

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Monday, January 8, 2024

TRUSTEES PRESENT

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| Ms. Jacqueline Ferguson-Miyamoto, Chairperson | Ms. Sabrina Nasir |
| Mr. James Wataru, Vice Chairperson (entered at 9:21 a.m.) | Mr. Osa Tui |
| Mr. Wesley Machida, Secretary-Treasurer | Ms. Maureen Wakuzawa (via video conference) |
| Mr. Christian Fern | Mr. Ryan Yamane (via video conference, excused at 9:58 a.m.) |
| Ms. Audrey Hidano (excused at 11:05 a.m.) | Mr. Robert Yu |

TRUSTEES ABSENT

None

ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General

EUTF STAFF

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| Mr. Derek Mizuno, Administrator | Ms. Emily Kaimuloa (via video conference) |
| Ms. Donna Tonaki, Assistant Administrator | Ms. Katie Matsushima |
| Mr. David Okamoto, Chief Investment Officer (via video conference) | Ms. Jessica McDonald |
| Ms. Desiree Yamauchi | Mr. Todd Nishida (via video conference) |
| Ms. Amy Cheung | Ms. Lara Nitta (via video conference) |
| Mr. Marvin Judd (via video conference) | Ms. Melissa Tom (via video conference) |

CONSULTANTS

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| Ms. Shelley Chun, Segal Consulting | Mr. Blake Orth, GRS Consulting |
| Mr. Stephen Murphy, Segal Consulting | Mr. Lewis Ward, GRS Consulting |
| Mr. Joe Newton, GRS Consulting | |

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

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| Ms. Stacia Baek, HDS | Ms. Lauren Kawajiri, LAO (in person) |
| Mr. Kevin Balaod, With.Intelligence | Ms. Robyn Kawamura, KKDLY (in person) |
| Ms. Sandra Benevides, CVS | Ms. Monica Kim, VSP |
| Ms. Tammi Bongoll, Kaiser | Mr. Les Kondo, LAO (in person) |
| Mr. Su Chai, Kaiser | Mr. Chris Letoto, HMSA |
| Mr. Francis Cuenca, CVS | Mr. Larry Loew, Humana |
| Ms. Erin Dey, Humana | Ms. Charina Masatsugu, Kaiser |
| Mr. Thomas England, Kaiser | Ms. Denise Mercil, Securian |
| Ms. Samantha Furutani, CVS | Dr. Christopher Miura, Kaiser |
| Ms. Reyna Galinato, HMSA | Mr. Dave Shiroma, Kaiser |
| Dr. Rupal Gohil, HMSA | Dr. Rodd Takiguchi, Kaiser |
| Mr. Galen Haneda, HMSA | Ms. Kristen Takamune, KKDLY (in person) |
| Ms. Vanelle Hirayasu, HMA | Mr. Troy Tomita, Kaiser |
| Mr. Ralph Kanetoku, KKDLY (in person) | Mr. Dany Vignola, TELUS Health |

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 Monday, January 8, 2024.

II. REVIEW OF MINUTES – DECEMBER 19, 2023

The Board reviewed the draft minutes of December 19, 2023.

MOTION was made and seconded to approve the minutes of December 19, 2023, as circulated. (Yu/Tui) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

III. NEW BUSINESS

A. Actuarial Valuation Report as of July 1, 2023

Mr. Joe Newton and Mr. Blake Orth, Gabriel Roeder Smith & Company (GRS) presented the results of their July 1, 2023 actuarial valuation of the State and counties other post-employment benefits noting that the results were very close to the projection from last year's valuation, as the 2024 retiree premiums were close to expected. The aggregate and State actuarial accrued liability and funded ratio as of July 1, 2023 was \$8.7 billion and \$6.9 billion, respectively, and 44.2% and 39.3%, respectively. GRS noted that the employers and EUTF have already adopted many best practice policies in funding the long-term liability.

Trustee James Wataru entered the meeting at 9:21 a.m., during the presentation.

MOTION was made and seconded to accept the July 1, 2023 actuarial valuation aggregate employer report and the assumptions and methods contained therein. (Yu/Machida) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

B. Fiscal Year Ending June 30, 2023 Financial Statement Audit Report

Mr. Ralph Kanetoku, Ms. Robyn Kawamura, and Ms. Kristen Takamune of KKDLY LLC presented the results of their audit of the EUTF's financial statements for the fiscal year ending June 30, 2023 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 was one management letter comment, similar to 2022, 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. Trustees Audrey Hidano and Wesley Machida inquired about the reasons and expected resolution. KKDLY and EUTF staff noted that the amounts due arise as oftentimes EUTF does not receive information from the State on terminations in a timely manner and health benefit premiums are deducted from the lagged paycheck. EUTF staff will provide Trustee Machida with an expected completion date.
- The accounting adjustments were primarily due to the EUTF staff and auditors receiving financial information after the close of the EUTF's financial records.

IV. OLD BUSINESS

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- 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:
- Payroll issues that require manual intervention are recurring but an update to the software is expected to be added on January 26, 2024.
 - Refunds for 68 County of Maui and County of Hawaii BU11 members were completed.
 - Payroll and other accounting reports are being worked on. The expected completion date is 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 expected completion date is June 30, 2024.
 - The software upgrade has been pushed back after active open enrollment due to the tight schedule.

