I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 9:02 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 Monday, January 11, 2021.

II. NEW BUSINESS
A. Actuarial Valuation Report as of July 1, 2020

Mr. Joe Newton and Mr. Mehdi Riazi of Gabriel Roeder Smith & Company (GRS) presented the results of their July 1, 2020 actuarial valuation of the State and counties other post-employment benefits noting an aggregate actuarial gain of $993 million which results in lower projected annual required contributions for fiscal years 2023 through 2057 of approximately $3.6 billion. The actuarial gain is primarily related to lower than expected January 1, 2021 retiree premiums and repeal of the ACA insurer fee and “Cadillac Tax.”

MOTION was made and seconded to accept the July 1, 2020 actuarial valuation aggregate employer report and the assumptions and methods contained therein. (Wada/Hidano) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

B. Fiscal Year Ending June 30, 2020 Financial Statement Audit

Mr. Ralph Kanetoku, Ms. Robyn Kawamura, and Ms. Kristen Ota of KKDLY LLC presented the results of their audit of the EUTF’s financial statements for the fiscal year ending June 30, 2020 including the presentation to the Board, the Report to the Auditor, the Management Letter, the Schedule of Changes in Fiduciary Net Position by Employer, the Report on Census Data, and the audited financial statements. KKDLY LLC noted one management letter comment related to “Disposing of Net Amounts Due to Employees and Retirees” which was carried forward from last year. Mr. Derek Mizuno noted that EUTF staff continue to work on reducing the number and dollar amount of refunds due to members. Subsequent to the audit on September 8, 2020, EUTF began receiving an electronic file feed from the State payroll system that includes terminations in order to timely update the EUTF’s benefits administration system to avoid future refunds. EUTF staff has reduced the number of refunds outstanding from 13,432 at June 30, 2017 to 5,324 at November 30, 2020 and are continuing to reduce this number. Trustee Audrey Hidano questioned why this comment is still included since the EUTF staff have processes and procedures in place, the number of refunds has been declining and a portion of the problem is beyond the EUTF’s control. Mr. Kanetoku responded that each year KKDLY evaluates prior management letter comments whether they are still valid. For the 2020 audit, KKDLY deemed this comment still valid as there is a high number of refunds still due and that KKDLY will evaluate the comment again next year.

Mr. Mizuno presented a letter dated December 29, 2020 from the State Auditor requesting “‘information and legal requirements’ to justify the need for each of the departments’ and programs’ financial statement audits before he (Speaker of the House) is willing to authorizing (sic) us to execute the contracts with independent CPA firms to perform those audits” noting that he prepared a memorandum with reasons for the audit. Mr. Mizuno also noted that he is following up with the State Department of Budget and Finance. Trustee Hidano instructed EUTF staff to consult with the Board prior to responding.

III. EXECUTIVE SESSION

MOTION was made and seconded to move into Executive Session at 10:06 a.m. (Ferguson-Miyamoto/Johnston) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

The regular meeting reconvened at 10:22 a.m.
Chairperson Becker reported that during Executive Session the Board denied an appeal for retroactive Medicare Part B reimbursements.

IV. MINUTES – DECEMBER 15, 2020
The Board reviewed the draft minutes of December 15, 2020.

MOTION was made and seconded to approve the minutes of December 15, 2020. (Ferguson-Miyamoto/Nip) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

V. OLD BUSINESS
A. Use of EUTF Reserve Funds
Mr. Mizuno noted a summary of the discussion at the December 2020 Board meeting regarding the net assets related to active employee plans and options on how to use the reserves to provide financial assistance to the employees and employers was included in the meeting materials for information.

B. Self-Funded Prescription Drug (Administered by CVS) Rates for Active Employees Effective July 1, 2021
Mr. Steve Murphy, Segal, noted that the recommended self-funded prescription drug rates for active employee plans effective July 1, 2021 was carried over from the December 2020 Board meeting.

MOTION was made and seconded to approve the self-funded prescription drug, administered by CVS, rates for active employees effective July 1, 2021 as recommended by the benefits consultant. (Ferguson-Miyamoto/Johnston) The motion passed. (Employer Trustees-4 YES Becker, Hidano, Johnston, Wada/Employee-Beneficiary Trustees-4 YES Ferguson-Miyamoto, Nip, Tui, Wataru, 1 NO Fern)

C. Self-Funded Supplemental Medical and Prescription Drug Rates for Active Employees Effective July 1, 2021
Mr. Murphy, Segal, noted that the recommended self-funded supplemental medical and prescription drug rates for active employee plans effective July 1, 2021 was carried over from the December 2020 Board meeting.

MOTION was made and seconded to approve the self-funded supplemental medical and prescription drug rates for active employees effective July 1, 2021 as recommended by the benefits consultant. (Johnston/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

II. NEW BUSINESS (continued)
A. HMSA COVID-19 Coverage
Mr. Stacia Baek, HMSA, presented a memorandum dated January 11, 2021 summarizing the medical plan coverage of the COVID-19 vaccines as follows (the cost of the vaccine will be initially paid by the federal government):
EUTF and HSTA VB active plans – coverage at 100% in- and out-of-network and deductibles do not apply.

