

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Minutes of the Board of Trustees

Tuesday, September 27, 2022

TRUSTEES PRESENT

Mr. Roderick Becker, Chairperson

Ms. Audrey Hidano, Vice Chairperson (via video conference)

Mr. Osa Tui, Secretary-Treasurer (via video conference)

Mr. Damien Elefante (via video conference, entered at 9:13 a.m.)

Ms. Jacqueline Ferguson-Miyamoto

Mr. Christian Fern

Mr. Wesley Machida (via video conference)

Ms. Celeste Nip (via video conference, entered at 9:04 a.m.)

Mr. James Wataru

Mr. Robert Yu

TRUSTEES ABSENT

None

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)

Ms. Emily Kaimulua (via video conference)

Mr. Quoc Le (via video conference)

Mr. Joao Marco Maffini (via video conference)

Ms. Jessica McDonald (via video conference)

Ms. Lara Nitta (via video conference)

Mr. Brett Tatsuno (via video conference)

CONSULTANTS (via video conference)

Ms. Diane Clausen, PSG

Ms. Carla Goetz, PSG

Mr. Stephen Murphy, Segal Consulting

Ms. Baelee Zeiher, Segal Consulting

OTHERS PRESENT (via video or audio conference)

Ms. Stacia Baek, HMSA

Mr. Kevin Balaod, With.Intelligence

Ms. Amy Bell, LifeWorks

Ms. Sandra Benevides, CVS

Ms. Julie Bodenski, Humana

Ms. Tammi Bongoll, Kaiser

Mr. Ty Bowers, CVS

Mr. Justin Emerson, CVS

Ms. Samantha Furutani, CVS

Mr. Brent Griffiths, LifeWorks

Mr. Galen Haneda, HMSA

Ms. Vanelle Hirayasu, HMA

Ms. Monica Kim, VSP

Ms. Mae Kishimoto, HSTA-Retired

Ms. Joey Lee, HDS

Mr. Chris Letoto, HMSA

Ms. Charina Masatsugu, Kaiser

Ms. Denise Mercil, Securian

Mr. Paul Schemel, Voya

Mr. Dave Shiroma, Kaiser

Mr. Guy Tingey, CVS

Mr. Troy Tomita, Kaiser

Ms. Darlene Yamada, DHRD

Anonymous Attendee (x2)

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 9:02 a.m. by Chairperson Roderick Becker, in the EUTF Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, September 27, 2022.

II. REVIEW OF MINUTES – AUGUST 23, 2022

The Board reviewed the draft minutes of August 23, 2022.

MOTION was made and seconded to approve the minutes of August 23, 2022, as circulated. (Wataru/Yu) The motion passed unanimously. (Employer Trustees-4 / Employee-Beneficiary Trustees-4)

III. OLD BUSINESS

A. Benefits Administration System Implementation and Enrollment Processing Status Update
Ms. Donna Tonaki and Mr. Brent Griffiths, LifeWorks, provided the Board with an update on the implementation of the new Benefits Administration System (BAS) and enrollment processing noting the following:

- LifeWorks provided EUTF with the functionality to update Medicare Part B premium reimbursements. EUTF staff focused on completing and updating reimbursements related to 2022. EUTF staff plan to address reimbursement updates for periods prior to January 1, 2022 in the December 2022 quarterly reimbursement.
- EUTF and LifeWorks continue to address issues related to HSTA VB members, transfers, and payroll deductions.
- The current outstanding backlog of unprocessed active and retiree enrollment forms of approximately 1,850 is slightly higher than September 2021 of 1,702. These amounts include duplicates and events other than enrollment changes such as bargaining unit changes and demographic changes. Additionally, many retiree forms have been completed but need to be removed from the listing.
- Over the Labor Day weekend, EUTF staff were able to catch up on responding to emails. Currently, we are able to respond within 24 hours to emails.

Trustees Celeste Nip and Damien Elefante entered the meeting at 9:04 a.m. and 9:13 a.m., respectively, during the BAS discussion.

IV. COMMITTEE REPORTS

A. Investment Committee

1. Investment Manager Due Diligence Plan Update

Mr. Kuan Yuan provided an update on the status of ongoing due diligence of existing investment managers. At the moment, staff does not anticipate taking a dedicated due diligence trip over the next six-to-twelve months. If the need for a trip arises, a request with details of the planned visit will be submitted to the Investment Committee/Board for prior approval.

B. Benefits Committee

1. PSG Quarterly Utilization Reports ending June 30, 2022

Mr. Derek Mizuno noted that for the 12-months ended for EUTF active plans and six-months ended for retiree plans claim trends per member per month (PMPM) of 11.1% actives, 13.1% non-Medicare retirees and 9.9% EGWP.

2. PSG Prescription Drug Plan Changes

Mr. Mizuno summarized the proposed plan changes.

Trustee Wesley Machida noted that the CVS Basic Control Formulary did not have

significant member disruption, the majority of the disruption being related to blood glucose test strips, and that the change would save the plan a significant amount, if adopted. Trustee Machida asked if a member wanted to continue with the non-preferred or targeted drug would they be able to. PSG responded that they could through the exception process. Ms. Sandra Benevides noted that if members currently taking the non-preferred or targeted drug switched to the preferred drug their copayment would be less and if they obtained a prior authorization and continued with the non-preferred (targeted) drug, their copayment would remain the same.

