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 EUTF
Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Monday, January 10, 2022. Chairperson Fern welcomed Trustee Wesley Machida who previously served on the EUTF Board.

MOTION was made and seconded to move III.D. COVID-19 Coverage after III.B. Actuarial Valuation Report as of July 1, 2021. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-3.Employee-Beneficiary Trustees-4)

Trustee Elefante entered the meeting at 9:03 a.m.

II. MINUTES – DECEMBER 21, 2021
The Board reviewed the draft minutes of December 21, 2021.

MOTION was made and seconded to approve the minutes of December 21, 2021, as circulated. (Wataru/Ferguson-Miyamoto) Trustee Machida abstained since he did not attend the meeting. The motion passed. (Employer Trustees-3 YES Becker, Elefante, Hidano, 1 ABSTAIN Machida/Employee-Beneficiary Trustees-4 YES Ferguson-Miyamoto, Fern, Nip, Wataru)

III. NEW BUSINESS
A. Benefits Administration System Implementation Status Update
Mr. Derek Mizuno informed the Board that EUTF and LifeWorks are working toward the March 1, 2022 go-live date. There are still concerns on the go-live that date that EUTF, Segal and LifeWorks are addressing. EUTF staff will keep the Board informed.

B. Actuarial Valuation Report as of July 1, 2021
Mr. Joe Newton and Mr. Mehdi Riazi, Gabriel Roeder Smith & Company (GRS) presented the results of their July 1, 2021 actuarial valuation of the State and counties other post-employment benefits noting an aggregate actuarial gain of $957 million which results in a lower aggregate annual required contribution for fiscal year 2024 of $48 million. The actuarial gain is primarily related to the following:
1. The State’s contribution of $390 million in excess of the annual required contribution.
2. Investment returns (24.6%) greater than expected (7%)
3. Lower than expected January 1, 2022 retiree healthcare premiums offset by a higher than expected Medicare Part B premium (5.0% expected versus 14.5% actual).

Mr. Riazi also noted that GRS will be conducting an experience study for the ERS as of June 30, 2022. Those results will be incorporated into the OPEB actuarial valuation as of July 1, 2022.

MOTION was made and seconded to accept the July 1, 2021 actuarial valuation aggregate employer report and the assumptions and methods contained therein. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

D. COVID-10 Coverage
Ms. Diane Clausen, Ms. Carla Goetz, and Ms. Renee Rayburg, PSG, presented their recommendation to approve CVS’ recommendation to pay pharmacies a $10 dispensing fee
for COVID-19 oral antiviral medication. PSG noted that the federal government is paying for the cost of the drug and this coverage is consistent with what they are seeing across the nation although the dispensing fee may vary. Mr. Mizuno noted that eight other states will be covering the medication for the same $10 dispensing fee (Massachusetts commercial plans have not been informed of the dispensing fee amount). He is not aware of any states that are not adding this coverage.

MOTION was made and seconded to cover the dispensing fee for FDA emergency use authorization oral antiviral therapies for COVID-19 and exclude from dispensing fee guarantees effective December 22, 2021 for the active employee, non-Medicare retiree and Medicare retiree prescription drug plans administered by CVS and SilverScript. (Wataru/Ferguson-Miyamoto) Trustee Machida abstained as his daughter is a pharmacist. The motion passed. (Employer Trustees-3 YES Becker, Elefante, Hidano, 1 ABSTAIN Machida/ Employee-Beneficiary Trustees-4 YES Ferguson-Miyamoto, Fern, Nip, Wataru)

Trustee Elefante was excused at 10:07 a.m.

C. Fiscal Year Ending June 30, 2021 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, 2021 including the presentation to the Board, the Report to the Auditor, the Schedule of Changes in Fiduciary Net Position by Employer, the Report on Census Data, and the audited financial statements noting the following:

- KKDLY issued unmodified opinions on the EUTF’s financial statements, the Schedule of Changes in Fiduciary Net Position by Employer, and the Report on Census Data.
- There were no material weaknesses identified in internal control over financial reporting and no instances of noncompliance with other matters noted.
- There was no management letter.

