HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, November 24, 2020

TRUSTEES PRESENT
Mr. Roderick Becker, Chairperson
Mr. Damien Elefante, Vice Chairperson (via video conference, Ms. Celeste Nip (via video conference)
Mr. Christian Fern, Secretary-Treasurer (via video conference) Mr. Ryker Wada (via video conference)
Ms. Jacqueline Ferguson-Miyamoto (via video conference) Mr. James Wataru
Ms. Audrey Hidano (via video conference, excused at 12:08 p.m. and rejoined at 12:34 p.m.)

TRUSTEES ABSENT
None

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

EUTF STAFF
Mr. Derek Mizuno, Administrator
Ms. Emily Kaimuloa (via video conference)
Ms. Donna Tonaki, Assistant Administrator
Mr. Raymond Kan (via video conference)
Ms. Desiree Yamauchi
Ms. Jessica McDonald
Mr. Stephen Murphy, Consultant (via video conference)
Ms. Lara Nitta (via video conference)
Mr. Johnny Wu, Consultant (via video conference)
Mr. Reid Shimabukuro (via video conference)
Ms. Linda Green (via video conference)
Mr. Kuan Yuan
Ms. Bonny Kahalewai (via video conference)
Mr. Dylan Zheng (via video conference)

OTHERS PRESENT (via video conference or teleconference)
Ms. Melodie Aduja
Ms. Vanelle Hirayasu, HMA
Ms. Stacia Baek, HMSA
Ms. Kathleen Kaleikini, HMSA
Ms. Irene Bayudan, VSP
Ms. Mae Kishimoto, HSTA-R
Ms. Sandra Benevides, CVS
Mr. Chris Letoto, HMSA
Ms. Julie Bodenski, Humana
Ms. Denise Mercil, Securian
Mr. Ty Bowers, CVS
Dr. Christopher Miura, Kaiser
Mr. Colin Bebee, Meketa
Mr. Neal Nakashima, Marsh
Mr. Su Chai, Kaiser
Mr. Dave Shiroma, Kaiser
Ms. Linda Chan, HMSA
Dr. Jared Sugihara, HMSA
Ms. Alicia Coates, HMSA
Mr. Troy Tomita, Kaiser
Mr. Thomas England, Kaiser
Mr. Chad Wong, HMSA
Ms. Sami Furutani, CVS
Mr. Scott Yamaguchi, Kaiser
Dr. Rupalkunverba Gohil, HMSA

I. CALL TO ORDER
The meeting of the Board of Trustees was called to order at 9:03 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, November 24, 2020.

II. EUTF FIDUCIARY LIABILITY INSURANCE
Mr. Neal Nakashima with Marsh presented Marsh’s recommendation to renew the fiduciary liability insurance policy with RLI Insurance Company (RLI) at the same premium and terms. Marsh has seen significant increases in premiums and less desirable terms this renewal period and is very happy with the proposal from RLI. Marsh asked six carriers, including RLI, to
MOTION was made and seconded to bind fiduciary liability insurance coverage with RLI Insurance Company as recommended by Marsh for the period December 15, 2020 to December 15, 2021. (Wataru/Hidano) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

III. EXECUTIVE SESSION
MOTION was made and seconded to move into Executive Session at 9:09 a.m. (Wataru/Nip) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

The regular meeting reconvened at 11:29 a.m.

Chairperson Becker reported that the Board approved partial settlement of two appeals for amounts owed relating to ex-spouses.

IV. MINUTES – OCTOBER 27, 2020
The Board reviewed the draft minutes of October 27, 2020.

MOTION was made and seconded to approve the minutes of October 27, 2020. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

V. OLD BUSINESS
A. HMSA Palliative Care
Mr. Derek Mizuno summarized the recent discussions and motions related to the HMSA Supportive Care program which is a palliative care benefit noting that over the first two years of the pilot the program has shown savings. Chairperson Becker asked Segal for their thoughts on the HMSA Supportive Care program. Mr. Stephen Murphy, Segal, noted the savings in the first two years of the program for the EUTF and the positive impact on the members. He also believed that the industry is moving to this type of palliative benefit and Medicare is also piloting such programs.

