



# **Hawaii Employer-Union Health Benefits Trust Fund State of Hawaii**

Schedule of Changes in Fiduciary Net Position by Employer  
(With Independent Auditors' Report Thereon)

June 30, 2020 and 2019

Submitted by  
**THE AUDITOR  
STATE OF HAWAII**

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
STATE OF HAWAII**

Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2020 and 2019

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## Independent Auditors' Report

The Auditor  
State of Hawaii:

Board of Trustees  
Hawaii Employer-Union Health Benefits Trust Fund  
State of Hawaii:

We have audited the fiduciary net position as of June 30, 2020 and 2019, and the changes in fiduciary net position for the year ended June 30, 2020, included in the accompanying schedule of changes in fiduciary net position by employer (the Schedule) of the Hawaii Employer-Union Health Benefits Trust Fund of the State of Hawaii (the EUTF), and the related notes. We have also audited the fiduciary net position of each individual employer as of June 30, 2020 and 2019, and the changes in fiduciary net position of each individual employer for the year ended June 30, 2020, included in the accompanying Schedule.

### *Management's Responsibility for the Schedule*

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the fiduciary net position and the changes in fiduciary net position included in the Schedule based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fiduciary net position and the changes in fiduciary net position included in the Schedule are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the fiduciary net position and the changes in fiduciary net position included in the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the fiduciary net position and the changes in fiduciary net position included in the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the fiduciary net position and the changes in fiduciary net position included in the Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the Schedule referred to above presents fairly, in all material respects, the fiduciary net position of the EUTF as of June 30, 2020 and 2019, and the changes in fiduciary net position for the year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, the Schedule referred to above presents fairly, in all material respects, the fiduciary net position of each individual employer as of June 30, 2020 and 2019, and the changes in fiduciary net position of each individual employer for the year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the EUTF as of and for the years ended June 30, 2019 and 2018, and our reports thereon, dated November 27, 2019 and December 4, 2018, respectively, expressed unmodified opinions on those financial statements.

***Restriction on Use***

Our report is intended solely for the information and use of the Auditor, State of Hawaii, the Board of Trustees and management of the EUTF, and participating employers and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

***KKDL Y LLC***

Honolulu, Hawaii  
October 7, 2020

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
STATE OF HAWAII**

Schedule of Changes in Fiduciary Net Position by Employer

As of June 30, 2020 and 2019 and for the Year Ended June 30, 2020

<b>Employer</b>	<b>Changes in Fiduciary Net Position for the Year Ended June 30, 2020</b>						<b>Net Position Restricted for OPEB</b>	
	<b>Employer Contributions</b>	<b>Net Investment Income</b>	<b>Benefits Paid</b>	<b>Administrative Expenses</b>	<b>Other</b>	<b>Net Increase</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>
State of Hawaii	\$ 787,110,000	\$ 71,562,559	\$ (356,827,495)	\$ (491,610)	\$ 165,770,165	\$ 667,123,619	\$ 1,295,035,876	\$ 1,962,159,495
City and County of Honolulu	177,331,000	22,566,484	(83,074,126)	(169,050)	36,504,560	153,158,868	466,530,271	619,689,139
Honolulu Authority for Rapid Transportation	810,000	74,382	(81,322)	(430)	110,480	913,110	1,077,953	1,991,063
County of Hawaii	39,770,000	7,187,610	(18,651,726)	(49,623)	8,531,701	36,787,962	150,596,543	187,384,505
County of Maui	37,446,930	10,346,671	(18,095,542)	(78,401)	8,568,122	38,187,780	237,818,973	276,006,753
County of Kauai	23,927,882	5,295,444	(8,755,019)	(38,185)	4,059,474	24,489,596	113,204,077	137,693,673
Department of Water, County of Kauai	1,011,000	399,132	(536,228)	(2,874)	271,018	1,142,048	9,059,245	10,201,293
Board of Water Supply, City and County of Honolulu	7,945,000	3,430,974	(5,985,550)	(25,068)	2,370,283	7,735,639	79,886,830	87,622,469
Department of Water Supply, County of Hawaii	1,990,000	764,696	(1,012,084)	(5,493)	522,371	2,259,490	17,271,797	19,531,287
	<u>\$ 1,077,341,812</u>	<u>\$ 121,627,952</u>	<u>\$ (493,019,092)</u>	<u>\$ (860,734)</u>	<u>\$ 226,708,174</u>	<u>\$ 931,798,112</u>	<u>\$ 2,370,481,565</u>	<u>\$ 3,302,279,677</u>

See accompanying notes to schedule of changes in fiduciary net position by employer.