EUTF and HSTA VB retiree plan members with Medicare – 100% coverage through Medicare and deductibles do not apply.

EUTF retiree plan members without Medicare – 100% in-network coverage and deductible does not apply. 100% out-of-network coverage but deductible applies.

HSTA retiree plan members without Medicare – 100% in-network coverage and deductible does not apply. 70% out-of-network coverage and deductible applies.

To remove any barrier to members receiving COVID-19 vaccinations, HMSA is waiving all out-of-network coinsurance and deductibles related to COVID-19 vaccination administration costs for their other fully-insured plans. HMSA is recommending the same change for the EUTF and HSTA VB retiree plans. HMSA noted that because most vaccinations will be performed in-network (approximately 99.5%) estimated costs related to this change are minimal. Mr. Mizuno asked that the Board also waive out-of-network coinsurance and deductibles related to the COVID-19 cost of the vaccination once the federal government stops covering the costs. Covering the entire cost of out-of-network COVID-19 vaccinations is minimal.

MOTION was made and seconded to waive cost share and deductibles for out-of-network vaccine costs for all Advisory Committee on Immunization Practices recommended FDA approved or authorized COVID-19 vaccines for EUTF and HSTA VB retiree plans from December 11, 2020 through the national public health emergency. (Ferguson-Miyamoto/Johnston) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Mr. Mizuno noted that the Board packet also included a memorandum describing the methods HMSA communicates COVID-19 matters to the membership in response to a question from the December 2020 Board meeting.

VI. REPORTS
A. Segal
   1. Compliance Update
      Mr. Murphy summarized the new health plan regulations and their application to the EUTF plans and its carriers.
B. Administrator
   1. Meetings with legislators and unions
   2. Public engagement
   3. Staffing update
      Mr. Mizuno updated the Board noting that he has been meeting with the union heads and key members of the Legislature.

C. EUTF Managers’, Program Specialist and Benefits Audit Specialist Reports
   1. Member Services Branch (MSB)
      a. MSB Data
      b. Outreach & Training
      c. 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. Humana Retiree Plan
      e. Enrollment Counts
   3. EUTF Benefits Audit Specialist Report
      a. Audits Currently in Progress
      b. Additional Audits to be Initiated by June 30, 2021
      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. Financial Statements as of September 30 and October 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)

Mr. Galen Haneda, HMSA informed the Board that Mr. Michael Stollar retired at the end of 2020 and Mr. Garet Azama is his replacement as the Vice President, Product Marketing and Development. Mr. Dale Goya who is currently on the HMSA Account Team for the EUTF is assuming Mr. Azama’s responsibilities.
Trustee Celeste Nip thanked HMSA and Kaiser for their assistance in providing information for the Hawaii Fire Fighters Association website, newsletters, and other member communication regarding Firefighter Cancer Awareness Month.

III. EXECUTIVE SESSION (continued)
The Board meeting recessed and moved into Executive Session at 10:41 a.m.

The regular meeting reconvened at 11:04 a.m.

Chairperson Becker reported that the Board performed the following during Executive Session:
1. Award of contracts for benefit consulting services and pharmacy benefit consulting and audit services, subject to contract negotiation.
3. Approved extension of an actuarial services contract.
4. Approved extension of an insurance brokerage services contact.

VII. NEXT MEETING DATE
Tuesday, February 16, 2021, 9:00 a.m. – Benefits and Investment Committee Reports.

VIII. ADJOURNMENT
MOTION was made and seconded for the Board to adjourn the meeting at 11:06 a.m. (Wataru/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Respectfully submitted,

/s/
Christian Fern, Secretary-Treasurer

APPROVED on February 16, 2021.

Documents Distributed:
2. GRS Draft Actuarial Valuation Report as of July 1, 2020. (64 pages)
4. KKDLY Financial Statements and Supplementary Information, June 30, 2020 and 2019. (96 pages)
5. KKDLY Report to the Auditor, June 30, 2020. (8 pages)
7. KKDLY Schedule of Changes in Fiduciary Net Position by Employer, June 30, 2020 and 2019. (23 pages)
9. Memorandum to BOT from EUTF Administrator Regarding Reasons to Continue EUTF Audits, dated January 7, 2021. (1 page)
12. Summary of EUTF Reserves and Impact of Suspension of Act 268. (2 pages)
15. Memorandum to BOT from HMSA Regarding COVID-19 vaccine administration, dated January 11, 2021, redacted version. (3 pages)
16. Memorandum to BOT from HMSA Regarding Member-facing communication of 2021 COVID-19 benefits updates, dated January 11, 2021. (2 pages)
18. Memorandum to BOT from Segal Consulting Regarding Health Plan Requirements in the Consolidated Appropriations Act of 2021, dated January 7, 2021. (2 pages)
21. Memorandum to BOT from Member Services Branch Manager Regarding December 2020 Member Services Operations Report, dated December 31, 2020. (6 pages)
23. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding December 2020 EUTF Benefits Audit Specialist Report, dated December 31, 2020. (2 pages)