Trustee Christian Fern was concerned about changing the formulary in the middle of a contract. His preference would be to make such a change at the beginning of the contract. Trustee Machida asked if this was a formulary change. Ms. Benevides, CVS, characterized the change as utilization management instead of a formulary change. Trustee Fern did not agree with that characterization. Chairperson Becker asked whether any changes should be made during the contract. Trustee Robert Yu asked to have staff and consultants determine what are benefit plan changes. Mr. Mizuno noted that the vast majority of changes brought to the Board are considered benefit plan changes and that the Board has made changes in the past during the contract. However, there are limits to the magnitude of the plan change that the Board can adopt. EUTF staff will prepare a memorandum for the Benefits Committee.

MOTION was made and seconded to adopt the CVS Basic Control Formulary for the EUTF active employee and non-Medicare retiree prescription drug plans administered by CVS effective July 1, 2023. (Machida/Hidano) The motion failed. (Employer Trustees-5 YES Becker, Elefante, Hidano, Machida, Yu / Employee-Beneficiary Trustees-5 NO Ferguson-Miyamoto, Fern, Nip, Tui, Wataru)

MOTION was made and seconded to adopt the CVS Hyperinflation Management Program for the EUTF active employee and non-Medicare retiree prescription drug plans administered by CVS effective July 1, 2023. (Machida/Hidano) The motion failed. (Employer Trustees-5 YES Becker, Elefante, Hidano, Machida, Yu / Employee-Beneficiary Trustees-5 NO Ferguson-Miyamoto, Fern, Nip, Tui, Wataru)

The Trustees noted that there is no downside to the Tier 1 Strategy – the plan will see reduced claims costs and members will either pay the same or lower copayment.

MOTION was made and seconded to approve the Benefits Committee's recommendation to adopt the CVS Tier 1 Strategy for the EUTF active employee and non-Medicare retiree prescription drug plans administered by CVS effective July 1, 2023. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-5 / Employee-Beneficiary Trustees-5)

Mr. Mizuno noted that the next two recommendations are federal mandates.

MOTION was made and seconded to approve the Benefits Committee's recommendation to cover Metformin 850 mg with \$0 copayment in accordance with federal law for the EUTF and HSTA VB active employee prescription drug plans administered by CVS effective July 1, 2023. (Wataru/Ferguson-Miyamoto) The

motion passed unanimously. (Employer Trustees-5 / Employee-Beneficiary Trustees-5)

Ms. Benevides noted that male condoms are prescribed for women who are unable to use female contraceptives and there currently are no quantity limits and prior authorization requirements. Trustee Audrey Hidano was concerned about there being no cap on the utilization and instructed CVS to monitor.

MOTION was made and seconded to approve the Benefits Committee's recommendation to cover male condoms when prescribed with \$0 copayment in accordance with federal law for the EUTF and HSTA VB active employee prescription drug plans administered by CVS effective July 1, 2023. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-5 / Employee-Beneficiary Trustees-5)

Mr. Mizuno noted that modeling was presented at the Benefits Committee to bring the annual maximum out-of-pocket for the prescription drug plan bundled with the HMSA 75/25 plan to the same level as the other HMSA plans. Trustee Osa Tui noted that if parity is being sought, the Benefits Committee should also consider lowering the plan annual maximum-out-of-pocket for the prescription drug bundled with the HMSA 75/25 plan to the same level as the other HMSA plans. PSG/CVS will provide this information at the next Benefits Committee meeting.

No MOTION was made to increase the annual maximum out-of-pocket to \$4,100 individual and \$8,200 family for the EUTF active employee prescription drug plan administered by CVS bundled with the HMSA 75/25 PPO medical plan effective January 1, 2024.

PSG did not recommend increasing the specialty annual maximum out-of-pocket and non-specialty copayments.

No MOTION was made to increase the specialty annual maximum out-of-pocket to \$3,000 per member and non-specialty copayments for the EUTF active employee prescription drug plans administered by CVS effective July 1, 2023.

3. HMSA Supportive Care Update

Mr. Mizuno noted that 2021 was the first year out of four in which costs were not avoided in HMSA's analysis. Two main reasons for this are higher risk scores for the Supportive Care (SC) group relative to the control group and the high number of high cost utilizers in the SC group.

4. Carrier Performance Guarantees

Mr. Mizuno noted that staff prepared a comparison of carrier performance guarantees with actual carrier average performance for the period January 1, 2019 through June 30, 2022, the number of periods that the performance guarantee was missed, and recent trends. In general, carriers are meeting the performance guarantees which were prepared based on historical performance and industry standards. EUTF staff and the

consultants will review the performance guarantees when preparing future request for proposals.

