

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Minutes of the Board of Trustees

Tuesday, September 26, 2023

TRUSTEES PRESENT

Ms. Jacqueline Ferguson-Miyamoto, Chairperson	Ms. Sabrina Nasir
Mr. James Wataru, Vice Chairperson	Mr. Osa Tui
Mr. Wesley Machida, Secretary-Treasurer (via video conference)	Ms. Maureen Wakuzawa
Mr. Christian Fern	Mr. Ryan Yamane
Ms. Audrey Hidano	Mr. Robert Yu

TRUSTEES ABSENT

None

ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Administrator	Mr. Joao Marco Maffini (via video conference)
Ms. Donna Tonaki, Assistant Administrator	Ms. Katie Matsushima (via video conference)
Mr. David Okamoto, 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 (via video conference)
Ms. Emily Kaimuloa (via video conference)	Mr. Brett Tatsuno (via video conference)

CONSULTANTS (via video conference)

Mr. Colin Bebee, Meketa Investments	Ms. Baelee Zeiher, Segal Consulting
Mr. Stephen Murphy, Segal Consulting	

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

Ms. Stacia Baek, HDS	Ms. Joey Lee, HDS
Ms. Sandra Benevides, CVS (in person)	Mr. Chris Letoto, HMSA
Mr. Ty Bowers, CVS (in person)	Ms. Charina Masatsugu, Kaiser
Ms. Erin Dey, Humana	Ms. Denise Mercil, Securian
Mr. Joe Ebisa, WithIntelligence	Mr. Kurt Neuenfeld, CVS
Ms. Reyna Galinato, HMSA	Mr. Dave Shiroma, Kaiser
Mr. Brent Griffiths, TELUS Health	Mr. Luis Salaveria, B&F
Mr. Galen Haneda, HMSA	Mr. Guy Tingey, CVS
Ms. Vanelle Hirayasu, HMA	Mr. Troy Tomita, Kaiser
Mr. Randall Hiyoto, Legislature	Ms. Anne VanHaaren, CVS
Ms. Monica Kim, VSP	Anonymous (x3)
Ms. Mae Kishimoto, HSTA-Retired	

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 Jacqueline Ferguson-Miyamoto, in the EUTF Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, September 26, 2023.

Chairperson Ferguson-Miyamoto announced new Trustee Ryan Yamane, Deputy Director Department of Human Resource Development and former Representative, and new Chief Investment Officer, David Okamoto.

II. REVIEW OF MINUTES – AUGUST 29, 2023

The Board reviewed the draft minutes of August 29, 2023.

MOTION was made and seconded to approve the minutes of August 29, 2023, as circulated. (Wataru/Yu) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

III. OLD BUSINESS

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

- A software upgrade is planned for September 30 and TELUS Health has created a Pre-Prod environment to address issues with the usual test environment.
- EUTF and TELUS Health continue to manually review and adjust errors on the semi-monthly payroll files. TELUS Health is focusing on resolving issues that are causing the errors to eliminate the manual intervention.
- Collection of double refunds from BU11 members related to retroactive adjustments will be collected through the end of September. Refunds for 345 County of Maui and County of Hawaii BU11 members must still be processed.
- Payroll issues related to pre go-live changes in coverages between January 16 – April 30, 2022 are being manually resolved.
- Payroll and other accounting reports are being worked on.
- Death imports and SSI Medicare Part D enrollment continue to be worked on with SilverScript, the Department of Health, and TELUS Health.

Outstanding enrollment forms are comparable (461) to the previous comparable year (September 2021 – 564).

Trustee Audrey Hidano reminded TELUS Health to adhere to deadlines and not let dates slip.

B. Maui Update

Mr. Derek Mizuno recommended continuing to not cancel members for non-payment and waiving submission deadlines for qualifying events for members with Maui addresses for October.

MOTION was made and seconded to waive EUTF Administrative Rules section 4.11(b) *Cancellation Due to Failure to Pay Contribution Shortage* and section 4.05(b) *Failure to File Properly Completed Enrollment Application Within the Prescribed Time* for the month of October 2023 for members with Maui addresses. (Yu/Nasir) Trustee Audrey Hidano asked why the waiver was for all members with Maui addresses. Mr. Mizuno noted that it would be difficult to determine which members were impacted and the number of waivers has been minimal. The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

IV. NEW BUSINESS

A. Committee Assignments

Mr. Mizuno noted that Trustee Yamane will fill the vacancies on the Benefits and Investment Committees. Trustees Christian Fern and Yamane will join the Administrative Committee.

V. INVESTMENT COMMITTEE

A. Quarterly Performance Report – Q2 2023

Mr. Colin Bebee, Meketa Investments, highlighted significant points in the Q2 Performance Report. The OPEB Trust Fund portfolio finished the quarter at \$6.3 billion and gained 3.0% and 4.6% for the quarter and fiscal year (net of fees), respectively, underperforming the policy benchmark of 3.5% and 6.5%, respectively. Since inception (June 23, 2011), the portfolio has returned 7.2% (net of fees) versus the policy benchmark return of 7.1%.

Mr. Bebee reported that the EUTF Trust Fund portfolio finished the quarter at \$542.4 million, up 2.6% and 4.7% for the quarter and fiscal year (net of fees), respectively. Since inception (October 1, 2013), the portfolio has returned 3.3% (net of fees).

During Meketa's presentation, the Committee, Meketa, and EUTF staff discussed the recent underperformance and the impact of government shutdown, and how as long-term investors, we focus on the long-term asset allocation.

