

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Minutes of the Board of Trustees  
Tuesday, March 21, 2023

TRUSTEES PRESENT

Mr. Roderick Becker, Chairperson	Ms. Jacqueline Ferguson-Miyamoto
Ms. Audrey Hidano, Vice Chairperson	Mr. Christian Fern (entered at 9:10 a.m.)
Mr. Osa Tui, Secretary-Treasurer (via video conference)	Mr. Wesley Machida (via video conference)
Mr. Damien Elefante (entered at 9:36 a.m.)	Mr. James Wataru

TRUSTEES ABSENT

Mr. Robert Yu

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 Kaimulua (via video conference)
Mr. Kuan Yuan, Chief Investment Officer	Ms. Jessica McDonald (via video conference)
Ms. Desiree Yamauchi	Mr. Todd Nishida (via video conference)
Ms. Amy Cheung (via video conference)	Ms. Lara Nitta
Ms. Lauren Endo (via video conference)	Mr. Jack O'Neill (via video conference)
Ms. Linda Green (via video conference)	Mr. Brett Tatsuno (via video conference)

CONSULTANTS (via video conference)

Mr. Colin Bebee, Meketa	Mr. Stephen Murphy, Segal Consulting
Ms. Diane Clausen, PSG	Ms. Lynn Smith, PSG
Mr. Brian Maas, PSG	Ms. Bailee Zeiher, Segal Consulting

OTHERS PRESENT (via video or audio conference, unless otherwise noted)

Ms. Stacia Baek, HMSA	Ms. Vanelle Hirayasu, HMA
Ms. Sandra Benevides, CVS (in person)	Ms. Monica Kim, VSP
Mr. Kevin Balaod, With Intelligence	Ms. Mae Kishimoto, HSTA-Retired
Ms. Tammi Bongoll, Kaiser	Mr. Chris Letoto, HMSA
Ms. Cheryl Byron, CVS (in person)	Ms. Joni Lozano, CVS (in person)
Mr. Su Chai, Kaiser	Ms. Charina Masatsugu, Kaiser
Ms. Erin Dey, Humana	Ms. Denise Mercil, Securian
Mr. Thomas England, Kaiser	Dr. Christopher Miura, Kaiser
Ms. Elaine Fujiwara, HDS	Mr. Kurt Neuenfeld, CVS (in person)
Ms. Samantha Furutani, CVS	Mr. Nathan Paulsen, Voya
Mr. Jonathan Gillentine, HSTA-Retired	Mr. Dave Shiroma, Kaiser
Dr. Rupal Gohil, HMSA	Mr. Troy Tomita, Kaiser
Mr. Brent Griffiths, LifeWorks	Ms. Anne VanHaaren, CVS (in person)
Mr. Galen Haneda, HMSA	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 Chairperson Roderick Becker, in the EUTF Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, March 21, 2023.

II. REVIEW OF MINUTES – FEBRUARY 14, 2023

The Board reviewed the draft minutes of February 14, 2023.

MOTION was made and seconded to approve the minutes of February 14, 2023, as circulated. (Ferguson-Miyamoto/Wataru) The motion passed unanimously. (Employer Trustees-3/ Employee-Beneficiary Trustees-3)

### III. OLD BUSINESS

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

- The BAS software will be upgraded prior to active open enrollment which should resolve some member login and password issues, and enhance performance, secure messaging and workflows.
- The mass upload of Medicare Part B premium reimbursements and premium adjustment logic was completed since the last meeting.
- EUTF staff are testing "fixes" related to HSTA VB members experiencing life events, and planning for execution to upload the retroactive SSI Medicare Part D enrollment imports.
- LifeWorks and EUTF staff continue to address issues related to payroll deductions, and retroactive BU 11, 12 & 15 rate adjustments.
- The current outstanding backlog of unprocessed active and retiree enrollment forms is approximately 815 as compared to 813 in February 2021. February 2022 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.

Trustee Christian Fern entered the meeting at 9:10 a.m., during the LifeWorks presentation.

#### B. 2023 EUTF Related Legislation

Mr. Derek Mizuno noted that the three EUTF Board bills are in their final committee, House Finance. EUTF staff will submit testimony that if the two Medicare Part B premium reimbursement bills pass to consolidate them into one bill since the references to spouses overlap.