MOTION was made and seconded to continue the HMSA Supportive Care program for the EUTF and HSTA VB HMSA retiree plans effective January 1, 2021 through December 31, 2024 as a pilot or until sufficient data can be gathered to access the effectiveness of the benefit from a health and cost perspective. (Johnston/Wataru) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

B. HMSA Intensive Cardiac Rehabilitation Therapy
Mr. Mizuno summarized the recent discussions and motions related to the HMSA Dr. Ornish’s program for reversing heart disease which is an intensive cardiac rehabilitation therapy program noting that the first three years of data are inconclusive in showing savings. Chairperson Becker raised concerns about the current HMSA eligibility criteria being more expansive than the Medicare criteria that has been the subject of national studies. HMSA did not have evidence that shows the members covered under the expanded criteria would show similar cost savings as the Medicare criteria members. Mr.
Mizuno noted that the earliest HMSA could implement the program based on the Medicare eligibility criteria is January 1, 2022. Mr. Mizuno suggested that if this is the Board’s preference, to continue the current coverage for actives and retirees through December 31, 2021 to avoid a complete break in the benefit. Chairperson Becker asked Segal if there was a sufficient number of participants to determine if the program provides cost savings. Mr. Murphy responded that there is sufficient amount of participants in the group to be tracked over time but because of the COVID-19 pandemic having more participants may be beneficial. HMSA noted that cost avoidance for Ornish is based on a 10-year period but the pandemic will impact the timeframe.

MOTION was made and seconded to add Dr. Ornish’s program for reversing heart disease that is covered by Medicare (under the Medicare eligibility criteria) at standard in-network coinsurance to the EUTF and HSTA VB HMSA active employee and retiree plans effective January 1, 2022. (Johnston/Hidano) Trustee Christian Fern raised concerns about no coverage for calendar year 2021 for the retirees and for July 1, 2021 to December 31, 2021 for the actives and recommended filling this gap with the current benefit. Trustees Johnston and Hidano withdrew their motion and second, respectively.

MOTION was made and seconded to continue the Dr. Ornish’s program for reversing heart disease as a pilot program through December 31, 2021 and to add the Dr. Ornish’s program for reversing heart disease that is covered by Medicare (under the Medicare eligibility criteria) at standard in-network coinsurance to the EUTF and HSTA VB HMSA active employee and retiree plans effective January 1, 2022. (Johnston/Hidano) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Trustee Hidano was excused from the meeting at 12:08 p.m.

C. City Council, City and County of Honolulu Resolution 20-247 Requesting the Legislature to Enact Legislation Requiring the Provision of Health Benefits to State and County Employees and Retirees Using a Self-Insured Model
   Mr. Mizuno noted that EUTF staff provided written and oral testimony at the November 5, 2020 City Council hearing. The motion passed with 4 AYES, 3 AYES with reservations and 2 NOES. EUTF staff will monitor any related bills at the 2021 Legislature.

D. Use of EUTF Reserve Funds for 100% Coverage of Furloughed Active Employees’ Healthcare Premiums
   There is no update.

VI. COMMITTEE REPORTS
   A. Investment Committee
      1. September 30, 2020 Strategic Performance Report Including Excess Funds
         Mr. Colin Bebee, Meketa Investments, summarized the quarterly (and fiscal year) returns of 4.4% which underperformed the policy benchmark by 0.3%. The OPEB Trust ended at $3.9 billion. Since inception (June 23, 2011), the EUTF portfolio has returned 6.8% (net of fees) versus the policy benchmark return of 6.7%. Mr. Bebee noted that the market and portfolio continued the strong performance from the last quarter.
2. Quarterly Private Equity & Private Credit Report – Q2 2020
   Mr. Kuan Yuan summarized the Q2 2020 Private Equity and Private Credit performance report.

