

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, August 25, 2020

TRUSTEES PRESENT

Mr. Roderick Becker, Chairperson	Ms. Audrey Hidano (via video conference)
Mr. Damien Elefante, Vice Chairperson (via video conference)	Mr. Osa Tui (via video conference)
Mr. Christian Fern, Secretary-Treasurer (via video conference)	Mr. Ryker Wada (via video conference)
Ms. Jacqueline Ferguson-Miyamoto	Mr. James Wataru

TRUSTEES ABSENT

Ms. Laurel Johnston	Ms. Celeste Nip
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ATTORNEY

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

EUTF STAFF

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

OTHERS PRESENT (via video conference or teleconference)

Ms. Stacia Baek, HMSA	Ms. Kessy Kepaa, C&C Honolulu
Mr. Colin Bebee, Consultant	Ms. Monica Kim, VSP
Ms. Sandra Benevides, CVS	Ms. Mae Kishimoto, HSTA-R
Ms. Julie Bodenski, Humana	Ms. Angela Kohls, Kaiser
Mr. Ty Bowers, CVS	Mr. Chris Letoto, HMSA
Ms. Cheryl Byron, CVS	Ms. Denise Mercil, Securian
Mr. Su Chai, Kaiser	Dr. Christopher Miura, Kaiser
Mr. Thomas England, Kaiser	Mr. Kurt Neuenfeld, CVS
Mr. Riley Fujisaki, House Finance	Mr. Dave Shiroma, Kaiser
Ms. Elaine Fujiwara, HDS	Mr. Toby Smith, HMSA
Ms. Sami Furutani, CVS	Mr. Troy Tomita, Kaiser
Mr. Galen Haneda, HMSA	Mr. Dane Wicker, Senate Ways & Means
Ms. Keiko Hiraoka, Lilly	Mr. Chad Wong, HMSA
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 Roderick Becker, in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, August 25, 2020.

II. EXECUTIVE SESSION

MOTION was made and seconded to move into Executive Session at 9:02 a.m. (Ferguson-Miyamoto/Tui) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

The regular meeting reconvened at 9:35 a.m.

Chairperson Becker reported that the Board approved a commitment of funds to a private credit fund, subject to contract negotiation, during Executive Session:

III. MINUTES – JULY 28, 2020

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

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

IV. COMMITTEE REPORTS

A. Investment Committee

1. June 30, 2020 Strategic Performance Report Including Excess Funds

Mr. Colin Bebee, Meketa Investment Group, summarized the 2nd quarter and fiscal year results in which the OPEB Trust ended at \$3.7 billion with quarterly and fiscal year-to-date net of fee gains of 9.4% and 1.8%, respectively, which underperformed by 0.1% and outperformed by 1.1% the policy benchmark, respectively. Since inception (June 23, 2011), the EUTF portfolio has returned 6.5% (net of fees) versus the policy benchmark return of 6.3%. Mr. Bebee noted that the market and portfolio rebounded significantly from the last quarter.

2. Manager Watch Status Recommendation

Mr. Kuan Yuan summarized the Investment Committee's recommendation to remove AlphaSimplex, Systematic Trend Following manager, from Watch Status as there has been no adverse changes in management of the portfolio nor in performance since a high level manager departed in May 2019.

MOTION was made and seconded to remove AlphaSimplex from Watch status.

(Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

3. Quarterly Private Equity & Private Credit Report – Q1 2020

Mr. Kuan Yuan presented the Q1 2020 Private Equity and Private Credit performance report.

4. Quarterly Real Estate Report – Q1 2020

Mr. Yuan presented the Q1 2020 Private Real Estate performance report.

5. Reinsurance Benchmark

Mr. Yuan summarized the Investment Committee's recommendation to adopt the Swiss Re Global Catastrophe Bond Index as the benchmark for the Reinsurance strategy.

MOTION was made and seconded to approve the Investment Committee's recommendation of a Reinsurance strategy benchmark for the managers and the asset class. (Ferguson-Miyamoto/Wataru) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

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B. Benefits Committee

1. HMSA Diabetes Prevention and Management Programs

Mr. Mizuno summarized the Benefits Committee Report dated August 24, 2020 noting no recommendation from the Committee related to the HMSA facilities based Diabetes Prevention Program pilot program that ends December 31, 2020 for the EUTF and HSTA VB retirees.

2. HMSA Supportive Care

Mr. Mizuno summarized the Benefits Committee Report dated August 24, 2020 noting no recommendation from the Committee related to the HMSA supportive care pilot benefit that ends December 31, 2020 for the EUTF and HSTA VB retirees.

MOTION was made and seconded to add the supportive care benefit for EUTF and HSTA VB HMSA retiree plans as a pilot plan from January 1, 2021 through December 31, 2024. (Fern/Wataru) Trustee Hidano disagreed with the use of “pilot”.