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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2020 and 2019

**(1) General Information About the EUTF**

*Plan Description*

Chapter 87A of the Hawaii Revised Statutes (HRS) established the Hawaii Employer-Union Health Benefits Trust Fund (the Trust Fund). The Trust Fund was established to design, provide, and administer health and other benefit plans for the State of Hawaii (the State) and the county (Honolulu, Hawaii, Maui, and Kauai) employees, retirees and their eligible dependents beginning July 1, 2003. Chapter 87, HRS that established the Hawaii Public Employees Health Fund (the Health Fund) was repealed and the net assets of the Health Fund were transferred to the Trust Fund.

The Trust Fund is administered by a Board of Trustees (the Board) composed of ten trustees appointed by the Governor of the State. The Board is responsible for determining the nature and scope of benefit plans offered by the Trust Fund, negotiating and entering into contracts with insurance carriers, establishing eligibility and management policies for the Trust Fund, and overseeing all Trust Fund activities. The Board relies on professional services provided by a salaried Administrator, the State Department of the Attorney General, a benefits consultant, and an investment consultant.

Chapter 87A, HRS was amended on July 9, 2012 to allow the Board to establish a separate trust fund for the purpose of receiving employer contributions that will pre-fund other post-employment benefits (OPEB) for retirees and their beneficiaries. Pursuant to this amendment, the Board executed an irrevocable declaration of trust establishing the Hawaii Employer-Union Health Benefits Trust Fund for Other Post-Employment Benefits (the OPEB Trust) effective June 30, 2013. The OPEB Trust is governed by the Board of the Trust Fund. Its assets are held for the exclusive purpose of providing other post-employment benefits and are legally protected from creditors. The OPEB Trust and the Trust Fund described above are collectively referred to as the EUTF.

Act 268, Session Laws of Hawaii 2013 (Act 268), further amended Chapter 87A, HRS (codified as Chapter 87A-42). Effective July 1, 2018, annual employer contributions for retirees and their beneficiaries are equal to the amount of the annual required contribution as determined by an actuary and placed into the OPEB Trust. Accordingly, all employer contributions for retirees and their beneficiaries are required to be placed in the OPEB Trust effective July 1, 2018.

The EUTF, an agent multiple-employer defined benefit OPEB plan, is administratively attached to the State Department of Budget and Finance.

*Benefits Provided*

The EUTF currently provides medical, prescription drug, dental, vision, supplemental medical and prescription drug, and group life insurance benefits. The medical plans include a statewide preferred provider organization (PPO) benefit plan and a federally-qualified health maintenance organization (HMO) plan.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2020 and 2019

*Employees Covered by Benefit Terms*

At June 30, 2019, the following employees were covered by the benefit terms:

Active employees	66,128
Inactive employees or beneficiaries currently receiving benefit payments	49,370
Inactive employees entitled to but not yet receiving benefit payments	9,288
	<u>124,786</u>

*Employer Contributions*

Employer contributions for retirees and their beneficiaries are prescribed by the HRS and are equal to the amount of the annual required contribution as determined by an actuary and placed into the OPEB Trust. The annual required contribution is defined as the employer's contribution that is sufficient to cover (1) the normal cost, which is the cost of other post-employment benefits attributable to the current year of service, and (2) an amortization payment, which is a catch-up payment for past service costs to fund the unfunded actuarial accrued liability over the next 30 years.

