

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
Minutes of the Board of Trustees  
Tuesday, March 12, 2024

TRUSTEES PRESENT

Ms. Jacqueline Ferguson-Miyamoto, Chairperson	Ms. Sabrina Nasir (excused 9:43 a.m.)
Mr. James Wataru, Vice Chairperson	Mr. Osa Tui
Mr. Wesley Machida, Secretary-Treasurer (via video conference)	Ms. Maureen Wakuzawa
Mr. Christian Fern (via video conference)	Mr. Ryan Yamane
Ms. Audrey Hidano	Mr. Robert Yu (via video conference)

TRUSTEES ABSENT

None

ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Administrator	Ms. Katie Matsushima (via video conference)
Ms. Donna Tonaki, Assistant Administrator	Ms. Jessica McDonald (via video conference)
Mr. David Okamoto, Chief Investment Officer	Mr. Todd Nishida (via video conference)
Ms. Desiree Yamauchi	Ms. Lara Nitta (via video conference)
Ms. Amy Cheung (via video conference)	Ms. Melissa Tom (via video conference)
Ms. Emily Kaimulua (via video conference)	Mr. Brett Tatsuno (via video conference)
Mr. Joao Marco Maffini (via video conference)	

CONSULTANTS (via video conference)

Mr. Colin Bebee, Meketa Investment Group	Mr. Stephen Murphy, Segal Consulting
Ms. Shelley Chun, Segal Consulting	

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

Mr. Blaise Aquino, HMSA	Ms. Mae Kishimoto, HSTA-Retired
Ms. Stacia Baek, HDS	Ms. Joey Lee, HDS
Mr. Mike Barela, Voya (in person)	Mr. Chris Letoto, HMSA
Ms. Sandra Benevides, CVS	Ms. Charina Masatsugu, Kaiser
Ms. Tammi Bongoll, Kaiser	Ms. Denise Mercil, Securian
Mr. Ty Bowers, CVS	Dr. Christopher Miura, Kaiser
Mr. Su Chai, Kaiser	Mr. Kurt Neuenfeld, CVS
Mr. Francis Cuenca, CVS	Dr. Diane Paloma, HDS
Ms. Erin Dey, Humana	Mr. Dave Shiroma, Kaiser
Mr. Thomas England, Kaiser	Ms. Jenny Smith, Humana
Mr. Cyril Espanol, Journalist	Mr. Troy Tomita, Kaiser
Ms. Samantha Furutani, CVS	Ms. Anne VanHaaren, CVS
Dr. Rupal Gohil, HMSA	Mr. Dany Vignola, TELUS Health
Mr. Galen Haneda, HMSA	Mr. Scott Yamaguchi, Kaiser
Ms. Vanelle Hirayasu, Verdegard	Anonymous
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 9:00 a.m. by Chairperson Jacqueline Ferguson-Miyamoto,

in the EUTF Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, March 12, 2024.

II. REVIEW OF MINUTES – FEBRUARY 13, 2024

The Board reviewed the draft minutes of February 13, 2024.

MOTION was made and seconded to approve the minutes of February 13, 2024, as circulated. (Wataru/Tui) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

III. OLD BUSINESS

A. Benefits Administration System Implementation Status Update

Ms. Donna Tonaki and Mr. Dany Vignola, TELUS Health, provided an update on the implementation of the new Benefits Administration System (BAS) noting the following:

- Payroll and other accounting reports are being worked on. The eight remaining (out of 12) updates to the software are expected to be completed by June 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.
- A new item was added related to the retiree prescription drug plan administered by CVS and SSI. In situations where the retiree is enrolled in Medicare while their dependent is non-Medicare or vice versa, CVS/SSI currently has the Medicare members enrolled in both the Medicare and non-Medicare prescription drug plans. EUTF, TELUS Health and CVS/SSI are working on an update to the Electronic Data Interchange (EDI) file to address this issue. The expected completion date is June 30, 2024.

B. Maui Update

Mr. Derek Mizuno and EUTF staff recommended that the Board address members with Maui addresses that have not been terminated for non-payment of premiums since August 2023 since open enrollment is in April 2024. Mr. Mizuno noted that there were 137 members whose termination for non-payment were postponed in February 2024. Fifty-four out of the 137 members had outstanding balances and had either returned to work (47) or were still on leave without pay (7). The remaining members had either terminated employment, passed away or had paid in full. Mr. Mizuno summarized the recommendations regarding this group noting that the proposed amounts to be forgiven were not significant, relief was being provided to those negatively impacted by the Maui wildfires who were not able to make healthcare premium payments and the administrative burden on EUTF staff was not significant.

MOTION was made and seconded to:

1. Forgive unpaid premiums of members with Maui addresses who complete a notarized affidavit that they were negatively impacted by the Maui wildfires (i.e., unable to live in their primary residence and/or a household member lost their job because of the wildfires) and as a result have not been able to make healthcare premium payments.

