

# HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

## Minutes of the Board of Trustees

Tuesday, December 19, 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. Debra Pfeffer	Mr. Todd Nishida (via video conference)
Ms. Amy Cheung (via video conference)	Ms. Lara Nitta (via video conference)
Mr. Marvin Judd (via video conference)	Mr. Brett Tatsuno (via video conference)
Ms. Emily Kaimuloa (via video conference)	Ms. Melissa Tom (via video conference)

### CONSULTANTS (via video conference)

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

### OTHERS PRESENT (via video or audio conference)

Ms. Joni Amato, CTI	Mr. Chris Letoto, HMSA
Ms. Stacia Baek, HDS	Ms. Charina Masatsugu, Kaiser
Mr. James Baratta, MandateWire	Ms. Denise Mercil, Securian
Ms. Tammi Bongoll, Kaiser	Dr. Christopher Miura, Kaiser
Mr. Ty Bowers, CVS	Mr. Kurt Neuenfeld, CVS
Mr. Su Chai, Kaiser	Parker's OtterPilot
Ms. Erin Dey, Humana	Ms. Cathy Rapozo, VSP
Mr. Thomas England, Kaiser	Mr. Dave Shiroma, Kaiser
Ms. Samantha Furutani, CVS	Dr. Rodd Takiguchi, Kaiser
Ms. Reyna Galinato, HMSA	Mr. Guy Tingey, CVS
Mr. Galen Haneda, HMSA	Ms. Anne VanHaaren, CVS
Ms. Vanelle Hirayasu, HMA	Mr. Dany Vignola, TELUS Health
Ms. Monica Kim, VSP	Mr. Scott Yamaguchi, Kaiser
Ms. Joey Lee, HDS	

### 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 9:03 a.m. by Chairperson Jacqueline Ferguson-Miyamoto, in the EUTF Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, December 19, 2023.

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The Board noted that a number of trustees have to leave by 11:00 a.m. and quorum will be lost at that time. Mr. Derek Mizuno suggested moving items from Executive Session up on the agenda.

MOTION was made and seconded to move agenda item VII. Executive Session A. Premium Rates for Active Employees Effective July 1, 2024 for HMSA, Kaiser, HDS, VSP and Securian and B. Investment Committee Report between III. Old Business F. Maui Update and V. Investment Committee. (Wataru/Yu) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

II. REVIEW OF MINUTES – NOVEMBER 21, 2023

The Board reviewed the draft minutes of November 21, 2023. Mr. Mizuno noted page 5, lines 20 and 21 should read “Mr. Mizuno summarized the Benefits Committee Report noting there is no recommendation from the Benefits Committee for these changes that were discussed...”

MOTION was made and seconded to approve the minutes of November 21, 2023, as amended. (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. Dany Vignola, TELUS Health, provided an update on the implementation of the new Benefits Administration System (BAS) and enrollment processing noting the following:

- Resolution of defects related to the semi-monthly payroll file has been pushed back from the end of the year to January 31, 2024. However, the number of issues per pay period has been reduced from over 500 to approximately 135. 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.
- Refunds for 68 County of Maui and County of Hawaii BU11 members must still be processed by year end.
- Payroll issues related to pre go-live changes in coverages between January 16 – April 30, 2022 have been manually resolved.
- Payroll and other accounting reports are being worked on. The completion date has been pushed back to April 30, 2024.
- Death imports and SSI Medicare Part D enrollment continue to be worked on with SilverScript, the Department of Health, and TELUS Health. The completion date has been pushed back to June 30, 2024.