B. Quarterly Private Equity Report – Q1 2023

Mr. David Okamoto noted that since reporting for private market investments is lagged by one quarter, the three private market reports cover first-quarter 2023. At the end of the quarter, Private Equity reported a market value of \$648.6 million, with a since inception internal rate of return of 18.1% (net of fees), outperforming the asset class benchmark of 8.2%.

C. Quarterly Private Credit Report – Q1 2023

Mr. Okamoto noted that at the end of the quarter, Private Credit reported a market value of \$420.5 million with a since inception internal rate of return of 8.5% (net of fees), outperforming the asset class benchmark of 5.7%.

D. Quarterly Real Assets Report – Q1 2023

Mr. Okamoto noted that at the end of the quarter, Real Assets reported a market value of \$616.6 million with a since inception return of 7.5% (net of fees), outperforming the asset class benchmark of 7.1%.

The Trustees discussed how private market investments are monitored through quarterly financial statements and reports from the private market funds.

E. Investment Policy Statement Update

Mr. Okamoto presented the updated Investment Policy Statement, incorporating the investment guidelines for Gateway Investment Advisors.

MOTION was made and seconded to approve the Investment Committee's recommendation of approval of the updated Investment Policy Statement. (Wataru/Yu)
The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

VI. REPORTS

A. Segal

1. ACA Dollar Amounts and Percentages
Mr. Stephen Murphy, Segal, summarized the Segal reports.

B. Administrator

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

C. EUTF Managers' and Program Specialist' Reports

1. Member Services Branch (MSB)
 - a. MSB Data
 - b. Outreach & Training
 - c. 2024 Retiree Open Enrollment
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. Enrollment Counts
3. Eligibility and Enrollment Report
 - a. Audits Currently in Progress
 - b. Point in Time Reconciliation Audits
 - c. 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 June 30, 2023

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)

VII. EXECUTIVE SESSION

MOTION was made and seconded to move into Executive Session at 9:40 a.m. (Wataru/Yu)

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

The regular meeting reconvened at 10:52 a.m.

Chairperson Ferguson-Miyamoto reported that during Executive Session, the Board:

- Approved a commitment of funds to two private equity funds, subject to contract negotiation
- Approved an RFP for medical benefits and pharmacy benefit management services
- Approved an amendment to the Chief Investment Officer's MOU
- Reviewed and discussed the August 29, 2023 Executive Session

MOTION was made and seconded to approve the Executive Session minutes of August 29, 2023, as circulated. (Wataru/Tui) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

VIII. NEXT MEETING

Tuesday, October 24, 2023, 9:00 a.m. – Benefits Committee Report

IX. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 10:54 a.m. (Wataru/Yu) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Respectfully submitted,

/s/

Wesley Machida, Secretary-Treasurer

APPROVED on October 24, 2023, as amended.

Documents Distributed:

1. Draft Board Minutes of August 29, 2023. (8 pages)
2. Hawaii EUTF – Ariel BAS Update, prepared by TELUS Health, dated September 26, 2023. (6 pages)
3. Memorandum to BOT from Assistant Administrator, regarding Maui Update – Possible Waiver of EUTF Administrative Rule Related to Non-Payment of Premiums and Failure to File Supporting Documents Timely, dated September 15, 2023. (1 page)
4. EUTF Committees, revised September 13, 2023. (1 page)
5. Memorandum to BOT from Investment Committee, regarding September 8, 2023 Investment Committee Meeting Report, dated September 13, 2023. (1 page)
6. Memorandum to BOT from Segal Consulting, regarding ACA Dollar Amounts and Percentages, dated September 26, 2023. (5 pages)
7. Administrator's Monthly Report to the Board for August 18 – September 15, 2023, dated September 15, 2023. (1 page)
8. Memorandum to BOT from Member Services Branch Manager, regarding August – September 2023 Member Services Operations Report, dated September 15, 2023. (5 pages)
9. Memorandum to BOT from Information Systems Chief, regarding August 2023 – September

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

September 26, 2023 Minutes

Page 6

- 2023 Information Systems (IS) Operations Report, dated September 15, 2023. (9 pages)
10. Memorandum to Administrator from Eligibility Specialist regarding August – September 2023 Eligibility and Enrollment Report, dated September 15, 2023. (2 pages)
 11. Memorandum to BOT from Administrator regarding August – September EUTF Program Specialist Report, dated September 15, 2023. (20 pages)
 12. Memorandum to BOT from EUTF Financial Management Officer regarding August – September 2023 Financial Services Branch (FSB) Report, dated September 15, 2023. (5 pages)
 13. CVS Caremark Monthly Carrier Report for August 2023 dated September 5, 2023. (4 pages)
 14. SilverScript Monthly Carrier Report for August 2023 dated September 1, 2023. (2 pages)
 15. HDS Monthly Carrier Report for August 2023 dated September 8, 2023. (3 pages)
 16. HMA Monthly Carrier Report for August 2023 dated September 8, 2023. (2 pages)
 17. HMSA Monthly Carrier Report for August 2023 dated September 10, 2023. (3 pages)
 18. Humana Monthly Carrier Report for August 2023 dated September 10, 2023. (3 pages)
 19. Kaiser Permanente Monthly Carrier Report for August 2023 dated September 8, 2023. (2 pages)
 20. Securian Financial Monthly Carrier Report for August 2023 dated September 8, 2023. (1 page)
 21. VSP Monthly Carrier Report for August 2023 dated September 7, 2023. (2 pages)