I. CALL TO ORDER

The meeting of the Board of Trustees of the Hawaii Employer-Union Health Benefits Trust Fund is hereby convened.

TRUSTEES PRESENT

Mr. Christian Fern, Chairperson
Ms. Audrey Hidano (via video conference, excused at 9:30 a.m., re-entered at 9:39 a.m.)
Mr. James Wataru, Vice Chairperson (excused at 9:14 a.m., re-entered 9:41 a.m.)
Mr. Wesley Machida, Secretary-Treasurer (via video conference)
Mr. Roderick Becker (via video conference)
Ms. Jacqueline Ferguson-Miyamoto
Mr. Osa Tui (via video conference)
Ms. Celeste Nip (via video conference)
Mr. Robert Yu (via video conference)

TRUSTEES ABSENT

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)
Mr. Raymond Kan (via video conference)
Ms. Lara Nitta (via video conference)
Mr. Jack O’Neill (via video conference)
Mr. Brett Tatsuno (via video conference)
Mr. Dylan Zheng (via video conference)

CONSULTANTS (via video conference)

Mr. Colin Bebee, Meketa Investment Group
Mr. Gary Behnke, Segal Consulting
Ms. Diane Clausen, PSG
Ms. Carla Goetz, PSG
Mr. Stephen Murphy, Segal Consulting
Ms. Lynn Smith, PSG
Ms. Amy Timmons, Segal Consulting
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
Ms. Ty Bowers, CVS
Mr. Su Chai, Kaiser
Mr. Nathan Dorward, LifeWorks
Mr. Joe Ebisa, WithIntelligence
Mr. Thomas England, Kaiser
Ms. Elaine Fujiwara, HDS
Ms. Samantha Furutani, CVS
Dr. Rupal Gohil, HMSA
Mr. Brent Griffths, LifeWorks
Mr. Galen Haneda, HMSA
Ms. Vanelle Hirayasu, HMA
Ms. Margie Horvath, LifeWorks
Ms. Monica Kim, VSP
Ms. Mae Kishimoto, HSTA-Retired
Mr. Chris Letoto, HMSA
Ms. Charina Masatsugu, Kaiser
Ms. Denise Mercil, Securian
Dr. Christopher Miura, Kaiser
Mr. Kurt Neuenfeld, CVS
Ms. Julia Okinaka, Accuity
Ms. Stacey Pagud, Kaiser
Mr. Dave Shiroma, Kaiser
Mr. Rodd Takiguchi, Kaiser
Mr. Troy Tomita, Kaiser
Ms. Darlene Yamada, DHRD
Mr. Scott Yamaguchi, Kaiser
Anonymous attendee
Fund (EUTF) was called to order at 9:01 a.m. by Chairperson Christian Fern, in the City Financial Tower Conference Room, 201 Merchant Street, Suite 1935, Honolulu, Hawaii, on Tuesday, May 24, 2022.

II. REVIEW OF MINUTES – APRIL 26, 2022
The Board reviewed the draft minutes of April 26, 2022.

MOTION was made and seconded to approve the minutes of April 26, 2022, as circulated. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

III. OLD 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 implementation of the new Benefits Administration System noting the following:
1. Go-live date was May 5, 2022.
2. Issues have arisen but EUTF staff and LifeWorks have worked to resolve them. Some examples are retiree rate calculations for retirees with 50% or 75% base monthly contributions, manual adjustments to the payroll outbound files, and employees with non-qualified domestic partners post tax premiums were double deducted.

B. 2022 EUTF Related Legislation
Mr. Derek Mizuno summarized the EUTF related legislative bills noting that EUTF staff will review its bill, SB3072, with the Governor on June 3, 2022, the health benefit bills do not significantly impact the EUTF plans, and the operational bills do not significantly impact EUTF operations including board meetings.

Trustee Wataru was excused from the meeting at 9:14 a.m.

IV. COMMITTEE REPORTS
A. Investment Committee
1. Committee Charter
Mr. Kuan Yuan presented a draft committee charter similar to the recently approved Administrative Committee Charter and noting that Vice Chair Celeste Nip will be stepping down to allow an Employer Trustee to serve as Vice Chair.

