I. CALL TO ORDER
The meeting of the Board of Trustees of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) was called to order at 9:00 a.m. by Chairperson Christian Fern, in the City Financial Tower Conference Room, 201 Merchant Street, Suite 1935, Honolulu, Hawaii, on Tuesday, December 21, 2021.
II. MINUTES – NOVEMBER 16, 2021

The Board reviewed the draft minutes of November 16, 2021.

MOTION was made and seconded to approve the minutes of November 16, 2021, as circulated. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

III. NEW BUSINESS

A. Benefits Administration System Implementation Status Update

Mr. Gary Behnke, Segal, Mr. Brent Griffiths, LifeWorks, and Ms. Julia Okinaka, Accuity, provided the Board with an update on the status of the implementation of the new Benefits Administration System noting that the go-live date is being moved from February 1, 2022 to March 1, 2022 for the following reasons:

- Billing data conversion delays
- Some functionality being delivered in December
- Defects reported by EUTF that need to be remediated
- New security vulnerabilities

Trustee Nip entered the meeting during the presentation at 9:17 a.m.

Trustee Audrey Hidano instructed LifeWorks, Segal and EUTF staff that the delay should only be one-month. She does not want continued delays. Mr. Griffiths mentioned that everyone wants to implement on March 1 and are working toward this date. Trustee Roderick Becker asked who is responsible for the delay. Mr. Griffiths responded that there are various reasons for the delay including delays in receiving data from Vitech early in the project and delays in providing the functionality due to the complexity of the project. Ms. Okinaka stressed the importance of identifying the root cause of the delays and ensuring that they are addressed. Mr. Griffiths mentioned that throughout the project LifeWorks has allocated more resources to complete the project. LifeWorks, Segal and EUTF staff believe that the one-month delay will help ensure a successful go-live.

Mr. Derek Mizuno requested an executive session to ask the deputy attorney general a question.

MOTION was made and seconded to move into Executive Session to discuss a matter with the deputy attorney general at 9:25 a.m. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

The regular meeting reconvened at 9:36 a.m.

Chairperson Fern reported that during Executive Session the Board approved an amendment to a benefits administration system contract.

B. Claim Technologies, Inc. Claims Audit Reports

1. HMSA for Active Employees July 1, 2018 – June 30, 2020 and Retirees January 1, 2018 – December 31, 2019
2. HMA Supplemental for Active Employees July 1, 2018 – June 30, 2020
Ms. Michelle Suckow, Claims Technologies, Inc, summarized the claims audits noting the following:
- HMSA overpaid claims totaling $40,808 for periods July 1, 2018-June 30, 2019 for actives and calendar year 2018 for retirees (Period 1) and $1,516 for periods July 1, 2019-June 30, 2020 for actives and calendar year 2019 for retirees (Period 2).
- HMSA also under-reported performance guarantee penalties of $254,885. Period 1 overpaid claims do not have to be refunded by HMSA because both plan years resulted in deficits.
- HMA overpaid claims totaling for $4,697 and under-reported performance guarantee penalties of $4,739.
- Securian under-reported performance guarantee penalties of $20,955. Securian also paid out sixteen claims for ineligible persons due to using sources other than the EUTF standard 834 notification weekly file to issue claim payments.

Trustee Hidano inquired about payments due to the EUTF. Mr. Chris Letoto, HMSA, informed the Board that the HMSA payment will be submitted by mid-January. Ms. Amy Cheung, EUTF Financial Management Officer, informed the Board that HMA and Securian payments were already received.

Mr. Mizuno noted that there is another possible performance guarantee violation for one quarter that HMSA, CTI and EUTF is working on resolving as well as addressing potential recovery amounts noted in CTI's presentation and report. Additionally, EUTF staff will present to the Board in January 2022 future carriers and periods for CTI to audit.

C. Self-Funded Prescription Drug (Administered by CVS) Rates for Active Employees Effective July 1, 2022
Ms. Diane Clausen and Mr. Jeff Allen, PSG, presented their recommendation of the active employee prescription drug premiums for July 1, 2022 – June 30, 2023. Trustee James Wataru asked for reasons for the significant increase. Mr. Allen responded that the plans have been experiencing more claims over the most recent 12-month period. Mr. Mizuno also noted that for the first three months of this plan year, the plans are experiencing a 2.9% deficit. Trustee Becker asked about the reasons for this increase and what is being done. Ms. Clausen noted that there are a few medically necessary high cost drugs that are driving the high trend. Additionally, Mr. Mizuno noted that PSG will be making utilization management program recommendations at the February 2022 Benefits Committee to address the drug spend.

MOTION was made and seconded to approve the self-funded prescription drug premiums for active employees effective July 1, 2022 as recommended by the pharmacy benefits consultant. (Becker/Hidano) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

D. Self-Funded Supplemental Medical and Prescription Drug Rates (Administered by HMA) for Active Employees Effective July 1, 2022
Mr. Steve Murphy, Segal, presented their recommendation of the active employee

Trustee Elefante entered the meeting during the presentation at 10:05 a.m.

MOTION was made and seconded to approve the self-funded supplemental medical and prescription drug rates for active employees effective July 1, 2022 as recommended by the benefits consultant. (Nip/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

E. Board Meeting Schedule for Fiscal Year 2023
   Mr. Mizuno presented the proposed Board and Committee Schedule for FY 23.