Chairperson Becker suggested having this matter considered again at the next Benefits Committee meeting. Trustees Fern and Wataru withdrew their motion and second. This item will be added to the September Benefits Committee meeting agenda.

3. HMSA Reversing Heart Disease Program

Chairperson suggested having this matter deferred to the September Benefits Committee meeting

4. Segal Comparison of EUTF Medical Plans with Other State Government Medical Plans

Mr. Mizuno summarized the Benefits Committee report dated August 24, 2020 noting Segal findings of lower employer contributions to EUTF active employee plans and comparable employer contributions for EUTF retiree plans as compared to other states.

V. NEW BUSINESS

A. 2021 Legislative Proposals

Deferred until next Board Meeting

B. Fiscal Year 2021-2023 Biennium Budget

Ms. Amy Cheung presented the Fiscal Year 2021-2023 Biennium Budget which includes only one additional budget request that was discussed in Executive Session.

Motion was made and seconded to approve the proposed EUTF budget for fiscal years 2022 and 2023 including the cost item presented in Executive Session. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

VI. OLD BUSINESS

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

Mr. Mizuno reported that there is no update.

VII. REPORTS

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- A. Segal
 - 1. Plan Performance Report through June 30, 2020
 - 2. Performance Guarantee Report through June 30, 2020
 - 3. June 30, 2020 IBNR Calculation – Supplemental Medical and Prescription Drug Plan
 - 4. Five-Year Rate Projection with Approved 2021 Retiree Rates

Mr. Stephen Murphy summarized the Segal 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. 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. Humana Retiree Plan
 - f. ISB Staffing Update
 - g. 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 June 30, 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)

II. EXECUTIVE SESSION (continued)

The Board meeting recessed and moved into Executive Session at 10:20 a.m.

The regular meeting reconvened at 10:34 a.m.

VIII. NEXT MEETING DATE

Tuesday, September 29, 2020, 9:00 a.m. – Benefits Committee Report

IX. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 10:35 a.m. (Ferguson-Miyamoto/Wataru) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/

Christian Fern, Secretary-Treasurer

APPROVED on September 29, 2020 as amended.

Documents Distributed:

1. Draft Board Minutes of July 28, 2020. (8 pages)
2. Memorandum to BOT from EUTF Investment Committee Regarding August 18, 2020 Investment Committee Meeting, dated August 18, 2020. (1 page)
3. Memorandum to BOT from EUTF Benefits Committee Regarding Benefits Committee Meeting – August 24, 2020, dated August 24, 2020. (2 pages)
4. Memorandum to BOT from EUTF Financial Management Office Regarding Fiscal Year 2021-2023 Biennium Budget, redacted version, dated August 20, 2020. (2 pages)
5. Year to Date Contract Plan Experience Report, Contract Year to Date through June 2020, prepared by Segal Consulting dated August 25, 2020. (41 pages)
6. Memorandum to BOT from Segal Consulting Regarding June 30, 2020 Supplemental Medical IBNR Calculation, dated August 25, 2020. (2 pages)
7. Memorandum to BOT from Segal Consulting Regarding June 30, 2020 Prescription Drug IBNR Calculation, dated August 25, 2020. (2 pages)
8. Administrator's Monthly Report to the Board from July 17, 2020 – August 14, 2020, dated August 14, 2020. (1 pages)
9. Memorandum to BOT from Member Services Branch Manager Regarding July – August 2020 Member Services Operations Report, dated August 14, 2020. (6 pages)
10. Memorandum to BOT from Information Systems Chief Regarding July – August 2020 Information Systems (IS) Operations Report, dated August 14, 2020. (11 pages)
11. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding July – August 2020 EUTF Benefits Audit Specialist Report, dated August 14, 2020. (2 pages)
12. Memorandum to Administrator from EUTF Program Specialist Regarding July – August 2020 EUTF Program Specialist Report, dated August 14, 2020. (3 pages)
13. Memorandum to BOT from EUTF Financial Management Officer Regarding July – August 2020 Financial Services Branch (FSB) Report, dated August 14, 2020. (5 pages)

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14. CVS Caremark Monthly Carrier Report for July 2020 dated August 4, 2020. (8 pages)
15. SilverScript Monthly Carrier Report for July 2020 dated August 3, 2020. (3 pages)
16. HDS Monthly Carrier Report for July 2020 dated August 7, 2020. (2 pages)
17. HMA Monthly Carrier Report for July 2020 dated August 7, 2020. (2 pages)
18. HMSA Monthly Carrier Report for July 2020 dated August 15, 2020. (3 pages)
19. Kaiser Permanent Monthly Carrier Report for July 2020 dated August 10, 2020. (3 pages)
20. Securian Financial Monthly Carrier Report for July 2020 dated August 10, 2020. (1 page)
21. VSP Monthly Carrier Report for July 2020 dated August 10, 2020. (2 pages)