopher Letoto, HMSA
Ms. Sandra Benevides, CVS	Mr. Steve McCall, CVS
Ms. Cheryl Byron, CVS	Ms. Denise Mercil, Securian
Mr. Su Chai, Kaiser	Dr. Christopher Miura, Kaiser
Mr. Thomas England, Kaiser	Mr. Kurt Neuenfeld, CVS
Ms. Elaine Fujiwara, HDS	Mr. Allan Nogra, American Specialty Health
Ms. Samantha Furutani, CVS	Mr. Dave Shiroma, Kaiser
Mr. Galen Haneda, HMSA	Mr. Troy Tomita, Kaiser
Ms. Vanelle Hirayasu, HMA	Mr. Chad Wong, HMSA
Ms. Monica Kim, VSP	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, May 26, 2020.

II. MINUTES – APRIL 28, 2020

The Board reviewed the draft minutes of April 28, 2020.

MOTION was made and seconded to approve the minutes of April 28, 2020, as circulated. (Nip/Elefante) The motion passed unanimously. (Employer Trustees-4/ Employee-Beneficiary Trustees-4)

Trustee Johnston entered the meeting at 9:03 a.m.

### III. EXECUTIVE SESSION

MOTION was made and seconded to move into Executive Session at 9:03 a.m. (Elefante/Tui)  
The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

The regular meeting reconvened at 10:47 a.m. after a five minute recess.

Chairperson Fern reported that the following were performed during Executive Session:

1. Denied an appeal to allow late, prospective COBRA effective May 1, 2020.
2. Approved commitment of funds to two investment managers, subject to contract negotiation and approval of the asset class.

### IV. INVESTMENT COMMITTEE

#### A. Strategic Asset Allocation

Mr. Kuan Yuan summarized the interim strategic allocation target with a 5% allocation to the new reinsurance asset class.

MOTION was made and seconded to approve the Investment Committee's recommendation of a revised interim strategic target asset allocation including a 5% allocation to the reinsurance asset class. (Johnston/Nip) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

#### B. March 31, 2020 Strategic Performance Report Including Excess Funds

Mr. Colin Bebee, Meketa Investment Group, summarized the 1<sup>st</sup> quarter results in which the OPEB Trust ended at \$3.3 billion with quarterly and fiscal year-to-date net of fee losses of -11.8% and -6.9%, respectively, which outperformed by 0.7% and 1.2% the policy benchmark, respectively. Since inception (June 23, 2011), the EUTF portfolio has returned 5.6% (net of fees) versus the policy benchmark return of 5.4%. Mr. Bebee noted that the market has rebounded from March 31, 2020 and through May 22, 2020 the portfolio was down approximately -1.5%.

#### C. Quarterly Private Equity & Private Credit Report – Q4 2019

Mr. Kuan Yuan presented the Q4 2019 Private Equity and Private Credit performance report.

#### D. Quarterly Real Estate Report – Q4 2019

Mr. Yuan presented the Q4 2019 Private Real Estate performance report.

### V. BENEFITS COMMITTEE

#### A. Benefit Plan Changes Framework

Mr. Derek Mizuno presented the May 19, 2020 Benefits Committee report summarizing how proposed benefit plan changes are developed within the context of the EUTF's vision, mission and strategic plan and the specific methods to change the plans and the related goals. Additionally, Mr. Mizuno noted that a Committee meeting will be scheduled in June 2020 to compare the medical, prescription drug, dental and vision EUTF plans (e.g. out-of-pocket costs and covered benefits) with other plans in Hawaii and/or throughout the nation.

## VI. NEW BUSINESS

### A. Proposed Chiropractic Benefit for EUTF Retiree Plans

Mr. Mizuno summarized the memorandum dated May 21, 2020 relating to the proposed addition of a chiropractic benefit to the EUTF retiree medical plans which are the only plans without such benefit. The Trustees asked American Specialty Health as HMSA and Kaiser's subcontractor to provide information regarding their network, a description of the benefit and covered practices, and any cost benefit analysis. Mr. Allan Nogra, American Specialty Health, provided some of the information. Mr. Mizuno noted that Mr. Nogra was asked to provide information on the proposed pricing and is not as familiar with the items asked. Mr. Mizuno requested that this item be deferred to the June 23, 2020 board meeting.

### B. Progress on Strategic Plan Through December 31, 2019

Mr. Mizuno provided an update on the strategic plan and summarized a memorandum dated May 19, 2020 noting that this update primarily related to the retiree medical and prescription drug trends.

### C. HIPAA, COBRA and Appeal Extended Deadlines

Ms. Jessica McDonald summarized the U.S. Department of Labor, Treasury and Health and Human Services extension of non-public sector group health plan deadlines for HIPAA special enrollment, COBRA, and appeals, due to the COVID-19 crisis. Public sector entities are encouraged to implement these extensions voluntarily. Mr. Mizuno noted that these extensions are presented for information and EUTF staff are not recommending any changes to such deadlines at this time.