IV. INVESTMENT COMMITTEE REPORT
A. Reinsurance Pacing and Rebalancing
   Mr. Kuan Yuan summarized the Investment Committee's recommendation to allocate more funds to Pillar Capital Management for the reinsurance strategy and to delegate future rebalancing to EUTF staff, working with the investment consultant, which is consistent with industry practice and the process for public market strategies.

   MOTION was made and seconded to approve the Investment Committee’s recommendation to commit $120 million to Pillar Capital Management for the reinsurance strategy, and to grant EUTF staff the ability to manage future reinsurance commitments for rebalancing purposes. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

V. OLD BUSINESS
A. Permitted Interaction Group Employer Contributions to Health Benefit Plans
   Deferred to the next Board Meeting.

VI. REPORTS
A. Segal
   1. Compliance News Update
      Mr. Stephen Murphy, Segal, summarized the Segal reports.

B. Administrator
   1. Meetings with Legislators and Unions
   2. Staffing Update
   3. Operations
      Mr. Mizuno noted that he would like to push back re-opening the EUTF office to the public due to the Omicron variant and growing number of COVID-19 cases. Trustee Celeste Nip inquired about member appointments via video conference. Mr. Mizuno confirmed that Microsoft Teams appointments can be made via the EUTF website and our average appointments are 80 per month.

C. EUTF Managers’, Program Specialist and Benefits Audit Specialist Reports
   1. Member Services Branch (MSB)
      a. MSB Data
b. Outreach & Training

2. Information Systems (IS)
   a. EUTF New Benefits Administration System (BAS) Project
   b. EUTF New Benefits Administration System (BAS) Project – Data Conversion
   c. Dependent Social Security Number Update
   d. Printer and Copier Lease Procurement
   e. Enrollment Counts

3. Eligibility and Enrollment 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. 2021 Financial Audit
   e. Financial Statements as of August 31, 2021 and September 30, 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)

Ms. Elaine Fujiwara, HDS, introduced Ms. Diane Paloma, the new President and Chief Executive Officer at HDS.

Ms. Mae Kishimoto, HSTA-Retired, asked if there were any concerns with the EUTF computer systems after the recent cyber attacks to local government systems. Mr. Raymond Kan, EUTF Information Systems Chief, confirmed that our computer systems are constantly monitored to prevent breaches. Mr. Mizuno noted that the recent breaches in Hawaii were due to Kronos software, which the EUTF does not utilize, and phishing emails, which the EUTF has protocols in place to prevent and is investigating enhancement.

VII. EXECUTIVE SESSION
Executive Session reconvened at 10:22 a.m.

The regular meeting reconvened at 10:51 a.m.

Chairperson Fern reported that the following were performed during Executive Session:
- Approved the November 16, 2021 minutes.
• Approved a commitment of funds to a private equity fund, subject to contract negotiation.
• Approved a commitment of funds to a private credit fund, subject to contract negotiation.

VIII. NEXT MEETING DATE
Monday, January 10, 2022, 9:00 a.m. – Actuarial Valuation – July 1, 2021 and Audited Financial Statements for the Fiscal Year Ending June 30, 2021.

IX. ADJOURNMENT
MOTION was made and seconded for the Board to adjourn the meeting at 10:52 a.m. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Respectfully submitted,

/s/
Christian Fern, Chairperson

APPROVED on January 10, 2022.

Documents Distributed:
1. Draft Board Minutes of November 16, 2021. (8 pages)
2. Ariel Benefits Administration System Update, dated December 21, 2021, prepared by LifeWorks, Segal, and Accuity. (7 pages)
3. Claims Administration Audits, Hawaii Medical Service Association Blue Cross Blue Shield, Hawaii Mainland Administrators and Securian Financial, prepared by Claim Technologies Incorporated, dated December 21, 2021. (13 pages)
7. Memorandum to BOT from PSG, Regarding 2022/2023 Active Prescription Drug Rates, dated December 15, 2021. (3 pages)
8. Memorandum to BOT from Segal, Regarding 2022/2023 Active Supplemental Medical and Prescription Drug Plan Rates, dated December 21, 2021. (3 pages)
9. Memorandum to BOT from Administrator, Regarding Board Meeting Schedule for Fiscal Year
2023, dated December 15, 2021. (2 pages)
10. Memorandum to BOT from Investment Committee, Regarding December 14, 2021 Investment Committee Meeting Report, dated December 14, 2021. (1 page)
11. Memorandum to BOT from Administrator, Regarding Permitted Interaction Group – Employer Contributions to Health Benefit Plans, dated August 18, 2021. (2 pages)
12. Memorandum to BOT from Segal, regarding Compliance News, dated December 21, 2021. (9 pages)
14. Memorandum to BOT from Member Services Branch Manager Regarding November – December 2021 Member Services Operations Report, dated December 10, 2021. (6 pages)
16. Memorandum to Administrator from Program Specialist (Eligibility and Enrollment) Regarding November and December 2021 Eligibility and Enrollment Report, dated December 10, 2021. (2 pages)
17. Memorandum to Administrator from EUTF Program Specialist Regarding November – December 2021 EUTF Program Specialist Report, dated December 10, 2021. (5 pages)
27. VSP Monthly Carrier Report for November 2021 dated December 9, 2021. (2 pages)