V. REPORTS

A. Segal

1. 2023 Trend Survey
2. Legislative Compliance

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

B. Administrator

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

C. EUTF Managers', Program Specialist and Benefits Audit Specialist Reports

1. Member Services Branch (MSB)
 - a. MSB Data
 - b. Outreach & Training
 - c. 2023 Retiree Open Enrollment

Mr. Mizuno noted that the August 2022 call answer was extremely low, 27.4%. He explained that in 2021 most months we had around 4,000-5,000 calls versus 8,800 in June 2022 and 6,800 in July and August 2022. June 2022 was the height of our backlog in enrollment forms. Additionally, we had a backlog on responding to emails that we caught up on over Labor Day weekend. We are projected to have approximately 5,100 calls in September 2022 which is comparable to September 2021, 5,441. In terms of the number of calls answered prior to August 2022, we were answering around 3,000 – 4,000 calls a month. August and September 2022 dropped to approximately 2,000 per month. A number of factors contributed to the lower number of calls answered – scheduled and unanticipated leaves, focusing efforts on the backlogs and resolving benefits administration system issues, and in person and virtual appointments. EUTF staff has found that the appointments take 30-60 minutes per appointment. To better allocate resources on September 23, 2022, we discontinued these appointments and moved more Member Service Representatives onto the phone. This service model is what we did before the pandemic – focus on the phones and emails, and assisting walk-ins.

Trustee Robert Yu recommended noting how many staff were on the phone each day. EUTF staff will provide this information in the future. Trustee James Wataru recommended having the system inform the members of their number in the phone queue.

2. Information Systems (IS)
 - a. EUTF New Benefits Administration System (BAS) Project
 - b. EUTF New Benefits Administration System (BAS) Project – Data Conversion
 - c. V3 Archived Database
 - d. EUTF Equipment Replacement
 - e. Enrollment Counts
3. Eligibility and Enrollment Report
 - a. Audits Currently in Progress

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- 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. 2022 Financial Audit
 - e. Financial Statements as of June 30, 2022
- 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 10:48 a.m. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-5 / Employee-Beneficiary Trustees-5)

The regular meeting reconvened at 11:23 a.m.

Chairperson Becker reported that the following were approved during Executive Session:

- August 23, 2022 Executive Session Minutes
- Commitment of funds to a private credit fund, subject to contract negotiation

VII. NEXT MEETING DATE

Tuesday, October 18, 2022, 9:00 a.m.

VIII. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 11:24 a.m. (Nip/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-5 / Employee-Beneficiary Trustees-5)

Respectfully submitted,

/s/

Osa Tui, Secretary-Treasurer

APPROVED on October 18, 2022, as amended.

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Documents Distributed:

1. Draft Board Minutes of August 23, 2022. (10 pages)
2. Memorandum to BOT from Investment Committee, regarding September 19, 2022 Investment Committee Meeting Report, dated September 19, 2022. (1 page)
3. Memorandum to BOT from Benefits Committee, regarding CONFIDENTIAL – September 20, 2022 Benefits Committee Report, dated September 21, 2022, Redacted Version. (3 pages)
4. Memorandum to BOT from Segal Consulting, regarding Segal’s 2023 Health Plan Cost Trend Survey, dated September 27, 2022. (14 pages)
5. Memorandum to BOT from Segal Consulting, regarding Meeting of the Board of Trustees – Segal Reports, dated September 27, 2022. (8 pages)
6. Administrator’s Monthly Report to the Board for August 13 – September 16, 2022, dated September 16, 2022. (1 page)
7. Memorandum to BOT from Outreach and Training Supervisor, regarding August – September 2022 Member Services Operations Report, dated September 16, 2022. (6 pages)
8. Memorandum to BOT from Applications Supervisor, regarding August – September 2022 Information Systems (IS) Operations Report, dated September 16, 2022. (2 pages)
9. Memorandum to Administrator from Program Specialist (Eligibility and Enrollment) regarding August-September 2022 Eligibility and Enrollment Report, dated September 16, 2022. (2 pages)
10. Memorandum to Administrator from EUTF Program Specialist regarding August – September 2022 EUTF Program Specialist Report, dated September 16, 2022. (6 pages)
11. Memorandum to BOT from EUTF Financial Management Officer regarding August – September 2022 Financial Services Branch (FSB) Report, dated September 16, 2022. (5 pages)
12. CVS Caremark Monthly Carrier Report for August 2022 dated September 7, 2022. (2 pages)
13. SilverScript Monthly Carrier Report for August 2022 dated September 1, 2022. (2 pages)
14. HDS Monthly Carrier Report for August 2022 dated September 8, 2022. (3 pages)
15. HMA Monthly Carrier Report for August 2022 dated September 8, 2022. (2 pages)
16. HMSA Monthly Carrier Report for August 2022 dated September 10, 2022. (3 pages)
17. Humana Monthly Carrier Report for August 2022 dated September 8, 2022. (3 pages)
18. Kaiser Permanente Monthly Carrier Report for August 2022 dated September 12, 2022. (2 pages)
19. Securian Financial Monthly Carrier Report for August 2022 dated September 10, 2022. (1 page)
20. VSP Monthly Carrier Report for August 2022 dated September 8, 2022. (2 pages)