Mr. Joseph Gillentine, HSTA-Retired President provided testimony opposing elimination of Medicare Part B premium reimbursements for BU 05 teachers hired after June 30, 2023 noting the reduction of teacher benefits during a time when the State is having difficulty hiring new teachers. Mr. Mizuno clarified that the Board views the bill to eliminate the spousal Medicare Part B premium reimbursement as a clean-up item that should have been included in 2001 legislation that ended employer contributions to retiree spouse health benefits and the other bill only impacts future high-income retirees. In addition, Mr. Mizuno noted that two bills, if passed, will save the State approximately \$1.5 billion over the next 30 years which can be used for other employee benefits (e.g., higher salaries or greater contributions to EUTF active employee premiums) that potential new hires may view more favorably than future Medicare Part B premium reimbursements for spouses and income related monthly adjustment amounts.

C. COVID-19 Coverage

Mr. Mizuno noted that enhanced COVID-19 coverages, including coverage of over-the-counter (OTC) COVID-19 test kits, will end with the public health emergency (PHE) on May 11, 2023. Mr. Mizuno informed the Board that nearly \$500,000 was spent on these test kits for EUTF members since January 2022 also noting that HMSA and Kaiser Permanente are not planning to cover the test kits after the PHE for their fully-insured plans and it has been the EUTF's policy not to cover OTC items.

IV. INVESTMENT COMMITTEE REPORT

A. Quarterly Performance Report – Q4 2022

Mr. Colin Bebee of Meketa Investment Group (Meketa) highlighted significant points in the Q4 Performance Report. The OPEB Trust Fund portfolio finished the quarter at \$5.9 billion, gaining 2.5% in the quarter and declining -1.2% in the fiscal year (net of fees), underperforming the policy benchmark of 3.0% and -0.2%, respectively. Since inception (June 23, 2011), the portfolio has returned 7.0% (net of fees) versus the policy benchmark return of 6.8%.

Mr. Bebee reported that the EUTF Trust Fund portfolio finished the quarter at \$469.5 million, up 1.8% and 0.1% for the quarter and fiscal year (net of fees), respectively. Since inception (October 1, 2013), the portfolio has returned 3.0% (net of fees).

Mr. Kuan Yuan noted that during the current quarter, the OPEB Trust Fund has increased to \$6.0 billion on quarterly to date return of 1.2%. Mr. Yuan and Mr. Bebee also provided an update on the recent banking related market events. The initial issue surrounding Silicon Valley Bank has been largely addressed by FDIC's intervention. The federal government and private parties have also stepped up to contain further near-term liquidity crunch at other banks. These actions should prevent systemic issues from occurring, but individual bank troubles may continue to surface. While the longer-term impacts are not clear, EUTF's portfolio is designed to weather different market conditions. EUTF staff and consultant will continue to keep a close eye on developments. Mr. Mizuno also noted that EUTF staff confirmed that Bank of Hawaii and Northern Trust deposits and investments are either held in trust and protected from creditors by Northern Trust, deposits are swept into money market funds that EUTF has ownership interest in, or are covered by collateral provided by Bank of Hawaii through an agreement with the State.

B. Quarterly Private Equity Report – Q3 2022

Mr. Yuan noted that since private market investment reporting is lagged by one quarter, the report covers the third-quarter 2022. At the end of the quarter, Private Equity reported a market value of \$535.6 million, with a since inception internal rate of return of 22.3% (net of fees), outperforming the asset class benchmark of 0.4%.

Trustee Damien Elefante entered the meeting at 9:36 a.m., during the Quarterly Private Equity Report.

C. Quarterly Private Credit Report – Q3 2022

Mr. Yuan noted that since private market investment reporting is lagged by one quarter, the report covers third-quarter 2022. At the end of the quarter, Private Credit reported a market

value of \$348.0 million with a since inception internal rate of return of 8.7% (net of fees), outperforming the asset class benchmark of 3.9%.

D. Quarterly Real Assets Report – Q3 2022

Mr. Yuan noted that since private market investment reporting is lagged by one quarter, the report covers third-quarter 2022. At the end of the quarter, Real Assets reported a market value of \$624.0 million with a since inception internal rate of return of 9.2% (net of fees), slightly underperforming the asset class benchmark of 9.3%.

Trustee Audrey Hidano asked why there is a one quarter lag in reporting. Mr. Yuan noted that it is industry practice to report private markets on a quarter lag since it is more difficult to value private market investments (e.g., appraisals must be performed) than public market investments (e.g., valued daily on exchanges).