## VII. OLD BUSINESS

### A. Committee Assignments

Mr. Mizuno requested that this item be deferred since a new employee-beneficiary trustee has not been appointed.

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

Mr. Mizuno noted that the April and May 2020 number of cancellations due to non-payment and the number of shortage notices were comparable to the prior year. It does not appear that employees on leave without pay and retirees are being significantly impacted financially by the COVID-19 pandemic. EUTF staff is not recommending waiving the portion of EUTF Administrative Rule 4.11(b) related to cancellation due to non-payment for the normally scheduled terminations in June 2020. EUTF staff will continue to monitor this issue.

### 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.

D. 2020 EUTF Related Legislation

Mr. Mizuno informed the Board that the legislature did not reduce previously budgeted amounts for fiscal year 2020 and 2021. However, the EUTF's supplemental budget request of \$400,000 for data cleansing for the new benefits administration system was not approved.

VIII. REPORTS

A. Segal

1. Quarterly Plan Performance Report
2. Quarterly Performance Guarantee Report

Mr. Steve Murphy summarized the two quarterly reports.

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)
  - a. MSB Data
  - b. MSB Staffing Update
  - c. Outreach & Training
  - d. 2020 Active Employee Open Enrollment
  - e. 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. COVID-19 Response
  - d. Vitech Contract
  - 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 December 31, 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 March 31, 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 11:56 a.m.

The regular meeting reconvened at 12:09 p.m.

IX. NEXT MEETING DATE

Tuesday, June 23, 2020, 9:00 a.m. – Retiree Premiums Effective January 1, 2021

X. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 12:10 p.m. (Uwaine/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/

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Laurel Johnston, Secretary-Treasurer

APPROVED on June 23, 2020.

Documents Distributed:

1. Draft Board Minutes of April 28, 2020. (8 pages)
2. Memorandum to BOT from EUTF Investment Committee Regarding May 21, 2020 Investment Committee Meeting, dated May 21, 2020. (1 page)
3. Memorandum to BOT from EUTF Benefits Committee Regarding Benefits Committee Meeting – May 19, 2020, dated May 19, 2020. (1 pages)
4. Memorandum to BOT from EUTF Health Benefits Specialist Regarding Proposed Chiropractic Benefit, Redacted Version, dated May 21, 2020. (2 pages)
5. Memorandum to BOT from EUTF Administrator Regarding Progress on the Strategic Plan Through December 31, 2019, dated May 19, 2020. (1 page)
6. Memorandum to BOT from EUTF Eligibility Specialist Regarding HIPAA, COBRA, and Appeals Extended Deadlines, dated May 19, 2020. (2 pages)
7. EUTF Committee Assignments dated April 27, 2020. (1 page)
8. Memorandum to BOT from EUTF Financial Management Officer Regarding Waiver of EUTF Administrative Rule 4.11(b) Related to Non-Payment of Plans, dated May 21, 2020. (1 page)
9. Legislative Update dated May 21, 2020. (3 pages)
10. EUTF Year to Date Contract Plan Experience Report, Contract Year to Date through March 2020, prepared by Segal Consulting, dated May 26, 2020. (41 pages)
11. Administrator's Monthly Report to the Board from April 18, 2020 – May 15, 2020, dated May 15, 2020. (1 page)
12. Memorandum to BOT from Member Services Branch Manager Regarding April – May 2020 Member Services Operations Report, dated May 15, 2020. (6 pages)

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13. Memorandum to BOT from Information Systems Chief Regarding April – May 2020 Information Systems (IS) Operations Report, dated May 15, 2020. (11 pages)
14. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding April – May 2020 EUTF Benefits Audit Specialist Report, dated May 15, 2020. (2 pages)
15. Memorandum to Administrator from EUTF Program Specialist Regarding April – May 2020 EUTF Program Specialist Report, dated May 15, 2020. (4 pages)
16. Memorandum to BOT from EUTF Financial Management Officer Regarding April – May 2020 Financial Services Branch (FSB) Report, dated May 15, 2020. (15 pages)
17. CVS Caremark Monthly Carrier Report for April 2020 dated May 4, 2020. (10 pages)
18. SilverScript Monthly Carrier Report for April 2020 dated May 4, 2020. (3 pages)
19. HDS Monthly Carrier Report for April 2020 dated May 7, 2020. (3 pages)
20. HMA Monthly Carrier Report for April 2020 dated May 8, 2020. (2 pages)
21. HMSA Monthly Carrier Report for April 2020 dated May 15, 2020. (3 pages)
22. Kaiser Monthly Carrier Report for April 2020 dated May 8, 2020. (2 pages)
23. Securian Financial Monthly Carrier Report for April 2020 dated May 10, 2020. (1 page)
24. VSP Monthly Carrier Report for April 2020 dated May 7, 2020. (2 pages)