IV. NEW BUSINESS

A. Claim Technologies, Inc., Claims Audit Reports

1. HMSA Medical Plan for Active Employees July 1, 2021 – June 30, 2022 and Retirees January 1, 2021 – December 31, 2021
2. VSP Vision Plan for Active Employees July 1, 2021 – June 30, 2022 and Retirees January 1, 2021 – December 31, 2021

Ms. Joni Amato, CTI, presented the results of their audits of HMSA and VSP noting the following:

- The amounts on slides 5 and 8 do not represent actual overpayments or extrapolated overpayments. CTI selected a targeted sample of claims from categories that are likely to have potential over- or under-payments. The sample was not random or statistical. The amounts reported represent the total amount of claims related to the category in which errors in the sample were found. Mr. Mizuno noted that for the two large HMSA populations, CTI selected three samples for each category noting an error in each sample. The error in the End Stage Renal Disease (ESRD) category had already been identified by HMSA through their internal audit process and was in the process of correction. Additionally, they were not considered systematic errors and no errors in ESRD and Paid Greater than Charged were found in the previous audit of HMSA. EUTF staff did not recommend additional audit work for these areas.
- HMSA agreed to refund \$518,205 of missed performance guarantees that were previously reported as being met. Mr. Mizuno noted that CTI reviewed two years of performance guarantees for HMSA.
- There were no amounts due from VSP as a result of the audit.

B. SilverScript Prescription Drug Plan Change – Zepbound Prior Authorization

Mr. Ty Bowers, SilverScript, presented a recommendation to add prior authorization and a quantity limit on Zepbound for weight management effective January 1, 2024 on the EUTF and HSTA VB wrap plans which is consistent with utilization management (UM) criteria currently in place on other weight management drugs. No UM criteria is necessary for the EGWP plans since Medicare does not allow coverage of weight management drugs under Medicare Part D plans.

MOTION was made and seconded to add prior authorization with a quantity limit to Zepbound under the EUTF and HSTA VB EGWP wrap plans effective January 1, 2024. (Tui/Wataru) The motion passed unanimously. (Employer Trustees-5/ Employee-Beneficiary Trustees-5)

C. Self-Funded Prescription Drug (Administered by CVS) Rates for Active Employees Effective July 1, 2024

Mr. Steve Murphy, Segal Consulting, presented the recommendation of the active employee prescription drug premiums for July 1, 2024 – June 30, 2025 noting significant increases due to utilization and price increases.

MOTION was made and seconded to approve the self-funded prescription drug premiums for active employees effective July 1, 2024 as recommended by Segal. (Yu/Wakuzawa) Trustee Christian Fern noted his concern on the impact to overall medical/prescription drug premiums for employees. The motion passed unanimously. (Employer Trustees-5/ Employee-Beneficiary Trustees-5)

D. Self-Funded Supplemental Medical and Prescription Drug Rates (Administered by HMA) for Active Employees Effective July 1, 2024

Mr. Murphy presented Segal's recommendation of the active employee supplemental medical and prescription drug plan premiums for July 1, 2024 – June 30, 2025.

MOTION was made and seconded to approve the self-funded supplemental medical and prescription drug rates for active employees effective July 1, 2024 as recommended by

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

E. Annual Report to Legislature

Mr. Mizuno summarized and recommend approval of the Annual Report to Legislature.

MOTION was made and seconded to approve the EUTF Annual Report for fiscal year 2023 for submission to the Legislature. (Yu/Nasir) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

F. Board Meeting Schedule for Fiscal Year 2025

Mr. Mizuno presented the proposed Board and Committee Schedule for fiscal year 2025.

III. OLD BUSINESS (continued)

B. HDS Active Plan Change Proposal

Mr. Mizuno noted two trustees requested that the two HDS active plan changes discussed at the November board meeting be presented to the Board again. Mr. Mizuno summarized the proposed changes.

MOTION was made and seconded to increase the lifetime maximum benefit for orthodontics to \$1,500 for the EUTF and HSTA VB active employee dental plans effective July 1, 2024. (Wataru/Tui) The motion failed. (Employer Trustees-5 NO Hidano, Machida, Nasir, Yamane, Yu/Employee-Beneficiary Trustees-5 YES Ferguson-Miyamoto, Fern, Tui, Wakuzawa, Wataru)

Trustee Fern noted that the current limitation on implants is an antiquated benefit that has changed significantly over time. Trustee Osa Tui also noted his concerns on the old benefit. Trustee Robert Yu noted that HSTA VB members can switch to EUTF plans if they would like the EUTF dental coverage. Trustee Tui noted that the HSTA VB member would have to switch all their HSTA VB plans to EUTF plans.