**(2) Summary of Significant Accounting Policies**

*Postemployment Benefits Other Than Pensions (OPEB)*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the EUTF, and additions to/deductions from the EUTF's fiduciary net position have been determined on the same basis as they are reported by the EUTF. For this purpose, the EUTF recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2020 and 2019

**(3) Basis of Presentation**

The accompanying schedule of changes in fiduciary net position by employer (the Schedule) presents amounts that are considered elements of the financial statements of the EUTF or its participating employers. Accordingly, they do not purport to be a complete presentation of the fiduciary net position or changes in fiduciary net position of the EUTF or its participating employers. The amounts presented in the Schedule were prepared in accordance with accounting principles generally accepted in the United States of America. Such preparation requires management of the EUTF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**(4) Net OPEB Liability**

The net OPEB liability was measured as of July 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.



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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2020 and 2019

*Actuarial Methods and Assumptions*

The total OPEB liability in the actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Discount rate	7.00%
Inflation	2.50%
Salary increases	3.50% to 7.00%, including inflation
Investment rate of return	7.00%, net of investment expenses, including inflation
Demographic assumptions	Based on the experience study covering the five year period ended June 30, 2018, as conducted for the Employees' Retirement System of the State of Hawaii (ERS)
Mortality	System-specific mortality tables utilizing scale BB to project generational mortality improvement
Participation rates	98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution (BMC). Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the BMC, respectively. 100% for life insurance and 98% for Medicare Part B
Healthcare cost trend rates:	
PPO*	Initial rate of 8.00%; declining to a rate of 4.86% after 12 years
HMO*	Initial rate of 8.00%; declining to a rate of 4.86% after 12 years
Part B & BMC	Initial rate of 5.00%; declining to a rate of 4.70% after 11 years
Dental	Initial rate of 5.00% for first two years, followed by 4.00%
Vision	Initial rate of 0.00% for first two years, followed by 2.50%
Life insurance	0.00%

\* Blended rates for medical and prescription drugs.

Assumption changes during the current measurement period include updating (1) the demographic and salary-related assumptions based on an experience study which covered the 5-year period ended June 30, 2018, and (2) the dependent coverage assumptions to better reflect anticipated experience. The changes in assumptions had the effect of increasing the total OPEB liability at June 30, 2020 by \$83,455,782.

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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2020 and 2019

*Long-Term Expected Rate of Return*

The long-term expected rate of return on the EUTF's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of the EUTF's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Non-U.S. equity	17.00%	6.90%
U.S. equity	15.00%	5.35%
Private equity	10.00%	8.80%
Core real estate	10.00%	3.90%
Trend following	9.00%	3.25%
U.S. microcap	7.00%	7.30%
Global options	7.00%	4.75%
Private credit	6.00%	5.60%
Long treasuries	6.00%	2.00%
Alternative risk premia	5.00%	2.75%
TIPS	5.00%	1.20%
Core bonds	3.00%	1.50%
	<u>100.00%</u>	

*Discount Rate*

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on the EUTF's investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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Notes to Schedule of Changes in Fiduciary Net Position by Employer

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A single discount rate of 7.00% was used to measure the total OPEB liability. This discount rate was based on the expected rate of return on the EUTF's investments of 7.00%. The funding policy of the State of Hawaii is to pay the recommended actuarially determined contribution, which is based on layered, closed amortization periods. As a result, the EUTF's fiduciary net position is expected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the EUTF's investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**(5) Changes in the Net OPEB Liability**

The components of the net OPEB liability (total OPEB liability less plan fiduciary net position) as of June 30, 2020 and 2019 for each participating employer are presented in Table 1, *Summary of Net OPEB Liability by Employer*.

The total OPEB liability as of June 30, 2020 and 2019, and the changes in total OPEB liability for the year ended June 30, 2020 for each participating employer are presented in Table 2, *Summary of Changes in Total OPEB Liability by Employer*.

The total fiduciary net position as of June 30, 2020 and 2019, and the changes in fiduciary net position for the year ended June 30, 2020 for each participating employer are presented in the accompanying Schedule.