V. EXECUTIVE SESSION

MOTION was made and seconded to move into Executive Session at 9:53 a.m. (Wataru/Machida) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

The regular meeting reconvened at 10:29 a.m., and recessed until 10:34 a.m.

Trustee Ryan Yamane was excused from the meeting at 9:58 a.m., during Executive Session.

IV. OLD BUSINESS (continued)

B. State Annual Required Contributions

Mr. Derek Mizuno noted that draft 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 was revised based on comments from Trustee Osa Tui at the December Board meeting.

MOTION was made and seconded to adopt Board Policy No. 24-01 Payment of Annual Employer Required Contributions. (Machida/Wataru) Trustee Tui inquired whether a policy was necessary since the EUTF is not able to dictate the timing of the employers' annual required contributions during each fiscal year. Trustee Christian Fern concurred. Trustee Tui suggested that the Chair send a letter to the employers encouraging early payment of the annual required contributions. The motion failed. (Employer Trustees-4 YES Hidano, Machida, Nasir, Yu/Employee-Beneficiary Trustees-5 NO Ferguson-Miyamoto, Fern, Tui, Wakuzawa, Wataru)

MOTION was made and seconded to send a letter to the employers from the Chair encouraging early payment of their annual employer required contributions. (Tui/Wataru) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

C. Maui Update

Mr. Mizuno noted that since the situation in Maui has not improved significantly, EUTF staff recommended continuing postponement of canceling members for non-payment and

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waiving submission deadlines for qualifying events for members with Maui addresses for February 2024.

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 February 2024 for members with Maui addresses. (Wataru/Machida) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

VI. REPORTS

A. Segal

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

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

B. Administrator

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

Mr. Mizuno noted that two positions were filled since the last Board meeting and an offer has been made and received for another position, final approvals are pending.

C. 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)

Trustee Hidano inquired about the deadline for carrier reports as a number of reports were not included in this month's packet. Mr. Mizuno confirmed that the carrier reports are due by the 10th of the month. The reports in the packet were submitted early and for the carriers that didn't submit a report yet, their December reports will be included in next month's packet. Ms. Monica Kim, VSP, noted that information for the December report was just received by her today so she was not able to complete her report when the Board materials were distributed last week.

Galen Haneda, HMSA, informed the Board that their payment related to missed performance guarantees identified during the Claims Technologies, Inc. claims audit was made on December 29, 2023.

V. EXECUTIVE SESSION (continued)

Executive Session reconvened at 10:52 a.m.

The regular meeting reconvened at 11:07 a.m.

Trustee Hidano was excused from the meeting at 11:05 a.m. during Executive Session.

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

- Approved an appeal for late new hire enrollment.
- Approved an extension of a contract awarded under RFP 20-004 Benefit Plan Audit Services.
- Approved an extension of a contract awarded under RFP 22-001 Medicare Coordination and Social Security Disability Advocacy Services.
- Reviewed and discussed the November 21 and December 19, 2023 minutes.

MOTION was made and seconded to approve the Executive Session minutes of November 21 and December 19, 2023, as circulated. (Tui/Yu) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

VIII. NEXT MEETING

Tuesday, February 13, 2024, 9:00 a.m. – EUTF related legislation and Benefits Committee Report

IX. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 11:09 a.m. (Wataru/Yu) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

Respectfully submitted,

/s/

Wesley Machida, Secretary-Treasurer

APPROVED on February 13, 2024.

Documents Distributed:

1. Draft Board Minutes of December 19, 2023. (10 pages)
2. EUTF, July 1, 2023 Retiree Healthcare Valuation (OPEB), prepared by GRS, dated January 2024. (13 pages)
3. EUTF Retiree Health Care Plan, Draft Actuarial Valuation Report as of July 1, 2023, prepared by GRS. (64 pages)
4. KKDLY, Presentation to the Board of Trustees of the EUTF, Financial Audit of the EUTF, Year Ended June 30, 2023, dated January 8, 2024. (8 pages)
5. KKDLY, EUTF, Management Letter, June 30, 2023. (4 pages)
6. KKDLY, EUTF, Communication with Those Charged with Governance, June 30, 2023. (10 pages)
7. KKDLY, EUTF, Financial Statements and Supplementary Information, June 30, 2023. (93 pages)
8. KKDLY, EUTF, Schedule of Changes in Fiduciary Net Position by Employer, June 30, 2023 and 2022. (22 pages)
9. KKDLY, EUTF, Report on Census Data, June 30, 2023. (2 pages)

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10. Hawaii EUTF – Ariel BAS Update, prepared by TELUS Health, dated January 8, 2024. (5 pages)
11. EUTF, Board of Trustees – Policy No. 24-01, Payment of Annual Employer Required Contributions, Draft. (3 pages)
12. 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 January 3, 2024. (2 pages)
13. Memorandum to BOT from Segal Consulting, regarding Segal Compliance Update, dated January 8, 2024. (7 pages)
14. Administrator’s Monthly Report to the Board for December 9-29, 2023, dated December 29, 2023. (1 page)
15. CVS Caremark Monthly Carrier Report for December 2023 dated January 2, 2024. (2 pages)
16. SilverScript Monthly Carrier Report for December 2023 dated January 1, 2024. (2 pages)
17. HMA Monthly Carrier Report for December 2023 dated January 3, 2024. (2 pages)
18. HMSA Monthly Carrier Report for December 2023 dated January 5, 2024. (3 pages)
19. Securian Financial Monthly Carrier Report for December 2023 dated January 3, 2024. (1 page)