V. REPORTS

A. Segal

1. Legislative Update
2. 2023 First Quarter Trends

Mr. Stephen Murphy, Segal, summarized the Segal reports. Mr. Mizuno noted that weight loss medication is currently covered under the CVS and SilverScript prescription drug plans if the member is obese or overweight with chronic conditions and has participated in a weight loss management program. In addition, CVS has recently developed a utilization management program that will be presented to the Benefits Committee at the April 2023 meeting.

B. Administrator

1. Meetings with Legislators and Unions
2. Staffing Update
3. Training
4. Social Security Disability Project

Mr. Mizuno noted that we continue to have difficulty obtaining lists from the State Department of Human Resources Development of applicants for our nine vacant civil service positions.

C. EUTF Managers' and Program Specialist' Reports

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

Mr. Mizuno noted an improved call answer rate of nearly 72% for February 2023. Call volume for February 2023 (4,125) was lower than February 2022 (5,377) which could mean members are getting information from our website or we're more up to date on processing documents.

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

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

March 21, 2023 Minutes

Page 5

- 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 November 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 9:47 a.m. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/ Employee-Beneficiary Trustees-4)

The regular meeting reconvened at 10:04 a.m.

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

- February 14, 2023 Executive Session Minutes
- A recommendation pertaining to manager watch status

VII. NEXT MEETING DATE

Tuesday, April 25, 2023, 9:00 a.m. – Benefits and Investment Committee Reports

VIII. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 10:06 a.m. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/ Employee-Beneficiary Trustees-4)

Respectfully submitted,

/s/

---

Osa Tui, Secretary-Treasurer

APPROVED on April 25, 2023.

Documents Distributed:

1. Draft Board Minutes of February 14, 2023. (6 pages)
2. Hawaii EUTF – Ariel BAS Update, prepared by Lifeworks, dated March 21, 2023. (6 pages)
3. EUTF Legislative Update, dated March 17, 2023. (2 pages)
4. Memorandum to BOT from Program Specialist, regarding Over-the Counter COVID-19 Tests - CONFIDENTIAL, dated March 17, 2023, Redacted Version. (2 pages)
5. Memorandum to EUTF BOT from Investment Committee, regarding February 28, 2023 Investment Committee Meeting Report, dated February 28, 2023. (1 page)
6. Memorandum to EUTF BOT from Segal Consulting, regarding Meeting of the Board of Trustees – Legislative Update, dated March 21, 2023. (3 pages)
7. Memorandum to EUTF BOT from Segal Consulting, regarding Segal’s 2023 First Quarter Trends Report, dated March 21, 2023. (3 pages)
8. Administrator’s Monthly Report to the Board for February 4 – March 10, 2023, dated March 10, 2023. (1 page)
9. Memorandum to BOT from Member Services Branch Manager, regarding February-March 2023 Member Services Operations Report, dated March 10, 2023. (6 pages)
10. Memorandum to BOT from Information Systems Chief, regarding February 2023 – March 2023 Information Systems (IS) Operations Report, dated March 10, 2023. (9 pages)
11. Memorandum to Administrator from Member Services Branch Manager regarding February – March 2023 Eligibility and Enrollment Report, dated March 10, 2023. (2 pages)
12. Memorandum to Administrator from EUTF Program Specialist regarding February – March EUTF Program Specialist Report, dated March 10, 2023. (5 pages)
13. Memorandum to BOT from EUTF Financial Management Officer regarding February 2023 – March 2023 Financial Services Branch (FSB) Report, dated March 10, 2023. (15 pages)
14. CVS Caremark Monthly Carrier Report for February 2023 dated March 6, 2023. (2 pages)
15. SilverScript Monthly Carrier Report for February 2023 dated March 1, 2023. (2 pages)
16. HDS Monthly Carrier Report for February 2023 dated March 8, 2023. (2 pages)
17. HMA Monthly Carrier Report for February 2023 dated March 8, 2023. (2 pages)
18. HMSA Monthly Carrier Report for February 2023 dated March 10, 2023. (3 pages)
19. Humana Monthly Carrier Report for February 2023 dated March 8, 2023. (3 pages)
20. Kaiser Permanente Monthly Carrier Report for February 2023 dated March 10, 2023. (2 pages)
21. Securian Financial Monthly Carrier Report for February 2023 dated March 10, 2023. (1 page)
22. VSP Monthly Carrier Report for February 2023 dated March 6, 2023. (2 pages)