The net OPEB liability was measured as of July 1, 2019 and 2018. Accordingly, participating employers will report their respective plan fiduciary net position as of June 30, 2020 and 2019 (as presented in Table 1), and their respective changes in fiduciary net position for the year ended June 30, 2020 (as presented in the Schedule), based upon information contained in the EUTF's audited financial statements as of June 30, 2019 and 2018, and for the year ended June 30, 2019, respectively.

**(6) Sensitivity of Net OPEB Liability to Changes in Discount Rate and Healthcare Cost Trend Rates**

Table 3, *Sensitivity of Net OPEB Liability to Changes in Discount Rate and Healthcare Cost Trend Rates by Employer*, presents the net OPEB liability as of June 30, 2020 for each participating employer, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate.

Table 3 also presents the net OPEB liability as of June 30, 2020 for each participating employer, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2020 and 2019

**(7) EUTF's Fiduciary Net Position**

Detailed information about the EUTF's fiduciary net position is available in the separately issued EUTF financial statements.

Prior to July 1, 2018, the EUTF reported assets and liabilities in an agency fund resulting from the collection of contributions from employers and retirees, and payments of postemployment health benefits for retirees and their beneficiaries. The agency fund did not meet the criteria of a trust or equivalent arrangement, thus assets and liabilities for the postemployment health benefits were reported as an agency fund.

As a result of Act 268 (see Note 1) requiring all employer contributions for retirees and their beneficiaries to be placed in the OPEB Trust effective July 1, 2018, the EUTF no longer receives employer contributions for retirees and their beneficiaries in an agency capacity. Prior to this legislation, employer contributions for retirees and their beneficiaries (other than pre-funding contributions) consisted of monthly contributions to the agency fund for monthly payments of "pay-as-you-go" premiums and claim expenses. The agency fund accounted for the retirees' and employers' premium contributions, premium payments to carriers, reserves, cash, investments, and other related amounts. Effective July 1, 2018, all accounts and transactions related to postemployment health benefits for retirees and their beneficiaries are reported in the OPEB Trust.

The EUTF accounted for the effects of Act 268 as a change in reporting entity, which had the effect of increasing the fiduciary net position of the OPEB Trust by \$208,944,397, which is included in other changes in fiduciary net position for the year ended June 30, 2020 in the accompanying schedule of changes in fiduciary net position by employer. The components of other changes in fiduciary net position, which aggregated to \$226,708,174, is presented in Table 8, *Summary of Other Changes in Fiduciary Net Position by Employer*.

**(8) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The OPEB expense to be recognized by each participating employer for the year ended June 30, 2020 is presented in Table 4, *Summary of OPEB Expense by Employer*.

Deferred outflows of resources and deferred inflows of resources by source at June 30, 2020 for each participating employer are presented in Table 5, *Summary of Deferred Outflows and Inflows Related to OPEB by Employer*.

Deferred outflows of resources related to OPEB at June 30, 2020, resulting from employer contributions subsequent to the measurement date (refer to Table 5), will be recognized by each participating employer as a reduction of the OPEB liability in the year ending June 30, 2021.

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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2020 and 2019

The net OPEB liability was measured as of July 1, 2019. Accordingly, participating employers will report their respective deferred outflows of resources as of June 30, 2020 (as presented in Table 5) based upon employer contributions made by each participating employer during the year ended June 30, 2020.

The amounts reported as deferred outflows of resources related to OPEB at June 30, 2020, resulting from the net difference between projected and actual earnings on investments, the difference between expected and actual experience, and the changes in assumptions, and the amounts reported as deferred inflows of resources related to OPEB at June 30, 2020, resulting from the difference between expected and actual experience and the changes in assumptions (refer to Table 5), will be recognized in OPEB expense by each participating employer as presented in Table 6, *Deferred Inflows (Outflows) to be Recognized in Future OPEB Expense by Employer*.

**(9) Employer Contributions**

Table 7, *Summary of Actuarially Determined and Actual Contributions by Employer*, presents the actuarially determined contributions for the year ended June 30, 2020, based upon an actuarial valuation as of July 1, 2017 for the State of Hawaii and July 1, 2018 for all other participating employers and the actuarially determined contributions for the year ended June 30, 2019, based upon an actuarial valuation as of July 1, 2017 for all participating employers. Table 7 also presents the actual contributions made during the years ended June 30, 2020 and 2019, and the contribution deficiency (excess), which is the difference between the actuarially determined contributions and the actual contributions made.