MOTION was made and seconded to approve the Investment Committee’s recommendation to approve the Investment Committee Charter. (Ferguson-Miyamoto/Yu) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

2. Proxy Policy
Mr. Yuan informed the Board that the Investment Committee discussed the proxy voting policy. More information will be presented to the Investment Committee at their next meeting.
3. March 31, 2022 Quarterly Performance Report
   Mr. Colin Bebee from Meketa highlighted significant points in the March 31, 2022
   Performance Report. The OPEB Trust Fund portfolio finished the quarter at $6.0 billion
   and declined 1.2% (net of fees) for the quarter, underperforming the policy benchmark,
   which was flat. Since inception (June 23, 2011), the portfolio has returned 8.1% (net of
   fees) versus the policy benchmark return of 8.0%.

   Mr. Bebee reported that the EUTF Trust Fund portfolio finished the quarter at $377.6
   million, down 2.4% for the quarter (net of fees). Since inception (October 1, 2013), the
   portfolio has returned 3.6% (net of fees).

4. Quarterly Private Equity & Private Credit Report – Q4 2021
   Mr. Yuan highlighted significant points in the Quarterly Private Equity and Private
   Credit Reports. Since reporting for private market investments is lagged by one quarter,
   the report covers the fourth-quarter 2021. At the end of the quarter, Private Equity and
   Private Credit reported market values of $472.0 million and $264.7 million,
   respectively, with since inception internal rates of return of 37.4% and 14.5% (both net
   of fees), respectively. For the same time period, Private Equity and Private Credit
   outperformed their benchmarks of 26.3% and 7.5%, respectively.

5. Quarterly Real Assets Report – Q4 2021
   Mr. Yuan highlighted significant points in the Quarterly Real Assets Report. Since
   reporting for private market investments is lagged by one quarter, the report covers
   fourth-quarter 2021. At the end of the quarter, Private Real Assets reported a market
   value of $484.7 million with a since inception return of 8.1% (net of fees), slightly
   outperforming the asset class benchmark of 8.0%.

   Trustee Hidano was excused from the meeting at 9:30 a.m.

6. Private Equity Co-investment Guidelines
   Mr. Yuan presented an overview of co-investing and the Investment Committee's
   recommendation to establish a private equity co-investment program for the OPEB
   Trust portfolio. Since direct co-investment opportunities typically require quick
   turnarounds, decision-making would be delegated to EUTF staff, who would work with
   Meketa to evaluate potential deals and monitor the overall program. Staff and Meketa
   would operate under explicit pacing and portfolio construction guidelines. If the co-
   investment opportunities can be presented to the Investment Committee and/or Board at
   a regularly scheduled meeting, EUTF staff and Meketa will present such co-investment
   opportunities.

   Mr. Yuan noted a change in Investment Policy Statement language included in the
   Board packet to add at the end of #3, "For clarity, co-investment as discussed here does
   not include investing additional money into an existing co-investment due to work-out
   situations."

   MOTION was made to approve the Investment Committee’s recommendation of the
   proposed co-investment policy guidelines and up to $75 million of total Private Equity
   co-investments per year, and up to $25 million per co-investment. (Ferguson-
Miyamoto) Trustee Wesley Machida suggested a change for item 3 on page 27 of the EUTF Investment Policy Statement from “given the unique timing requirements” to “based on the timing of co-investment commitments”. Trustee Ferguson-Miyamoto withdrew her motion.

MOTION was made and seconded to approve the Investment Committee’s recommendation of co-investment policy guidelines, subject to the amendments noted above, and up to $75 million of total Private Equity co-investments per year, and up to $25 million per co-investment. (Machida/Ferguson-Miyamoto) Trustee Roderick Becker asked what is the impact of Trustee Machida's change. Trustee Machida noted that the change is just being made for clarity. The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

7. Education: Diversifying Strategies – First Responders
Mr. Yuan noted that Meketa had presented an educational overview on investing in “First Responders” within the Diversifying Strategies allocation of EUTF’s portfolio. Given the current interest rate environment, Meketa and EUTF staff believe that exploring these strategies further would be worthwhile. Additional detail on Long Volatility and Tail Risk strategies will be presented at a future Investment Committee meeting.

B. Benefits Committee
Mr. Mizuno noted that through December 31, 2021 for the active employee and non-Medicare retiree plans, respectively, that the non-Medicare retiree per member per month (PMPM) claims trend (3.2%) was significantly less than the Kaiser commercial book of business (BOB) while the actives PMPM claims trend (13.9%) was higher. The primary driver of the EUTF lower non-Medicare trend is a decrease in Outpatient services (-3.7%) as compared to a Kaiser BOB increase.

Trustee Hidano and Trustee Wataru re-entered the meeting at 9:39 a.m. and 9:41 a.m., respectively.