MOTION was made and seconded to remove the limitation that an implant be between two natural teeth for the HSTA VB active employee dental and supplemental dental plans effective July 1, 2024. (Tui/Wataru) The motion failed. (Employer Trustees-5 NO Hidano, Machida, Nasir, Yamane, Yu/Employee-Beneficiary Trustees-5 YES Ferguson-Miyamoto, Fern, Tui, Wakuzawa, Wataru)

C. State Annual Required Contributions

Trustee Wesley Machida presented Board Policy No. 24-01 Payment of Annual Employer Required Contributions which encouraged employers to pay their annual required contributions earlier in the year to maximize investments returns. Trustee Tui noted that certain language in the policy may be more appropriate to include in the background section. Mr. Mizuno will work with Trustee Machida to review the policy.

D. Permitted Interaction Group – Employer Contributions to Health Benefits Plans and Unrestricted Net Assets

Mr. Mizuno noted that at the November 21, 2023 Board meeting, the Board established a permitted interaction group (PIG) as follows:

*Responsibilities*

1. A comprehensive review and comparison of Hawaii's public employees and retirees share of health contributions to the West Coast and the US continental states;
2. An analysis of the differences in the HMO and PPO plans;
3. An analysis of the reasons why Hawaii is lagging behind in employer contributions compared to other counterparts;
4. A review of the current process for determining employer health contributions
5. Analysis of ways to use EUTF unrestricted, unreserved net assets, and
6. Recommendations on possible solutions and outcomes to address these issues

*Composition*

1. Trustees Fern, Machida, Nasir, Tui, Yamane and Yu.
2. Ryker Wada, former Director State Department of Human Resources Development
3. Mr. Ron Shiigi, former NAK partner and DAGS internal audit

Mr. Mizuno informed the Board that the PIG has not met yet and that a Chairperson and Vice Chairperson should be appointed. In addition, Board members may add others to the PIG. Trustee Sabrina Nasir confirmed with Mr. Mizuno that Segal's supportive role of the PIG would not incur additional costs to the EUTF.

MOTION was made and seconded to appoint Trustee Christian Fern as Chairperson of the permitted interaction group. (Tui/Wataru) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

MOTION was made and seconded to appoint Trustee Wesley Machida as Vice Chairperson of the permitted interaction group. (Fern/Yamane) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

MOTION was made and seconded to appoint Randy Perreira, HGEA President, and Robert Lee, HFFA President, to the permitted interaction group. (Fern/Tui) Trustee Sabrina Nasir asked the deputy attorney general about possible conflicts of interest.

MOTION was made and seconded to move into Executive Session at 10:00 a.m. (Yu/Nasir) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

The regular meeting reconvened at 10:12 a.m.

The motion to add Randy Perreira and Bobby Lee to the permitted interaction group passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

E. 2024 Legislative Proposal

Mr. Mizuno noted that the Dannenberg legal team did not have issue with the EUTF Board's legislative proposal.

MOTION was made and seconded to approve the Administrative Committee's recommendation of a 2024 legislative proposal to amend HRS 87A-33(c) to have the base

monthly contribution beginning in 2026 determined by the change in Medicare Part B from the two years prior to the prior year and to use a 5.2% increase for the 2025 base monthly contribution. (Hidano/Yu) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Trustee Nasir confirmed that since the bills are not being included in the Governor's package because of the missed deadline, EUTF staff will request that the Senate and House Labor chairs submit these bills on EUTF's behalf.

F. Maui Update

Mr. Mizuno noted that EUTF staff included options if the Board preferred resuming cancellation of coverage for non-payment for members with Maui addresses in January 2024, of how coverage could be reinstated. However, since the situation in Maui has not improved significantly, EUTF staff recommended continuing postponement of canceling members for non-payment and waiving submission deadlines for qualifying events for members with Maui addresses for January.

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 January 2024 for members with Maui addresses. (Wataru/Yu) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

VII. EXECUTIVE SESSION

Executive session was reconvened at 10:23 a.m.