3. Quarterly Real Estate Report – Q2 2020
   Mr. Yuan summarized the Q2 2020 Private Real Estate performance report.

4. 2020 Strategic Allocation Review – Excess Funds
   Mr. Yuan summarized the Committee’s recommendation of an updated long-term strategic allocation for the Excess Funds.

   MOTION was made and seconded to approve the Investment Committee’s recommendation of a long-term strategic allocation for the Excess Funds. (Ferguson-Miyamoto/Wataru) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

5. Evolving Policy Plan Update
   Mr. Yuan summarized the Committee’s recommendation of an updated Evolving Policy Plan that transitions the OPEB Trust investment portfolio to the updated strategic allocation adopted at the October 27, 2020 Board meeting.

   MOTION was made and seconded to approve the Investment Committee’s recommendation of an updated Evolving Policy Plan. (Ferguson-Miyamoto/Wataru) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

6. Private Equity Investment Plan and Program Update
   Mr. Yuan informed the Board that the Committee plans to continue with $150 million in private equity investments at $50 million per investment in 2021.

7. Private Credit Investment Plan and Program Update
   Mr. Yuan informed the Board that the Committee plans to continue with $100-$150 million in private credit investments at $50 million per investment in 2021.

8. Real Assets Investment Plan and Program Update
   Mr. Yuan informed the Board that the Committee plans to invest $50 million in an open-ended infrastructure fund in 2021.

9. Global Options Update
   Mr. Yuan informed the Board of the Committee’s recommendation to move the funds invested with AQR, a global options managers, to the other global options manager, Geode. AQR is exiting the volatility risk premia business which includes the global options strategy by year-end.

   MOTION was made and seconded to approve the Investment Committee’s recommendation to transition all assets held by AQR to Geode and terminate AQR upon completion of the transition. (Ferguson-Miyamoto/Wataru) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)
10. Investment Policy Update
   Mr. Yuan informed the Board that the EUTF staff and Meketa will be working on updating the Investment Policy Statement with the recent changes.

B. Benefits Committee
   1. Kaiser Permanente Plan Changes
      Mr. Mizuno summarized the Committee’s recommendation to increase the member copayment from $10 to $20 for the basic laboratory tests and general imaging under the EUTF Kaiser Standard plan effective July 1, 2021. The change is more of a correction since the richer benefit plan, EUTF Kaiser Comprehensive plan, copayment is $15.

      Mr. Mizuno also noted the discontinuation of the facility-based Diabetes Prevention Program effective December 31, 2020 due to no available providers and extension of the digital-based Diabetes Prevention Program for active employees and non-Medicare retirees through June 30, 2022 with no claims being charged to the EUTF plans.

      MOTION was made and seconded to approve the Benefits Committee’s recommendation to increase the copayment to $20 for basic laboratory tests and general imaging under the EUTF Kaiser Standard plan for active employees effective July 1, 2021. (Wataru/Johnston) The motion passed. (Employer Trustees-4 YES Becker, Elefante, Johnston, Wada/Employee-Beneficiary Trustees-4 YES Fern, Nip, Tui, Wataru, 1 NO Ferguson-Miyamoto)

   2. HMSA Plan Changes
      Mr. Mizuno summarized the Committee’s recommendation to expand the Nutritional Counseling benefit to the Medical Nutrition Therapy (MNT) benefit at current coinsurance amounts for the EUTF HMSA active employee plans and to add the MNT benefit to HSTA VB HMSA plans at standard coinsurance effective July 1, 2021 for the active employee plans and January 1, 2022 for the retiree plans. Mr. Mizuno noted that the HMSA recommended change, being applied to their book of business, also included changing coverage to 100%. Trustee Laurel Johnston noted that she has family members with chronic kidney disease and the difficulty managing in the disease including their diet.

