

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Monday, January 9, 2023

TRUSTEES PRESENT

Mr. Roderick Becker, Chairperson	Mr. Christian Fern
Ms. Audrey Hidano, Vice Chairperson	Mr. Wesley Machida (via video conference)
Mr. Osa Tui, Secretary-Treasurer (via video conference)	Mr. James Wataru (excused at 1:08 p.m.)
Mr. Damien Elefante (excused at 1:10 p.m.)	Mr. Robert Yu (entered at 11:13 a.m.)
Ms. Jacqueline Ferguson-Miyamoto	

TRUSTEES ABSENT

None

ATTORNEY

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

EUTF STAFF

Mr. Derek Mizuno, Administrator	Mr. Marvin Judd (via video conference)
Ms. Donna Tonaki, Assistant Administrator	Ms. Emily Kaimuloa (via video conference)
Ms. Desiree Yamauchi	Ms. Jessica McDonald
Ms. Amy Cheung (via video conference)	Mr. Todd Nishida (via video conference)
Ms. Linda Green (via video conference)	Ms. Lara Nitta (via video conference)

CONSULTANTS (via video conference)

Mr. Jeff Allen, Epic Brokers	Mr. Stephen Murphy, Segal Consulting
Ms. Diane Clausen, PSG	

OTHERS PRESENT (via video or audio conference)

Ms. Stacia Baek, HMSA	Ms. Mae Kishimoto, HSTA-Retired
Ms. Julie Bodenski, Humana	Ms. Andrea Kumura
Mr. Ty Bowers, CVS	Ms. Charina Masatsugu, Kaiser
Mr. Su Chai, Kaiser	Ms. Denise Mercil, Securian
Mr. Joe Ebisa, WithIntelligence	Mr. Kurt Neuenfeld, CVS
Mr. Thomas England, Kaiser	Ms. Melissa Ring
Ms. Jacqueline Estermann, HDS	Mr. Fred Seavey, NUHW
Ms. Samantha Furutani, CVS	Mr. Dave Shiroma, Kaiser
Dr. Rich Garcia	Ms. Summer Solt
Mr. Brent Griffiths, LifeWorks	Dr. Tami Swonigan
Mr. Galen Haneda, HMSA	Ms. Kristen Takamune, KKDLY
Ms. Vanelle Hirayasu, HMA	Mr. Guy Tingey, CVS
Mr. Ralph Kanetoku, KKDLY	Mr. Troy Tomita, Kaiser
Ms. Lauren Kawajiri, Auditor	Melissa B.
Ms. Robyn Kawamura, KKDLY	Miki
Dr. Rachel Kaya, NUHW	Anonymous Attendee (x3)
Ms. Monica Kim, VSP	

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 11:01 a.m. by Chairperson Roderick Becker, in the EUTF Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Monday, January 9, 2023.

II. EXECUTIVE SESSION

MOTION was made and seconded to move into Executive Session at 11:02 a.m. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

Trustee Robert Yu entered the meeting at 11:13 a.m., during Executive Session

The regular meeting reconvened at 11:48 a.m.

III. REVIEW OF MINUTES – DECEMBER 20, 2022

The Board reviewed the draft minutes of December 20, 2022.

MOTION was made and seconded to approve the minutes of December 20, 2022, as circulated. (Ferguson-Miyamoto/Yu) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

IV. 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:

- During December and January, LifeWorks spent significant time on issues relating to retiree open enrollment resulting in less issues being resolved than planned. More issues should be resolved by the next Board meeting.
- LifeWorks and EUTF staff continue to address issues related to the member portal, Medicare Part B reimbursements, transfers, HSTA VB members, and payroll deductions death and Medicare Part D imports.
- The current outstanding backlog of unprocessed active and retiree enrollment forms is approximately 5,175 which includes 3,500 Social Security letters related to 2023 Medicare Part B premium reimbursements vs. 5,444 for December 2020. December 2021 had an unusually high amount of forms outstanding because a postcard was sent to retirees being reimbursed at amounts lower than the standard deduction in August or September 2021. The outstanding enrollment forms also include future dated changes (e.g., retirements) and forms related to pending documentation.

V. OLD BUSINESS

A. Actuarial Valuation Report as of July 1, 2022

Mr. Joe Newton, Gabriel Roeder Smith & Company (GRS) presented the results of their July 1, 2022 actuarial valuation of the State and counties other post-employment benefits noting an aggregate actuarial gain of \$1.4 billion which results in lower, future annual required contribution (\$5 billion over the next 22 years for the State of Hawaii). The actuarial gain is primarily related to lower healthcare and Medicare Part B premiums for 2023. Mr. Newton cautioned that the retiree premiums have been much lower than projected over the past three years (2021-2023) but could change in future years.

MOTION was made and seconded to accept the July 1, 2022 actuarial valuation aggregate employer report and the assumptions and methods contained therein.

