I. CALL TO ORDER
The meeting of the Board of Trustees was called to order at 9:01 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, May 25, 2021.

II. MINUTES – APRIL 27, 2021
The Board reviewed the draft minutes of April 27, 2021.

MOTION was made and seconded to approve the minutes of April 27, 2021. (Wataru/Fern)
The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

III. COMMITTEE REPORTS

A. Investment Committee

1. March 31, 2021 Strategic Performance Report Including Excess Funds
   Mr. Colin Bebee, Meketa Investments, (Meketa) highlighted significant points in the March 31, 2021 Performance Report. The OPEB Trust Fund finished the quarter at $4.53 billion and gained 4.7% (net of fees) for the quarter, underperforming the policy benchmark of 5.1%. Since inception (June 23, 2011), the EUTF portfolio has returned 8.0% (net of fees) versus the policy benchmark return of 7.9%. The EUTF Excess Funds portfolio finished the quarter at $327.8 million up 0.1% for the quarter (net of fees). Since inception (October 1, 2013), the portfolio returned 4.1% (net of fees).

2. Quarterly Private Equity & Private Credit Report – Q4 2020
   Mr. Kuan Yuan highlighted significant points in the Quarterly Private Equity and Private Credit Report. Since reporting for private market investments is lagged by one quarter, the report covers the fourth-quarter 2020. At the end of the quarter, Private Equity and Private Credit reported market values of $217.2 million and $150.0 million, respectively, with since inception internal rates of return of 20.8% and 15.7% (both net of fees), respectively. For the same time period, private equity underperformed its benchmark of 27.7% due to strong public market returns, while private credit outperformed its benchmark of 12.5%.

3. Quarterly Real Estate Report – Q4 2020
   Mr. Yuan highlighted significant points in the Quarterly Real Estate Report. Since reporting for private market investments is lagged by one quarter, the report covers fourth-quarter 2020. At the end of the quarter, Private Real Estate reported a market value of $363.8 million with a quarterly return of 1.3% (net of fees), outperforming the asset class benchmark of 1.1%.

4. Diversification in a Low Rate Environment
   No report provided.

5. Investment Office Update
   Mr. Yuan provided an update that included commitment progress and recent developments pertaining to the core infrastructure manager, contract negotiation with a global options manager, addition of investment staff, and major agenda items for the remainder of the calendar year.

B. Benefits Committee

1. Proposed retiree plan changes effective January 1, 2022
   Mr. Derek Mizuno presented the Benefits Committee’s recommendation to remove limitations on treatment of chemical dependency in a nonhospital residential facility effective January 1, 2022 under the EUTF and HSTA VB Kaiser Permanente Senior Advantage Plans (KPSA). The current limitations are two lifetime treatment episodes,
treatment episode not to exceed 60 days, and no more than 30 physician visits per calendar year. There are currently no such limitations on any other Kaiser (and HMSA) plan. Although not required by federal law, this change aligns with the Mental Health Parity and Addiction Equity Act of 2008 which prohibits benefit limits less favorable than under medical or surgical benefits.

MOTION was made and seconded to approve the Benefits Committee’s recommendation to remove coverage limitations on treatment of chemical dependency in a nonhospital residential facility under the EUTF and HSTA VB Kaiser Permanente Senior Advantage medical and prescription drug plans effective January 1, 2022. (Wataru/Johnston) Chairperson Becker asked for EUTF staff’s recommendation. Mr. Mizuno noted that EUTF staff recommends this change. The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

2. COVID-19 related plan changes
Mr. Mizuno presented the Benefits Committee’s recommendation to waive member cost share for the treatment of adverse reactions to COVID-19 vaccines for EUTF and HSTA VB actives and retirees effective December 1, 2020 through the end of the national public health emergency to alleviate member concerns with having an adverse reaction to the vaccine.

MOTION was made and seconded to approve the Benefits Committee’s recommendation to waive member cost share for treatment of adverse reactions to the COVID-19 vaccine retroactive to December 1, 2020 through the end of the public health emergency under the EUTF and HSTA VB HMSA active employee and retiree medical plans. (Wataru/Johnston) Chairperson Becker asked for EUTF staff’s recommendation. Mr. Mizuno noted that EUTF staff do not feel this benefit enhancement is necessary since adverse reactions are already covered under standard plan benefits, however, since this change is being applied to other HMSA plans, the Board should consider whether they want to offer a lower benefit to EUTF members. The motion passed. (Employer Trustees-3 YES Hidano, Johnston, Wada, 1 NO Becker/Employer-Beneficiary Trustees-5 YES Ferguson-Miyamoto, Fern, Nip, Tui, Wataru)

3. Segal capstone report: Turnkey program solutions to its cost driver analysis
Mr. Mizuno noted the following related to Segal’s capstone report:
   a. The cost drivers are diabetes, cardiovascular conditions, oncology and musculoskeletal disorders.
   b. Recommended programs focus on HMSA and CVS as Kaiser has been able to control disease as measured by Healthcare Effectiveness Data and Information Set (HEDIS) measures.
   c. Recommended programs are CVS Accordant Care Rare through HMSA, CVS Accordant Care Specialty Pharmacy Management, CVS Pharmacy Advisor Counseling, and either Livongo’s Diabetes Management Program or Whole Person Health Program through HMSA. The Whole Person Health Program targets multiple EUTF key cost drivers including: pre-diabetes, diabetes, and high blood pressure.
   d. Next steps are to negotiate terms with HMSA and CVS and present a
recommendation for Committee approval at the July meeting. Trustee Audrey Hidano noted her concerns should these programs be considered pilot programs.