      MOTION was made and seconded to approve the Benefits Committee’s recommendation to:
      1) Expand the Nutritional Counseling benefit to the Medical Nutrition Therapy benefit with no change in the benefit levels for EUTF HMSA active employee plans effective July 1, 2021 and
      2) Add the Medical Nutrition Therapy benefit at standard in-network and out-of-network coverage to the HSTA VB HMSA active employee plans effective July 1, 2021 and HSTA VB HMSA retiree plans effective January 1, 2022. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)
Mr. Mizuno discussed HMSA’s recommendation, being applied to their book of business, to change internal items/implants from standard in-network coinsurance to 100% coverage for the EUTF and HSTA VB HMSA PPO active employee plans effective July 1, 2021 and EUTF and HSTA VB HMSA retiree plans effective January 1, 2022. There was no recommendation from the Committee.

Mr. Mizuno presented the Committee’s recommendation to exclude the bariatric surgery out-of-network benefit from the EUTF HMSA 75/25 active employee plan effective July 1, 2021. This change is a correction identified by EUTF staff Lara Nitta as the other EUTF HMSA PPO active employee plans do not cover out-of-network bariatric surgery and there is no compelling reason as there is a nationally recognized in-network provider of bariatric surgery.

MOTION was made and seconded to approve the Benefits Committee’s recommendation to exclude the bariatric surgery out-of-network benefit from the EUTF HMSA 75/25 active employee plan effective July 1, 2021. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Mr. Mizuno summarized HMSA’s recommendation, being applied to their book of business, to subject out-of-network mammography screenings to the out-of-network deductible. Mr. Mizuno noted that there were only 15 out-of-network mammography screenings over the past year all conducted at a Kaiser facility. There was no recommendation from the Committee.

MOTION was made and seconded to subject out-of-network mammography screenings to the out-of-network deductible for the EUTF HMSA PPO active employee plans effective July 1, 2021. (Wataru/Becker) The motion passed. (Employer Trustees-4 YES Becker, Elefante, Johnston, Wada/Employee-Beneficiary Trustees-4 YES Fern, Nip, Tui, Wataru, 1 NO Ferguson-Miyamoto)

3. Humana COVID-19 Testing Update
Mr. Mizuno summarized the Committee’s recommendation to cover pre- and post-travel COVID-19 testing, including inter-island travel, for the EUTF Humana retiree plan for calendar year 2021. Humana is applying this change to their book of business. Mr. Mizuno noted that there’s no premium impact for 2021 and likely none in the future because the EUTF plan will be community rated due to low enrollment.

MOTION was made and seconded to approve the Benefits Committee’s recommendation to cover pre- and post-travel COVID-19 testing, including inter-island travel, for the EUTF Humana retiree plan for calendar year 2021. (Ferguson-Miyamoto/Wataru) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

4. Segal Cost Analysis Report on Diabetes
Mr. Mizuno noted that Segal presented incidence, HEDIS control statistics, current carrier programs and possible carrier programs related to diabetes at the Committee meeting. Segal will continue to analyze the possible programs negotiate fees and will
present the cardiovascular chronic condition in January 2021.

C. Administrative Committee
1. EUTF Annual Report to the Legislature
   Mr. Mizuno summarized the Committee’s recommendation to approve the EUTF Annual Report noting the report mentioned the medical and prescription drug RFP, new benefits administration system and the EUTF’s response to the pandemic.

   MOTION was made and seconded to approve the Administrative Committee’s recommendation to approve the EUTF Annual Report for submission to the Legislature. (Wataru/Nip) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

   Trustee Hidano rejoined the meeting at 12:34 p.m.

2. Progress on Strategic Plan – January 1, 2018 – June 30, 2020
   Mr. Mizuno informed the Board that an update on the goals and objectives of the strategic plan through June 30, 2020 was presented at the Committee meeting.