2. Kaiser Permanente Proposed Plan Changes
Mr. Mizuno noted the Benefits Committee's recommendation to cover the prostate specific antigen (PSA) screening test at no charge for the EUTF and HSTA VB non-Medicare retiree and active plans effective January 1, 2023 and July 1, 2023, respectively. This change is being made to the entire Kaiser Hawaii BOB and aligns with Kaiser national coverage.

MOTION was made and seconded to approve the Benefits Committee’s recommendation to cover prostate specific antigen (PSA) screening test as a preventive screening at no charge under the Kaiser EUTF and HSTA VB non-Medicare retiree and active plans effective January 1, 2023 and July 1, 2023, respectively. (Ferguson-Miyamoto/Wataru) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

3. HMSA Semi-Annual Utilization Report ending December 31, 2021
Mr. Mizuno noted that through December 31, 2021 for the active employee and retiree plans, respectively, noting that the EUTF non-Medicare PMPM claims trend (0.2%) was less than the HMSA commercial BOB and the EUTF Medicare PMPM claims trend (9.1%) was lower than the HMSA Medicare Advantage (MA) plans. The active employee PMPM claims trend for the six-months ended (10.8%) was much higher than the HMSA commercial BOB. However, over the past 4 years, the EUTF active annualized growth rate of 2.4% is lower than the HMSA commercial BOB.

4. HMSA Update on Audio-only Visits

Mr. Mizuno noted that HMSA extended coverage of audio-only telehealth visits through August 31, 2022. The Trustees voiced their concern that HMSA made the decision on whether to extend coverage so close to the coverage end date. Mr. Mizuno informed HMSA to provide an update on audio-only telehealth visit coverage at the July 2022 Board meeting.

5. PSG Quarterly Utilization Reports ending December 31, 2021

Mr. Mizuno noted, for the six months ended for EUTF active plans and 12 months ended for retiree plans, claim trends PMPM of 15.1% actives, 7.5% non-Medicare retirees and 3.3% EGWP. Specialty and diabetes claims trends continue to be areas of concern that PSG is watching.

6. PSG Prescription Drug Plan Changes

Mr. Mizuno noted the Benefits Committee’s recommendations to:
- Cover Phexxi (a contraceptive) at $0 copay to comply with federal law effective May 15, 2022 for the EUTF and HSTA VB active plans and
- Add prior authorization criteria for Kerendia that helps to reduce the risk of worsening kidney disease, kidney failure, cardiovascular death, non-fatal heart attacks and hospitalization for heart failure in adults with chronic kidney disease associated with type 2 diabetes under the EUTF active and non-Medicare retiree prescription drug plans administered by CVS effective July 1, 2022 with grandfathering.

Trustee Celeste Nip asked how long a member would have to take the first line medication prior to taking Kerendia. Ms. Carla Goetz, PSG, and Mr. Kurt Neuenfeld, CVS, noted that if the patient experienced side effects or the first line medication was not working, the physician could contact CVS for prior authorization. There is no standard time requirement that the member must take the first line agent before having a prior authorization approved.

MOTION was made and seconded to approve the Benefits Committee’s recommendation to cover Phexxi (a contraceptive) at no charge under the EUTF and HSTA active plans administered by CVS effective May 15, 2022 in accordance with federal law. (Ferguson-Miyamoto/Wataru) The motion passed unanimously.

Employer Trustees-4/Employee-Beneficiary Trustees-5

MOTION was made and seconded to approve the Benefits Committee’s recommendation to add prior authorization criteria on Kerendia (treats chronic kidney disease in adults with type 2 diabetes) under the EUTF active and non-Medicare retiree
prescription drug plans administered by CVS effective July 1, 2022 with
grandfathering. (Ferguson-Miyamoto/Wataru) The motion passed unanimously.
(Employer Trustees-4/Employee-Beneficiary Trustees-5)

7. Committee Charter
Mr. Mizuno presented a draft committee charter similar to the recently approved
Administrative and Investment Committee Charters.

MOTION was made and seconded to approve the Benefits Committee’s
recommendation to approve the Benefits Committee Charter.
(Ferguson-Miyamoto/Wataru) The motion passed unanimously. (Employer Trustees-
4/Employee-Beneficiary Trustees-5)

V. REPORTS
A. Segal
1. Quarterly Plan Performance Report – March 31, 2022
2. Quarterly Performance Guarantee Report – March 31, 2022
Mr. Stephen Murphy, Segal, summarized the Segal reports.