The actuarially determined contributions for the year ended June 30, 2020 was determined using the following actuarial methods and assumptions:

*Actuarial Methods and Assumptions*

Actuarial cost method	Entry age normal
Discount rate	7.00%
Inflation	2.50%
Amortization method	Level percent. Closed bases are established at each valuation for new unfunded liabilities.
Equivalent single amortization period (A)	17.9 to 25.4 as of fiscal year ending June 30, 2020
Payroll growth	3.50%
Salary increases	3.50% to 7.00%; including inflation
Demographic assumptions	Based on the experience study covering the five year period ended June 30, 2015 as conducted for the ERS
Mortality	System-specific mortality tables utilizing scale BB to project generational mortality improvement

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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2020 and 2019

Participation rates                      98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution (BMC). Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the BMC, respectively. 100% for life insurance and 98% for Medicare Part B

Healthcare cost trend rates - State of Hawaii:

PPO (B)	Initial rates of 6.60%, 6.60%, and 9.00%; declining to a rate of 4.86% after 14 years
HMO (B)	Initial rate of 9.00%; declining to a rate of 4.86% after 14 years
Part B	Initial rates of 2.00% and 5.00%; declining to a rate of 4.70% after 14 years
Dental	3.50%
Vision	2.5%
Life insurance	0.00%

Healthcare cost trend rates - All other participating employers:

PPO (B)	Initial rate of 10.00%; declining to a rate of 4.86% after 13 years
HMO (B)	Initial rate of 10.00%; declining to a rate of 4.86% after 13 years
Part B	Initial rates of 4.00% and 5.00%; declining to a rate of 4.70% after 12 years
Dental	5.00% for the first 3 years; then 4.00% for all future years
Vision	0.00% for the first 3 years; then 2.50% for all future years
Life insurance	0.00%

(A) Department of Water, County of Kauai (18.1), Board of Water Supply, City and County of Honolulu (17.9), Department of Water Supply, County of Hawaii (17.9); County of Kauai (18.2); City and County of Honolulu (19.1); County of Maui (19.2); County of Hawaii (19.3); Honolulu Authority for Rapid Transportation (25.4); and State of Hawaii (25.0)

(B) Blended rates for medical and prescription drugs

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Notes to Schedule of Changes in Fiduciary Net Position by Employer

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**(10) Subsequent Events**

Since December 31, 2019, many countries have experienced an outbreak of the novel strain of coronavirus (COVID-19). On March 11, 2020, the World Health Organization declared the disease to be a global pandemic. The pandemic has adversely affected the global economy by, among other things, disrupting supply chains, lowering equity market valuations, creating significant volatility and disruption in financial markets, and increasing unemployment levels. The full impact of COVID-19 on the economy and on the EUTF is uncertain and not within the EUTF's control. Because the EUTF's investment values fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, and the related impact on the EUTF's liquidity cannot be determined at this time.

On July 17, 2020, State of Hawaii Governor David Ige issued a Tenth Proclamation Related to the COVID-19 Emergency, which suspended the provisions of Act 268 [Chapter 87A-42(b)-(f)] for the fiscal year ending June 30, 2021. Act 268 required annual employer contributions for retirees and their beneficiaries to be equal to the amount of the annual required contribution as determined by an actuary. As a result of this proclamation, participating employers are required to only contribute their share of the monthly "pay-as-you-go" health benefit premiums and claims expenses for the fiscal year ending June 30, 2021.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
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Summary of Net OPEB Liability by Employer