(Ferguson-Miyamoto/Wataru) The motion passed unanimously. (Employer Trustees-5/
Employee-Beneficiary Trustees-4)

B. Fiscal Year Ending June 30, 2022 Financial Statement Audit Report

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, 2022 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, management letter, 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 were two management letter comments, similar to years prior to 2021, related to disposition of net amounts due to employers and retirees and reconciliation of account balances and transactions. These were primarily due to staff focusing on implementation of and resolving issues related to the new benefits administration system.

Trustee Yu also noted and KKDLY confirmed that the accounting adjustments were primarily due to the EUTF staff and auditors receiving financial information after the close of the EUTF's financial records.

VI. REPORTS

A. Segal

1. Five-Year Rate Projection with Approved Active Employee Rates
2. Compliance News Update

Mr. Steve Murphy summarized the Segal reports.

B. Pharmaceutical Strategies Group (PSG)

1. Five-Year Prescription Drug Rate Projection with Approved Active Employee Rates

C. Administrator

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

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

1. Member Services Branch (MSB)

- a. MSB Data
- b. Outreach & Training

Mr. Derek Mizuno noted that the call answer rates for December 2022 excluding December 30, 2022 were similar to November 2022 at about 70%. EUTF staff continue to work to fill vacancies and develop ways to improve call answer rates.

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
 - 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 August 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)

II. EXECUTIVE SESSION (continued)

The Board meeting recessed and moved into Executive Session at 12:54 p.m

Trustees James Wataru and Damien Elefante were excused from the meeting during Executive Session, at 1:08 p.m. and 1:10 p.m. respectively.

The regular meeting reconvened at 1:46 p.m.

Chairperson Becker reported that the November 22 and December 20, 2022 Executive Session Minutes were approved during Executive Session:

VII. NEXT MEETING DATE

Tuesday, February 14, 2023, 9:00 a.m. – Benefits Committee Report

VIII. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 1:46 p.m. (Yu/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

Respectfully submitted,

/s/

Osa Tui, Secretary-Treasurer

APPROVED on February 14, 2023.

Documents Distributed:

1. Draft Board Minutes of December 20, 2022. (7 pages)
2. Hawaii EUTF – Ariel BAS Updated, prepared by LifeWorks, dated January 9, 2023. (4 pages)
3. GRS, July 1, 2022 Retiree Healthcare Valuation (OPEB), prepared by GRS, dated January 2023. (18 pages)
4. GRS, EUTF Retiree Health Care Plan, Draft Actuarial Valuation Report as of July 1, 2022, prepared by GRS. (64 pages)
5. KKDLY Management Letter, June 30, 2022. (5 pages)
6. KKDLY Communication with Those Charged with Governance, June 30, 2022. (11 pages)
7. KKDLY Financial Statements and Supplementary Information, June 30, 2022. (92 pages)
8. KKDLY Schedule of Changes in Fiduciary Net Position by Employer, June 30, 2022 and 2021. (21 pages)
9. KKDLY Report on Census Data, June 30, 2022. (2 pages)
10. Memorandum to BOT from Segal Consulting, regarding Meeting of the Board of Trustees – Segal Reports, dated January 9, 2023. (4 pages)
11. Memorandum to BOT from Epic Brokers, regarding Five-Year Rate Projection with A[proved 2023/2024 Active Prescription Drug Rates, dated January 9, 2023. (3 pages)
12. Administrator’s Monthly Report to the Board for December 10–29, 2022, dated December 29, 2022. (1 page)
13. Memorandum to BOT from Member Services Branch Manager, regarding December 2022 Member Services Operations Report, dated December 29, 2022. (6 pages)
14. Memorandum to BOT from Information Systems Chief, regarding December 2022 Information Systems (IS) Operations Report, dated December 29, 2022. (10 pages)
15. Memorandum to Administrator from Program Specialist (Eligibility and Enrollment) regarding December 2022 Eligibility and Enrollment Report, dated December 29, 2022. (2 pages)
16. Memorandum to Administrator from EUTF Program Specialist regarding December 2022 EUTF Program Specialist Report, dated December 29, 2022. (30 pages)
17. Memorandum to BOT from EUTF Financial Management Officer regarding December 2022 Financial Services Branch (FSB) Report, dated December 29, 2022. (15 pages)
18. CVS Caremark Monthly Carrier Report for December 2022 dated January 3, 2023. (2 pages)
19. SilverScript Monthly Carrier Report for December 2022 dated January 1, 2023. (2 pages)
20. HDS Monthly Carrier Report for December 2022 dated January 5, 2023. (2 pages)
21. HMA Monthly Carrier Report for December 2022 dated January 5, 2023. (2 pages)
22. HMSA Monthly Carrier Report for December 2022 dated December 10, 2022. (3 pages)
23. Humana Monthly Carrier Report for December 2022 dated January 3, 2023. (3 pages)
24. Securian Financial Monthly Carrier Report for December 2022 dated January 5, 2023. (1 page)
25. VSP Monthly Carrier Report for December 2022 dated January 5, 2023. (2 pages)