Mr. Mizuno also noted that EUTF accounting staff were able to reduce the number of auditor adjusting journal entries from 12 last year to five this year. Of the five, four are adjustments that cannot reasonably be avoided.

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

V. REPORTS
A. Segal
1. Five-Year Rate Projection with Approved Active Employee Rates
2. Compliance Update
   Mr. Stephen Murphy, Segal, summarized the Segal reports.

B. Pharmaceutical Strategies Group (PSG)
1. Five-Year Prescription Drug Rate Projection with Approved Active Employee Rates
   Mr. Jeff Allen, Epic Brokers, summarized the PSG report.
C. Administrator
   1. Meetings with Legislators and Unions
   2. Staffing Update
   3. Training
   4. Operations
      Mr. Mizuno noted training options for the Board and staff through the end of the fiscal year.

D. EUTF Managers’, Program Specialist and Benefits Audit Specialist Reports
   1. Member Services Branch (MSB)
      a. MSB Data
      b. Outreach & Training
         Mr. Mizuno noted that active open enrollment will be from April 18, 2022 – May 13, 2022.

   2. Information Systems (IS)
      a. EUTF New Benefits Administration System (BAS) Project
      b. EUTF New Benefits Administration System (BAS) Project – Data Conversion
      c. Printer and Copier Lease Procurement
      d. Information System Security
      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 October 31, 2021

E. 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 10:28 a.m.
   (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-3/
Employee-Beneficiary Trustees-4)

During Executive Session, Trustee Elefante reentered the meeting at 10:48 a.m. and Trustee Machida was excused at 11:02 a.m.

The regular meeting reconvened at 11:12 a.m.

Chairperson Fern reported that the following were performed during Executive Session:

- Approved an appeal related to a late birth enrollment.
- Approved an extension of a claims audit contract.
- Approved an award of contract for RFP 22-001 Medicare Coordination and Social Security Advocacy Services, subject to contract negotiation.

VIII. NEXT MEETING DATE
Monday, February 15, 2022, 9:00 a.m. – Benefits and Investment Committee Reports

Trustee Fern noted that the next Board Meeting is on Tuesday, February 15, 2022.

IX. ADJOURNMENT
MOTION was made and seconded for the Board to adjourn the meeting at 11:13 a.m. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/
Christian Fern, Chairperson

APPROVED on February 15, 2022.

Documents Distributed:
1. Draft Board Minutes of December 21, 2021. (7 pages)
2. GRS July 1, 2021 Retiree Healthcare Valuation (OPEB) Presentation dated January 2022. (12 pages)
3. GRS Draft Actuarial Valuation Report as of July 1, 2021. (61 pages)
6. KKDLY Financial Statements and Supplementary Information, June 30, 2021 and 2020. (97 pages)
7. KKDLY Schedule of Changes in Fiduciary Net Position by Employer, June 30, 2021 and 2020. (21 pages)
9. Memorandum to BOT from CVS Caremark Regarding COVID-19 Antiviral Therapy Update, dated January 5, 2022, redacted version. (4 pages)
10. Memorandum to BOT from Administrator, Regarding Permitted Interaction Group – Employer Contributions to Health Benefit Plans, dated August 18, 2021. (2 pages)
11. Memorandum to BOT from Segal, regarding Compliance News Updates, dated January 3, 2022. (5 pages)
12. Memorandum to BOT from PSG, regarding Five Year Rate Projection with Approved 2022/2023 Active Prescription Drug Rates from 12/21/2021 EUTF Board Meeting, dated January 7, 2022, redacted version. (3 pages)
14. Memorandum to BOT from Member Services Branch Manager Regarding December 2021 Member Services Operations Report, dated December 30, 2021. (6 pages)
16. Memorandum to Administrator from Program Specialist (Eligibility and Enrollment) Regarding December 2021 Eligibility and Enrollment Report, dated December 30, 2021. (2 pages)
17. Memorandum to Administrator from EUTF Program Specialist Regarding December 2021 EUTF Program Specialist Report, dated December 30, 2021. (26 pages)