

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Minutes of the Board of Trustees  
Tuesday, March 22, 2022

TRUSTEES PRESENT

Mr. James Wataru, Vice Chairperson  
Mr. Wesley Machida, Secretary-Treasurer (via video conference)  
Mr. Roderick Becker (via video conference)  
Ms. Jacqueline Ferguson-Miyamoto  
Ms. Audrey Hidano (via video conference, excused at 9:32 a.m., rejoined at 10:36 a.m.)  
Ms. Celeste Nip (via video conference)  
Ms. Osa Tui (via video conference, joined at 10:21 a.m.)  
Mr. Robert Yu

TRUSTEES ABSENT

Mr. Christian Fern, Chairperson  
Mr. Damien Elefante

ATTORNEY

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

EUTF STAFF

Mr. Derek Mizuno, Administrator  
Ms. Donna Tonaki, Assistant Administrator  
Mr. Kuan Yuan, Chief Investment Officer  
Ms. Desiree Yamauchi  
Ms. Amy Cheung (via video conference)  
Ms. Lauren Endo (via video conference)  
Ms. Linda Green (via video conference)  
Mr. Marvin Judd (via video conference)  
Ms. Bonny Kahalewai (via video conference)  
Ms. Emily Kaimulua (via video conference)  
Mr. Raymond Kan (via video conference)  
Ms. Jessica McDonald  
Ms. Lara Nitta (via video conference)  
Mr. Brett Tatsuno (via video conference)  
Mr. Dylan Zheng (via video conference)

CONSULTANTS (via video conference)

Mr. Gary Behnke, Segal Consulting  
Ms. Diane Clausen, PSG  
Mr. Stephen Murphy, Segal Consulting  
Ms. Lynn Smith, PSG  
Mr. Johnny Wu, Segal Consulting

OTHERS PRESENT (via video or audio conference)

Mr. Jarrett Arakawa, HMSA  
Ms. Stacia Baek, HMSA  
Ms. Sandra Benevides, CVS  
Ms. Julie Bodenski, Humana  
Ms. Tammi Bongoll, Kaiser  
Mr. Ty Bowers, CVS  
Ms. Cheryl Byron, CVS  
Mr. Su Chai, Kaiser  
Mr. Nathan Dorward, LifeWorks  
Mr. Joe Ebisa, with.intelligence  
Mr. Thomas England, Kaiser  
Ms. Elaine Fujiwara, HDS  
Dr. Rupal Gohil, HMSA  
Mr. Brent Griffiths, LifeWorks  
Mr. Galen Haneda, HMSA  
Ms. Jerolyn Hee, HMSA  
Ms. Vanelle Hirayasu, HMA  
Ms. Margie Horvath, LifeWorks  
Mx. Jenifer Jenkins  
Ms. Monica Kim, VSP  
Ms. Mae Kishimoto, HSTA-Retired  
Ms. Angela Kohls, Kaiser  
Mr. Chris Letoto, HMSA  
Ms. Denise Mercil, Securian  
Dr. Christopher Miura, Kaiser  
Mr. Kurt Neuenfeld, CVS  
Mr. Vincent Ortiz  
Mr. Dave Shiroma, Kaiser  
Mr. Troy Tomita, Kaiser  
Ms. Darlene Yamada, DHRD  
Mr. Scott Yamaguchi, Kaiser

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 Vice Chairperson James Wataru, in the City

Financial Tower Conference Room, 201 Merchant Street, Suite 1935, Honolulu, Hawaii, on Tuesday, March 22, 2022.

II. NEW TRUSTEES INTRODUCTION AND TRUSTEES REAPPOINTMENT

Mr. Derek Mizuno welcomed new Trustee Robert Yu and announced that Trustee James Wataru was reappointed for a four-year term through December 31, 2025.

III. REVIEW OF MINUTES – FEBRUARY 15, 2022

The Board reviewed the draft minutes of February 15, 2022.

MOTION was made and seconded to approve the minutes of February 15, 2022, as circulated. (Ferguson-Miyamoto/Machida) The motion passed unanimously. (Employer Trustees-4/ Employee-Beneficiary Trustees-3)

IV. NEW BUSINESS

A. Committee Assignments

Mr. Mizuno informed the Board that Trustees Wataru and Yu volunteered to join the Investment Committee.

B. Committee Charters

Trustee Wesley Machida recommended developing committee charters to assist with the operations of the committee. Trustee Jacqueline Ferguson-Miyamoto concurred. Mr. Mizuno will prepare draft committee charters for each committee to review.