The regular meeting reconvened at 10:42 a.m.

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

- Approved fully-insured premium rates effective July 1, 2024 for HMSA, Kaiser, HDS, VSP and Securian.
- Approved a commitment of funds to two private equity funds, subject to contract negotiation.

V. INVESTMENT COMMITTEE REPORT

A. Private Equity Pacing Update

Mr. David Okamoto summarized the recommended private equity pacing plan for 2024.

MOTION was made and seconded to approve the Investment Committee's recommendation of the 2024 Private Equity Pacing Plan. (Wataru/Yu) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

B. Private Credit Pacing Update

Mr. Okamoto summarized the recommended private credit pacing plan for 2024.

MOTION was made and seconded to approve the Investment Committee's recommendation of the 2024 Private Credit Pacing Plan. (Yu/Wataru) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

C. Real Assets Pacing Update

Mr. Okamoto summarized the recommended private real assets pacing plan for 2024.

MOTION was made and seconded to approve the Investment Committee's recommendation of the 2024 Real Assets Pacing Plan. (Wataru/Yu) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

D. Introduction to OPEB Risk & Asset-Liability Studies

Mr. Colin Bebee, Meketa Investments, summarized the first steps of the OPEB Risk & Asset Liability study.

E. Investment Manager Due Diligence Update

Mr. Okamoto summarized the investment manager due diligence plans for 2024.

VI. REPORTS

A. Segal

1. Quarterly Trends Report

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

B. Administrator

1. Meetings with Legislators and Unions

2. Staffing Update

3. Training

4. 2023 IFEBP Conference

Mr. Mizuno noted that over the past month EUTF staff received four lists from DHRD and made three offers. A Member Services staff and Applications Specialist will be starting on December 26, 2023 and January 2, 2024, respectively. Another request to hire is pending approval by Budget & Finance.

C. EUTF Managers' and Program Specialist' Reports

Mr. Mizuno noted that November was the first month in a long time in which both MSB and FSB had call answer rates above 90%. The Assistant Administrator, Member Services Branch Manager, Financial Management Officer and staff have done a great job on improving services. In addition, EUTF recently had a kick-off meeting with the personnel offices in preparation for online open enrolling in April 2024.

1. Member Services Branch (MSB)

a. MSB Data

b. Outreach & Training

c. 2024 Retiree Open Enrollment

d. EUTF Administrative Rules

e. Launch of Member Self-Service Portal

2. Information Systems (IS)

a. EUTF New Benefits Administration System (BAS) Project

b. EUTF New Benefits Administration System (BAS) Project – Data Conversion

c. Enrollment Counts

3. Eligibility and Enrollment Report

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- a. Audits Currently in Progress
- b. Point in Time Reconciliation Audits
- c. Recurring Audits
4. Health and Wellness 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 August 31, 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)

VIII. NEXT MEETING

Monday, January 8, 2024, 9:00 a.m. – July 1, 2023 Actuarial Valuation and June 30, 2023 Audited Financial Statements

IX. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 10:59 a.m. (Tui/Yu)  
The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Respectfully submitted,

/s/

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Wesley Machida, Secretary-Treasurer

APPROVED on January 8, 2024.

Documents Distributed:

1. Draft Board Minutes of November 21, 2023. (9 pages)
2. Hawaii EUTF – Ariel BAS Update, prepared by TELUS Health, dated December 19, 2023. (5 pages)
3. Memorandum to BOT from Administrator regarding Claims Technologies, Inc. Claims Audit Reports, dated December 14, 2023. (1 page)
4. Claims Administration Audits, HMSA and VSP Vision Care, prepared by Claim Technologies Incorporated, dated December 19, 2023. (11 pages)