VII. NEW BUSINESS
A. 2021 Medicare Part B Premium and Retiree Base Monthly Contribution
   Mr. Mizuno informed the Board that Medicare Part B premiums will increase by 2.7% from $144.60 in 2020 to $148.50 per month in 2021. The estimated increase in employer Medicare Part B premiums is $2.6 million from $97.1 million to $99.7 million annually. Additionally, the 2021 base monthly contribution increased with the Medicare Part B premium change. For 2021, 100% and 75% Medicare retirees will continue to have their entire premium or self premiums for post June 30, 2010 retirees paid by the employers.

VIII. REPORTS
A. Segal
   1. Plan Performance report through September 30, 2020
   2. Performance Guarantee Report through September 30, 2020
   3. Election 2020: Presidential Race, Senate Control Uncertain
   5. Final Transparency Rules for Group Health Plans and Insurers
      Mr. Stephen Murphy, Segal Consulting, 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. 2021 Retiree 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. 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. 2020 Financial Audit
   e. FSB Staffing Update
   f. Financial Statements as of August 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)

Ms. Mae Kishimoto, HSTA-R, asked the Board to consider an active & fit benefit for the HMSA EUTF and HSTA VB retiree plans, chiro for the EUTF retiree plans, and coverage of dependents medical and prescription drug up to age 26 for all retiree plans. Mr. Mizuno noted that the active & fit benefit for the HMSA plans previously considered by the Board but the Board was not provided with any studies that show that adding such a benefit will improve the overall health of the membership (i.e. members who currently are not exercising will start doing so). The addition of chiro was recently considered by the Board but the motion did not pass. Dependent medical and prescription drug coverage was considered by the Board shortly after implementation of ACA around 2011 but did not pass.

III. EXECUTIVE SESSION (continued)
The Board meeting recessed and moved into Executive Session at 12:44 p.m

The regular meeting reconvened at 1:09 p.m.
IX. NEXT MEETING DATE
Tuesday, December 15, 2020, 9:00 a.m. – Personnel and possible extension of COVID-19 benefits

X. ADJOURNMENT
MOTION was made and seconded for the Board to adjourn the meeting at 1:10 p.m. Ferguson-Miyamoto/Nip) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Respectfully submitted,

/s/
Christian Fern, Secretary-Treasurer

APPROVED on December 15, 2020.

Documents Distributed:
2. Draft Board Minutes of October 27, 2020. (7 pages)
3. Memorandum to BOT from EUTF Administrator Regarding HMSA Palliative Care and HMSA Intensive Cardiac Rehabilitation Therapy Benefits, dated November 19, 2020. (2 pages)
4. Supportive Care Summary, prepared by HMSA, dated October 26, 2020, redacted version. (13 pages)
5. Dr. Ornish’s Program for Reversing Heart Disease, prepared by HMSA, dated October 26, 2020, redacted version. (10 pages)
6. Update on City & County of Honolulu Resolution 20-247. (1 page)
7. Memorandum to BOT from EUTF Investment Committee Regarding November 17, 2020 Investment Committee Meeting Report, dated November 17, 2020. (2 pages)
8. Memorandum to BOT from EUTF Benefits Committee Regarding Benefits Committee Meeting Report, dated November 23, 2020. (2 pages)
9. Memorandum to BOT from EUTF Administrative Committee Regarding November 19, 2020 Administrative Committee Meeting, dated November 19, 2020. (1 page)
11. EUTF Year to Date Contract Plan Experience Report, Contract Year to Date through September 2020, prepared by Segal Consulting, dated November 24, 2020. (41 pages)
12. Memorandum to BOT from Segal Consulting, Regarding Compliance News Update, dated November 17, 2020. (2 pages)
17. Memorandum to BOT from Member Services Branch Manager Regarding October – November 2020 Member Services Operations Report, dated November 13, 2020. (6 pages)