V. NEW BUSINESS

A. Benefits Administration System Implementation Status Update

Ms. Donna Tonaki, Mr. Gary Behnke, Segal, and Mr. Brent Griffiths, LifeWorks provided the Board with an update on the status of the implementation of the new Benefits Administration System. The EUTF staff, LifeWorks and Segal continue to work toward a May 1, 2022 go-live date. Recent progress has been made in delivering functionality, in reducing the number of outstanding defects and on data cycle 5 (final cycle). LifeWorks has added more staff and EUTF staff have been diligently working on addressing the defects. Despite the progress, there is still risk of not meeting the May 1, 2022 go-live. Go-live may be initiated if the outstanding defects are not significant. LifeWorks has committed to providing resources to remediate defects after go-live.

Trustee Audrey Hidano reiterated her concerns from the December 2021 and February 2022 meetings about not having continued delays.

B. 2022 EUTF RELATED LEGISLATION

Mr. Mizuno summarized the legislative bills that the EUTF staff are tracking including EUTF Board, EUTF Benefits 87A, health insurance benefits, EUTF operations, and ERS related bills. Mr. Mizuno also summarized written testimonies from seven individuals related to HB2405 noting concerns about HMSA determination that transgender surgeries and treatment are not medically necessary, how gender affirming care is nominal in costs, and concerns about EUTF, Kaiser and HMSA's financial claims in testimony. Mr. Mizuno noted its EUTF practice to not take positions on bills related to health benefits but to provide information in testimony on additional costs to the EUTF plans, if significant.

Mx. Jenifer Jenkins raised concerns about the change in the EUTF testimony (i.e. increase in estimated costs to the EUTF plans from \$1.5 million to \$2.4 million) and a recent attorney general opinion that HB2405 is not a health benefit mandate. Mr. Mizuno noted that the increase in costs resulted from only having a preliminary estimate from HMSA during early testimony with later updated estimates from both HMSA and Kaiser.

## VI. COMMITTEE REPORTS

### A. Investment Committee

#### 1. Manager Watch Status Recommendation

Mr. Kuan Yuan summarized the Investment Committee's recommendation to place Lombard Odier on Watch Status due to performance reasons.

Trustee Hidano was excused from the meeting at 9:32 a.m.

MOTION was made and seconded to approve the Investment Committee's recommendation to place Lombard Odier on Watch Status effective January 1, 2022 for performance reasons. (Ferguson-Miyamoto/Machida) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

#### 2. Russia-Ukraine Conflict

Mr. Yuan discussed the portfolio's exposure to the Russian-Ukraine conflict noting that EUTF's direct exposure is minimal and limited to the passive international equity strategy. The ongoing conflict can have broader effects on the global economy depending on how events unfold. However, EUTF's portfolio is designed to withstand volatile environments including geopolitical uncertainty. EUTF staff and Meketa will continue to monitor and make recommendations as appropriate.

#### 3. Education: ESG Trends and Institutional Practices

Mr. Yuan noted that ESG investing has grown significantly over the years but remains fragmented, lacking standard best practices. EUTF has incorporated limited aspects of ESG in investment policy and investment manager selection and monitoring. EUTF staff and Meketa will continue to investigate low-cost ESG-oriented implementation in the public equity markets where expected return is similar or better than the existing index structure.

### B. Benefits Committee

#### 1. CVS prescription drug plan changes

Mr. Mizuno summarized the recommended proposed plan changes noted in the Benefits Committee report.

MOTION was made and seconded to approve the Benefits Committee recommendation to add the CVS RxSavings Program to the EUTF and HSTA VB active and non-Medicare retiree prescription drug plans administered by CVS effective July 1, 2022. (Ferguson-Miyamoto/Yu) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

MOTION was made and seconded to approve the Benefits Committee recommendation

to limit the plan cost of prescription prenatal and pediatric multivitamins to \$300 and \$900 on 30 and 90-day supplies, respectively, under the EUTF active and non-Medicare retiree prescription drug plans administered by CVS effective July 1, 2022. (Ferguson-Miyamoto/Yu) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

MOTION was made and seconded to approve the Benefits Committee recommendation to add prior authorization criteria and quantity limits on the entire class of eye drops used to treat presbyopia under the EUTF active and non-Medicare retiree prescription drug plans administered by CVS effective July 1, 2022. (Ferguson-Miyamoto/Yu) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

MOTION was made and seconded to approve the Benefits Committee recommendation to place prior authorization criteria and quantity limits on Opzelura under the EUTF active and non-Medicare retiree prescription drug plans administered by CVS effective July 1, 2022. (Ferguson-Miyamoto/Yu) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

MOTION was made and seconded to approve the Benefits Committee recommendation to extend the age limitation for coverage of colorectal prep prescription drugs to ages 45-75 in accordance with federal law under the EUTF and HSTA VB active prescription drug plans administered by CVS effective May 1, 2022. (Ferguson-Miyamoto/Yu) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

2. PSG initial analysis report on the CVS/SilverScript prescription drug plans  
Mr. Mizuno summarized PSG's analysis and areas of focus over the upcoming contract period to be worked with EUTF staff and CVS/SilverScript related to current cost trends, cost drivers, benefit plan design, formulary, and generic dispensing rates.