June 30, 2020 and 2019

<b>Employer</b>	<b>June 30, 2020</b>			<b>June 30, 2019</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
State of Hawaii	\$ 11,382,907,652	\$ 1,962,159,495	\$ 9,420,748,157	\$ 10,704,565,403	\$ 1,295,035,876	\$ 9,409,529,527
City and County of Honolulu	2,491,272,332	619,689,139	1,871,583,193	2,357,481,412	466,530,271	1,890,951,141
Honolulu Authority for Rapid Transportation	8,938,641	1,991,063	6,947,578	7,176,556	1,077,953	6,098,603
County of Hawaii	594,650,754	187,384,505	407,266,249	551,431,353	150,596,543	400,834,810
County of Maui	593,048,146	276,006,753	317,041,393	553,584,745	237,818,973	315,765,772
County of Kauai	282,905,748	137,693,673	145,212,075	262,446,334	113,204,077	149,242,257
Department of Water, County of Kauai	18,727,177	10,201,293	8,525,884	17,518,549	9,059,245	8,459,304
Board of Water Supply, City and County of Honolulu	161,437,724	87,622,469	73,815,255	153,014,513	79,886,830	73,127,683
Department of Water Supply, County of Hawaii	35,611,034	19,531,287	16,079,747	33,703,543	17,271,797	16,431,746
	<u>\$ 15,569,499,208</u>	<u>\$ 3,302,279,677</u>	<u>\$ 12,267,219,531</u>	<u>\$ 14,640,922,408</u>	<u>\$ 2,370,481,565</u>	<u>\$ 12,270,440,843</u>



**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
STATE OF HAWAII**

Summary of Changes in Total OPEB Liability by Employer

As of June 30, 2020 and 2019 and for the Year Ended June 30, 2020

Employer	Year Ended June 30, 2020						Balance June 30, 2020
	Balance June 30, 2019	Service Cost	Interest on Total OPEB Liability	Difference Between Expected and Actual Experience	Changes in Assumptions	Benefits Paid	
State of Hawaii	\$ 10,704,565,403	\$ 236,384,112	\$ 745,104,060	\$ (6,203,997)	\$ 59,885,569	\$ (356,827,495)	\$ 11,382,907,652
City and County of Honolulu	2,357,481,412	45,916,531	163,723,183	(9,001,436)	16,226,768	(83,074,126)	2,491,272,332
Honolulu Authority for Rapid Transportation	7,176,556	420,428	514,228	972,973	(64,222)	(81,322)	8,938,641
County of Hawaii	551,431,353	12,402,599	38,381,475	9,224,217	1,862,836	(18,651,726)	594,650,754
County of Maui	553,584,745	12,498,568	38,555,038	3,671,170	2,834,167	(18,095,542)	593,048,146
County of Kauai	262,446,334	5,857,253	18,269,822	3,844,516	1,242,842	(8,755,019)	282,905,748
Department of Water, County of Kauai	17,518,549	406,353	1,221,753	33,498	83,252	(536,228)	18,727,177
Board of Water Supply, City and County of Honolulu	153,014,513	2,598,017	10,592,452	(28,736)	1,247,028	(5,985,550)	161,437,724
Department of Water Supply, County of Hawaii	33,703,543	746,672	2,349,959	(314,598)	137,542	(1,012,084)	35,611,034
	<u>\$ 14,640,922,408</u>	<u>\$ 317,230,533</u>	<u>\$ 1,018,711,970</u>	<u>\$ 2,197,607</u>	<u>\$ 83,455,782</u>	<u>\$ (493,019,092)</u>	<u>\$ 15,569,499,208</u>

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
STATE OF HAWAII**

Sensitivity of Net OPEB Liability to Changes in Discount Rate and Healthcare Cost Trend Rates by Employer