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5. Comprehensive Claim Administration Audit, Executive Summary Report, EUTF, Administered by HMSA, Audit Period, Actives: July 1, 2021 through June 30, 2022, Retirees: January 1, 2021 through December 31, 2021, Additional Performance Guarantee Validation for: Actives July 1, 2020 through June 30, 2021; Retirees: January 1, 2020 through December 31, 2020, prepared by Claim Technologies Incorporated, dated December 19, 2023. (13 pages)
6. Comprehensive Claim Administration Audit, Executive Summary Report, EUTF, Administered by VSP Vision Care, Audit Period, Actives: July 1, 2021 through June 30, 2022, Retirees: January 1, 2021 through December 31, 2021, prepared by Claim Technologies Incorporated, dated December 19, 2023. (8 pages)
7. Memorandum to BOT from CVS Health/SilverScript, regarding Zepbound Formulary with Prior Authorization, dated December 19, 2023. (1 page)
8. Memorandum to BOT from Segal Consulting, regarding 2024/2025 Active Prescription Drug Rates, dated December 19, 2023. (4 pages)
9. Memorandum to BOT from Segal Consulting, regarding 2024/2025 Active Supplemental Medical and Prescription Drug Rates, dated December 19, 2023. (3 pages)
10. Annual Report, For the Period July 1, 2022 through June 30, 2023, EUTF, December 2023. (7 pages)
11. Memorandum to BOT from Administrator, regarding Board Meeting Schedule for Fiscal Year 2025, dated December 14, 2023. (2 pages)
12. Memorandum to BOT from Benefits Committee, regarding November 14, 2023 Benefits Committee Report, dated November 14, 2023, Redacted Version. (9 pages)
13. EUTF, Board of Trustees – Policy No. 24-01, Payment of Annual Employer Required Contributions, Draft. (3 pages)
14. Memorandum to BOT from Administrator, regarding Permitted Interaction Group – Employer Contributions to Health Benefits Plans and Unrestricted Net Assets, dated December 12, 2023. (1 page)
15. Memorandum to BOT from Administrative Committee, regarding November 16, 2023 Administrative Committee Meeting, dated November 16, 2023. (4 pages)
16. 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 December 14, 2023. (2 pages)
17. Memorandum to BOT from Investment Committee, regarding December 11, 2023 Investment Committee Meeting Report, dated December 11, 2023. (2 pages)
18. Memorandum to BOT from Segal Consulting, regarding Segal 2023 Fourth Quarter Trends Report, dated December 21, 2023. (3 pages)
19. Administrator’s Monthly Report to the Board for November 10 – December 8, 2023, dated December 8, 2023. (6 pages)
20. Memorandum to BOT from Member Services Branch Manager, regarding November – December 2023 Member Services Operations Report, dated December 8, 2023. (6 pages)
21. Memorandum to BOT from Information Systems Chief, regarding November 2023 – December 2023 Information Systems (IS) Operations Report, dated December 8, 2023. (9 pages)
22. Memorandum to Administrator from Eligibility Specialist regarding November – December 2023 Eligibility and Enrollment Report, dated December 8, 2023. (2 pages)
23. Memorandum to BOT from Health and Wellness Specialist, regarding November – December Health and Wellness Specialist Report, dated December 8, 2023. (4 pages)
24. Memorandum to BOT from EUTF Financial Management Officer regarding November – December 2023 Financial Services Branch (FSB) Report, dated December 8, 2023. (15 pages)

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25. CVS Caremark Monthly Carrier Report for November 2023 dated December 1, 2023. (3 pages)
26. SilverScript Monthly Carrier Report for November 2023 dated December 1, 2023. (2 pages)
27. HDS Monthly Carrier Report for November 2023 dated December 8, 2023. (2 pages)
28. HMA Monthly Carrier Report for November 2023 dated December 7, 2023. (2 pages)
29. HMSA Monthly Carrier Report for November 2023 dated December 10, 2023. (4 pages)
30. Humana Monthly Carrier Report for November 2023 dated December 10, 2023. (3 pages)
31. Kaiser Permanente Monthly Carrier Report for November 2023 dated December 11, 2023. (2 pages)
32. Securian Financial Monthly Carrier Report for November 2023 dated December 7, 2023. (1 page)
33. VSP Monthly Carrier Report for November 2023 dated December 7, 2023, Redacted Version. (8 pages)