B. Pharmaceutical Strategies Group
1. CVS/SSI Quarterly Plan Performance Report – March 31, 2022
2. CVS/SSI Quarterly Performance Guarantee Report – March 31, 2022
Ms. Diane Clausen, PSG, summarized the PSG reports.

C. Administrator
1. Meetings with Legislators and Unions
2. Staffing Update
3. Training
   Mr. Mizuno noted that EUTF received a certified list of applicants from DHRD for the
   Member Service Representatives and were setting up interviews.

D. 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. EUTF Office Re-Opening
   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. Financial Statements as of December 31, 2021 and January 31, 2022  

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)  

Trustee Nip requested an update from Kaiser Permanente regarding the recent mental health strike. Mr. Troy Tomita, Kaiser, noted that Kaiser is meeting with the union this week. In addition, Mr. Tomita noted that Kaiser hired 21 employees to help with the workload. Trustee Nip asked about the positions of these new hires. Mr. Tomita said he would provide this information.

Ms. Mae Kishimoto, HSTA-Retired, thanked Mr. Tomita for addressing her concerns in the testimony she submitted. Ms. Kishimoto wanted to know when Maui Kaiser members were allowed to seek medical assistance outside of the Kaiser network. Mr. Tomita advised that other than urgent care or emergency services, a referral is required.

VI. EXECUTIVE SESSION  
MOTION was made and seconded to move into Executive Session at 10:15 a.m.  
(Ferguson-Miyamoto/Wataru) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)  

The regular meeting reconvened at 11:03 a.m.

Chairperson Fern reported that the following were performed during Executive Session:  
• Approved April 26, 2022 Executive Session minutes.  
• Approved a recommendation to the Board to commit funds to a private equity fund, subject to contract negotiation.  
• Approved a recommendation to the Board to commit funds to a real assets fund, subject to contract negotiation.

VIII. NEXT MEETING DATE  
Tuesday, June 28, 2022, 9:00 a.m. – proposed retiree premiums effective January 1, 2023

IX. ADJOURNMENT  
MOTION was made and seconded for the Board to adjourn the meeting at 11:04 a.m.  
(Ferguson-Miyamoto/Wataru) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)
Respectfully submitted,

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Wesley Machida, Secretary-Treasurer

APPROVED on June 28, 2022.

Documents Distributed:
1. Draft Board Minutes of April 26, 2022. (6 pages)
2. Ariel Benefits Administration System Update, dated May 24, 2022, prepared by LifeWorks, Segal, and Accuity. (2 pages)
3. Legislative Update, dated May 18, 2022. (2 pages)
4. Memorandum to BOT from Investment Committee, regarding May 17, 2022 Investment Committee Meeting Report, dated May 17, 2022. (8 pages)
5. Memorandum to BOT from Benefits Committee, regarding Benefits Committee Report, dated May 16, 2022, Redacted. (6 pages)
6. EUTF, Year to Date Contract Plan Experience Report, Contract Year to Date through March 2022, prepared by Segal, dated May 24, 2022. (38 pages)
8. Administrator’s Monthly Report to the Board for April 15 – May 13, 2022, dated May 13, 2022, (1 page)
9. Memorandum to BOT from Member Services Branch Manager regarding April – May 2022 Member Services Operations Report, dated May 13, 2022. (6 pages)
11. Memorandum to Administrator from Program Specialist (Eligibility and Enrollment) regarding April-May 2022 Eligibility and Enrollment Report, dated May 13, 2022. (2 pages)
12. Memorandum to Administrator from EUTF Program Specialist regarding April – May 2022 EUTF Program Specialist Report, dated May 13, 2022. (3 pages)
14. CVS Caremark Monthly Carrier Report for April 2022 dated May 9, 2022. (3 pages)
15. SilverScript Monthly Carrier Report for April 2022 dated May 9, 2022. (3 pages)
16. HDS Monthly Carrier Report for April 2022 dated May 9, 2022. (2 pages)
17. HMA Monthly Carrier Report for April 2022 dated May 6, 2022. (2 pages)
18. HMSA Monthly Carrier Report for April 2022 dated May 10, 2022. (3 pages)
19. Humana Monthly Carrier Report for April 2022 dated May 9, 2022. (3 pages)
21. Testimony for item V.E.7., dated May 19, 2022. (1 page)
23. VSP Monthly Carrier Report for April 2022 dated May 9, 2022. (2 pages)