## VII. REPORTS

### A. Segal

1. Legislative Update
2. 2022 First Quarter Trends

Mr. Stephen Murphy, Segal, summarized the Segal reports.

### B. Administrator

1. Meetings with Legislators and Unions
2. Staffing Update
3. Training
4. Operations

Mr. Mizuno informed the Board that the EUTF will reopen on Monday, March 28, 2022 as required by the Department of Budget & Finance. Additionally, Board and committee meetings beginning in April 2022 will be open to the public although Trustees can still participate online or via telephone. Carriers and consultants are encouraged to participate remotely unless there is a need for them to be in person (e.g. they are presenting).

In response to a question from Ms. Mae Kishimoto, HSTA-Retired, Mr. Mizuno confirmed that the public will be able to participate in-person, online or by telephone.

- 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. Printer and Copier Lease Procurement
    - d. 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. Refunds and Medicare Part B Overpayments Status
    - c. EUTF Collections
- 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)

#### VIII. EXECUTIVE SESSION

MOTION was made and seconded to move into Executive Session at 9:50 a.m. (Ferguson-Miyamoto/Yu) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

Trustees Osa Tui and Hidano entered the meeting during Executive Session at 10:21 a.m. and 10:36 a.m., respectively.

The regular meeting reconvened at 10:54 a.m.

Vice Chairperson Wataru reported that the following were performed during Executive Session:

- Denied a claim for retroactive reimbursement of Medicare Part B premiums.
- Approved commitment of funds to a real asset manager, subject to contract negotiation.

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- Approved commitment of funds to a private equity manager, subject to contract negotiation.
- Approved an award of contract for RFP 22-002 Investment Consulting Services.

VIII. NEXT MEETING DATE

Tuesday, April 26, 2022, 9:00 a.m. – selection of new officers for July 1, 2022. Open to the public.

IX. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 10:55 a.m. (Ferguson-Miyamoto/Yu) The motion passed unanimously. (Employer Trustees-4/ Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/

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Wesley Machida, Secretary-Treasurer

Documents Distributed:

1. Draft Board Minutes of February 15, 2022. (8 pages)
2. EUTF Committees as of March 15, 2022. (1 page)
3. Memorandum to BOT from Administrator regarding Committee Charters, dated March 16, 2022. (23 pages)
4. Ariel Benefits Administration System Update, dated March 22, 2022, prepared by LifeWorks, Segal, and Accuity. (4 pages)
5. Legislative Update, dated March 21, 2022. (2 pages)
6. 10 Testimonies received by EUTF, dated March 16, 2022 – March 21, 2022. (21 pages)
7. Memorandum to BOT from Investment Committee Regarding March 14, 2022 Investment Committee Meeting Report, dated March 14, 2022. (2 pages)
8. Memorandum to BOT from EUTF Benefits Committee Regarding Benefits Committee Report, dated March 15, 2022. (2 pages)
9. Memorandum to EUTF from Segal, regarding Meeting of the Board of Trustees – Segal Reports, dated March 22, 2022. (5 pages)
10. Administrator’s Monthly Report to the Board for February 4 – March 11, 2022, dated March 11, 2022. (1 page)
11. Memorandum to BOT from Member Services Branch Manager Regarding February – March 2022 Member Services Operations Report, dated March 11, 2022. (6 pages)
12. Memorandum to BOT from Information Systems Chief Regarding February – March 2022 Information Systems (IS) Operations Report, dated March 11, 2022. (10 pages)
13. Memorandum to Administrator from Program Specialist (Eligibility and Enrollment) Regarding - February-March 2022 Eligibility and Enrollment Report, dated March 11, 2022. (2 pages)
14. Memorandum to Administrator from EUTF Program Specialist Regarding February – March 2022 EUTF Program Specialist Report, dated March 11, 2022. (10 pages)
15. Memorandum to BOT from EUTF Financial Management Officer Regarding February – March 2022 Financial Services Branch (FSB) Report, dated March 11, 2022. (5 pages)
16. CVS Caremark Monthly Carrier Report for February 2022 dated March 8, 2022. (14 pages)
17. SilverScript Monthly Carrier Report for February 2022 dated March 7, 2022. (3 pages)

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18. HDS Monthly Carrier Report for February 2022 dated March 7, 2022. (2 pages)
19. HMA Monthly Carrier Report for February 2022 dated March 8, 2022. (2 pages)
20. HMSA Monthly Carrier Report for February 2022 dated March 10, 2022. (3 pages)
21. Humana Monthly Carrier Report for February 2022 dated February 8, 2022. (3 pages)
22. Kaiser Permanente Monthly Carrier Report for February 2022 dated March 10, 2022. (2 pages)
23. Securian Financial Monthly Carrier Report for February 2022 dated March 10, 2022. (1 page)
24. VSP Monthly Carrier Report for February 2022 dated March 8, 2022. (2 pages)