June 30, 2020

Employer	Changes in Discount Rate			Changes in Healthcare Cost Trend Rates		
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
State of Hawaii	\$ 11,224,652,779	\$ 9,420,748,157	\$ 7,997,379,678	\$ 7,932,538,344	\$ 9,420,748,157	\$ 11,343,494,205
City and County of Honolulu	2,263,657,281	1,871,583,193	1,563,250,243	1,552,869,173	1,871,583,193	2,282,235,618
Honolulu Authority for Rapid Transportation	8,752,002	6,947,578	5,570,747	5,541,966	6,947,578	8,778,319
County of Hawaii	504,468,787	407,266,249	331,002,254	327,882,420	407,266,249	510,047,985
County of Maui	415,829,684	317,041,393	239,495,563	236,101,358	317,041,393	421,782,774
County of Kauai	191,160,473	145,212,075	109,138,917	107,769,162	145,212,075	193,622,402
Department of Water, County of Kauai	11,606,056	8,525,884	6,090,140	5,959,680	8,525,884	11,835,617
Board of Water Supply, City and County of Honolulu	98,004,905	73,815,255	54,701,539	54,216,408	73,815,255	98,973,632
Department of Water Supply, County of Hawaii	21,678,839	16,079,747	11,620,115	11,367,109	16,079,747	22,124,313
	<u>\$ 14,739,810,806</u>	<u>\$ 12,267,219,531</u>	<u>\$ 10,318,249,196</u>	<u>\$ 10,234,245,620</u>	<u>\$ 12,267,219,531</u>	<u>\$ 14,892,894,865</u>

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
STATE OF HAWAII**

Summary of OPEB Expense by Employer

For the Year Ended June 30, 2020

<u>Employer</u>	
State of Hawaii	\$ 707,289,202
City and County of Honolulu	138,271,885
Honolulu Authority for Rapid Transportation	989,010
County of Hawaii	33,407,562
County of Maui	26,373,469
County of Kauai	12,918,200
Department of Water, County of Kauai	754,997
Board of Water Supply, City and County of Honolulu	5,483,936
Department of Water Supply, County of Hawaii	1,229,776
	<u>\$ 926,718,037</u>

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
STATE OF HAWAII**

Summary of Deferred Outflows and Inflows Related to OPEB by Employer

June 30, 2020

Employer	Deferred Outflows					Deferred Inflows		
	Contributions Subsequent to the Measurement Date	Net Difference Between Projected and Actual Earnings on Investments	Difference Between Expected and Actual Experience	Changes in Assumptions	Total Deferred Outflows	Difference Between Expected and Actual Experience	Changes in Assumptions	Total Deferred Inflows
State of Hawaii	\$ 814,659,000	\$ 15,846,239	\$ -	\$ 134,913,741	\$ 965,418,980	\$ 145,487,773	\$ -	\$ 145,487,773
City and County of Honolulu	183,677,000	5,684,506	-	34,416,571	223,778,077	31,294,654	-	31,294,654
Honolulu Authority for Rapid Transportation	790,000	24,706	790,327	7,217	1,612,250	-	47,738	47,738
County of Hawaii	41,464,000	2,134,751	7,885,842	6,737,018	58,221,611	2,613,883	-	2,613,883
County of Maui	43,849,711	3,260,174	3,138,182	6,995,179	57,243,246	5,181,535	-	5,181,535
County of Kauai	17,238,000	1,350,023	3,258,229	3,434,653	25,280,905	564,930	-	564,930
Department of Water, County of Kauai	1,041,000	127,033	28,613	241,457	1,438,103	97,076	-	97,076
Board of Water Supply, City and County of Honolulu	8,165,000	1,055,806	-	2,375,747	11,596,553	1,467,196	-	1,467,196
Department of Water Supply, County of Hawaii	1,977,000	255,967	-	418,394	2,651,361	1,093,632	-	1,093,632
	<u>\$ 1,112,860,711</u>	<u>\$ 29,739,205</u>	<u>\$ 15,101,193</u>	<u>\$ 189,539,977</u>	<u>\$ 1,347,241,086</u>	<u>\$ 187,800,679</u>	<u>\$ 47,738</u>	<u>\$ 187,848,417</u>