IV. OLD BUSINESS
A. 2021 EUTF Related Legislation
   Mr. Mizuno noted that EUTF staff provided comments to Governor Ige’s staff on the following bills that were transmitted to the Governor:
   - HB468 – suspends employer annual required contributions to the OPEB Trust for fiscal years ending June 30, 2022 and 2023. However, employers are still required to contribute the actual retiree healthcare premiums.
   - HB1234 – an earlier version of the bill that the Board supported established the all payor claims database (APCD) in the State Department of Human Services and required Medicare Advantage plans to submit data in a usable format to the APCD. The final version of the bill did not include these provisions and only established a steering committee. A steering committee, established by the administrative rules, has been meeting for years.
   - SB1034 – allows the Board to continue with online meetings post pandemic without some of the previous requirements (e.g. the meeting notice would have to identify where Trustees were participating if other than the main site and the Trustee would have to open that venue to the public). However, if this bill becomes law, it would not be effective until January 1, 2022. Should the Governor’s emergency declaration suspending public meeting laws end prior to January 1, 2022, the Trustees would have to follow the current laws. Mr. Mizuno would like to have the Trustees meet in the EUTF Board room, allow the public to meet in person, but have the carriers participate via Teams to avoid crowds.
   At Trustee Hidano’s request, Mr. Mizuno will provide the Trustees with EUTF staff comments to the Governor on these bills.

B. Use of EUTF Reserve Funds
   Mr. Mizuno reported that there is no update.

V. REPORTS
A. Segal
   1. Quarterly Plan Performance Report
   2. Quarterly Performance Guarantee Report
      Mr. Stephen Murphy provided an update on health plan claims and performance guarantee performance through March 31, 2021.

B. Administrator
   1. Meetings with legislators and unions
   2. Staffing update
      Mr. Mizuno noted that he is revising the presentation to third parties to focus on providing background, and measures already implemented and possible future measures to address the unfunded actuarial accrued liability. The revised presentation is currently being reviewed internally and will subsequently be provided to the Board for comment.
C. EUTF Managers’, Program Specialist and Benefits Audit Specialist Reports
   1. Member Services Branch (MSB)
      a. MSB Data
      b. Outreach & Training
      c. 2021 Active Employee Open Enrollment
         Ms. Donna Tonaki noted that bargaining units 1, 2, 3, 7 and 8 have ratified a new employer contribution effective July 1, 2021, bargaining units 4, 5, 10, 13 and 14 are currently in the ratification process and all employers will provide the new employer contribution to all excluded employees.
      d. Carrier Reports
   2. Information Systems (IS)
      a. EUTF New Benefits Administration System (BAS) Project
      b. EUTF New Benefits Administration System (BAS) Project – Data Conversion
      c. V3 Benefits Administration System Modified Phase II (Employer File Feed)
      d. Active Open Enrollment 2021
      e. COBRA Election Notice Changes
      f. Voice Over Internet Protocol Phones
      g. Enrollment Counts
   3. EUTF Benefits Audit Specialist Report
      a. Audits Currently in Progress
      b. 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. Financial Statements as of March 31, 2021

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. Humana
   7. Kaiser Health Foundation
   8. Securian
   9. Vision Service Plan (VSP)

VI. EXECUTIVE SESSION
    MOTION was made and seconded to move into Executive Session at 9:42 a.m.
    (Wataru/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)
The regular meeting reconvened at 10:03 a.m.

Chairperson Becker reported that the Executive Session minutes of April 27, 2021 were approved during Executive Session.

VII. NEXT MEETING DATE
Tuesday, June 22, 2021, 9:00 a.m. – retiree premiums effective January 1, 2022

VIII. ADJOURNMENT
MOTION was made and seconded for the Board to adjourn the meeting at 10:03 a.m. (Wataru/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Respectfully submitted,

/s/

Christian Fern, Secretary-Treasurer

APPROVED on June 22, 2021.

Documents Distributed:
1. Draft Board Minutes of April 27, 2021. (6 pages)
2. Memorandum to BOT from Investment Committee Regarding May 17, 2021 Investment Committee Meeting Report, dated May 17, 2021. (1 page)
3. Memorandum to BOT from EUTF Benefits Committee Regarding Benefits Committee Report, dated May 18, 2021, redacted version. (2 pages)
4. Legislative Update, dated May 18, 2021. (2 pages)
5. EUTF Year to Date Contract Plan Experience Report, Contract Year to Date through March 2021, prepared by Segal Consulting, dated May 25, 2021. (41 pages)
7. Memorandum to BOT from Member Services Branch Manager Regarding April – May 2021 Member Services Operations Report, dated May 14, 2021. (6 pages)
9. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding April – May 2021 EUTF Benefits Audit Specialist Report, dated May 14, 2021. (2 pages)
10. Memorandum to Administrator from EUTF Program Specialist Regarding April and May 2021 EUTF Program Specialist Report, dated May 14, 2021. (3 pages)
15. HMA Monthly Carrier Report for April 2021 dated May 6, 2021. (2 pages)