Table 6

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
STATE OF HAWAII**

Deferred Inflows (Outflows) to be Recognized in Future OPEB Expense by Employer

June 30, 2020

Employer	Year Ending June 30:						Total
	2021	2022	2023	2024	2025	Thereafter	
State of Hawaii	\$ 3,225,222	\$ 3,225,223	\$ (917,260)	\$ (1,975,560)	\$ (8,344,854)	\$ (484,978)	\$ (5,272,207)
City and County of Honolulu	(917,874)	(917,875)	(2,663,676)	(3,264,456)	(1,042,542)	-	(8,806,423)
Honolulu Authority for Rapid Transportation	(265,349)	(265,347)	(238,505)	(5,311)	-	-	(774,512)
County of Hawaii	(2,384,727)	(2,384,728)	(2,919,876)	(2,942,608)	(2,076,702)	(1,435,087)	(14,143,728)
County of Maui	(1,131,467)	(1,131,467)	(2,075,444)	(2,219,460)	(824,416)	(829,746)	(8,212,000)
County of Kauai	(1,266,413)	(1,266,411)	(1,722,842)	(1,810,829)	(979,042)	(432,438)	(7,477,975)
Department of Water, County of Kauai	(45,699)	(45,700)	(79,646)	(81,748)	(31,440)	(15,794)	(300,027)
Board of Water Supply, City and County of Honolulu	(298,463)	(298,463)	(627,928)	(667,066)	(72,437)	-	(1,964,357)
Department of Water Supply, County of Hawaii	106,916	106,918	47,201	44,770	98,134	15,332	419,271
	<u>\$ (2,977,854)</u>	<u>\$ (2,977,850)</u>	<u>\$ (11,197,976)</u>	<u>\$ (12,922,268)</u>	<u>\$ (13,273,299)</u>	<u>\$ (3,182,711)</u>	<u>\$ (46,531,958)</u>

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
STATE OF HAWAII**

Summary of Actuarially Determined and Actual Contributions by Employer

For the Years Ended June 30, 2020 and 2019

<b>Employer</b>	<b>2020</b>			<b>2019</b>		
	<b>Actuarially Determined Contributions</b>	<b>Actual Contributions</b>	<b>Contributions Deficiency / (Excess)</b>	<b>Actuarially Determined Contributions</b>	<b>Actual Contributions</b>	<b>Contributions Deficiency / (Excess)</b>
State of Hawaii	\$ 814,659,000	\$ 814,659,000	\$ -	\$ 787,110,000	\$ 787,110,000	\$ -
City and County of Honolulu	183,677,000	183,677,000	-	177,331,000	177,331,000	-
Honolulu Authority for Rapid Transportation	790,000	790,000	-	810,000	810,000	-
County of Hawaii	41,464,000	41,464,000	-	39,770,000	39,770,000	-
County of Maui	35,732,000	43,849,711	(8,117,711)	34,967,000	37,446,930	(2,479,930)
County of Kauai	17,238,000	17,238,000	-	16,595,000	23,927,882	(7,332,882)
Department of Water, County of Kauai	1,041,000	1,041,000	-	1,011,000	1,011,000	-
Board of Water Supply, City and County of Honolulu	8,165,000	8,165,000	-	7,945,000	7,945,000	-
Department of Water Supply, County of Hawaii	1,977,000	1,977,000	-	1,990,000	1,990,000	-
	<u>\$ 1,104,743,000</u>	<u>\$ 1,112,860,711</u>	<u>\$ (8,117,711)</u>	<u>\$ 1,067,529,000</u>	<u>\$ 1,077,341,812</u>	<u>\$ (9,812,812)</u>

Table 8

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
STATE OF HAWAII**

Summary of Other Changes in Fiduciary Net Position by Employer

For the Year Ended June 30, 2020

<b>Employer</b>	<b>Act 268</b>	<b>Other</b>	<b>Total</b>
State of Hawaii	\$ 152,759,873	\$ 13,010,292	\$ 165,770,165
City and County of Honolulu	33,433,143	3,071,417	36,504,560
Honolulu Authority for Rapid Transportation	119,962	(9,482)	110,480
County of Hawaii	7,980,282	551,419	8,531,701
County of Maui	7,958,769	609,353	8,568,122
County of Kauai	3,796,630	262,844	4,059,474
Department of Water, County of Kauai	251,318	19,700	271,018
Board of Water Supply, City and County of Honolulu	2,166,516	203,767	2,370,283
Department of Water Supply, County of Hawaii	477,904	44,467	522,371
	<u>\$ 208,944,397</u>	<u>\$ 17,763,777</u>	<u>\$ 226,708,174</u>