2. Waive the requirement under EUTF Administrative Rules section 4.13(b) *Reinstatement of Enrollment* that the member "has not been cancelled under Rule 4.11(b) within twelve (12) months of the date of the notice of cancellation" and extend the deadline for full payment to June 30, 2024 for members with Maui addresses who did not submit a notarized affidavit that they were impacted by the Maui wildfires and whose termination had been previously deferred by the Board.
3. Waive EUTF Administrative Rules section 4.11(b) *Cancellation Due to Failure to Pay Contribution Shortage* for members with Maui addresses who complete a notarized affidavit that they were negatively impacted by the Maui wildfires (i.e., unable to live in their primary residence and/or a household member lost their job because of the wildfires) and as a result have not been able to make healthcare premium payments and are on leave without pay.
4. Waive section 4.05(b) *Failure to File Properly Completed Enrollment Application Within the Prescribed Time* for the months of April, May and June 2024 for members with Maui addresses.

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

The Board also agreed that EUTF staff would inform the carriers not to collect claims incurred and paid by the carriers during the period that enrollment is retroactively terminated for the 101 out of 137 members impacted.

#### C. 2024 EUTF Related Legislation

Mr. Mizuno provided an update on the status of the EUTF bill related to the base monthly contribution and other bills related to board meeting materials, the conduct of board meetings; telework; employee salaries; ERS vesting periods; and health insurance coverage mandates.

#### IV. Investment Committee Report

##### A. Quarterly Performance Report – Q4 2023

Mr. Colin Bebee, Meketa Investment Group, highlighted significant points in the Q4 Performance Report. The OPEB Trust Fund portfolio finished the quarter at \$7.2 billion gaining 4.5% for the quarter and 9.3% for the year (net of fees) under-performing the policy benchmark of 5.0% and 10.6%, 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 \$561.4 million, up 5.0% for the quarter and 8.1% for the year (net of fees). Since inception (October 1, 2013), the portfolio has returned 3.5% (net of fees).

##### B. Manager Watch Status Recommendation

Mr. David Okamoto summarized the Investment Committee's recommendation to remove AlphaSimplex, Systematic Trend Following manager, from watch status since the sale of AlphaSimplex which closed in April 2023 has not negatively impacted their operations.

MOTION was made and seconded to approve the Investment Committee's recommendation to remove AlphaSimplex from Watch Status. (Wataru/Nasir) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

C. Quarterly Real Assets Report and Annual Portfolio Review – Q3 2023

Mr. Okamoto noted that since reporting for private market investments is lagged by one quarter, the three private market reports cover third-quarter 2023. At the end of the quarter, Real Assets reported a market value of \$606.2 million (8.9% of the total portfolio), with a since inception internal rate of return of 6.3% (net of fees), outperforming the asset class benchmark of 5.9%.

D. Quarterly Private Equity Report – Q3 2023

E. Quarterly Private Credit Report – Q3 2023

Mr. Okamoto noted that for private markets only one asset class was and will be in the future presented to the Investment Committee. However, reports for the other two classes were provided to the Investment Committee.

F. OPEB Asset-Liability Study Part 2 – Capital Market Assumptions

Mr. Okamoto noted that Part 2 – Capital Market Assumptions of the OPEB Asset-Liability Study was presented to the Investment Committee.

V. REPORTS

A. Segal

1. Legislative Update

Ms. Shelley Chun, Segal, summarized the Segal legislative update.

B. Administrator

1. Meetings with Legislators and Unions

2. Staffing Update

3. Training

Mr. Mizuno noted that a new hire started today and two more will start in Member Services in early April. At that time Member Services is projected to be fully staffed and we will have three vacancies in Financial Services and the vacant Investment Officer position.

In addition, Mr. Mizuno noted that call answer rates are near 90% for Member and Financial Services. Additionally, Member Services is preparing for active employee open enrollment in April 2024 where employees will be encouraged to make their changes online.

C. EUTF Managers' and Program Specialists' Reports

1. Member Services Branch (MSB)

a. MSB Data

b. Outreach & Training

c. 2024 Active Employee Open Enrollment

d. 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. Security Assessment
  - d. Enrollment Counts
3. Eligibility and Enrollment Report
  - 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 November 30 and December 31, 2023
- D. Carrier Reports
  1. CVS Caremark
  2. SilverScript
  3. Hawaii Dental Service (HDS)
  4. Hawaii Medical Service Association (HMSA)
  5. Humana
  6. Kaiser Health Foundation
  7. Securian
  8. Verdegard Administrators (formerly known as HMSA)
  9. Vision Service Plan (VSP)

## VI. EXECUTIVE SESSION

MOTION was made and seconded to move into Executive Session at 9:41 a.m. (Tui/Wataru)  
The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Trustee Sabrina Nasir was excused at 9:43 a.m. during Executive Session.

The regular meeting reconvened at 10:30 a.m.

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

- Approved a commitment of funds to a private equity fund, subject to contract negotiation.
- Approved a commitment of funds to a private credit fund, subject to contract negotiation.
- Approved a matter relating to a private real assets manager.
- Approved extensions of investment consulting services contracts.
- Reviewed and discussed the February 13, 2024 Executive Session Minutes.

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MOTION was made and seconded to approve the Executive Session minutes of February 13, 2024, as circulated. (Wataru/Yu) The motion passed unanimously. (Employer Trustees-4/ Employee-Beneficiary Trustees-5)

VII. NEXT MEETING

Tuesday, April 16, 2024, 9:00 a.m. – EUTF related legislation and Benefits Committee Report

VIII. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 10:32 a.m. (Wataru/Yui) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Respectfully submitted,

/s/

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Wesley Machida, Secretary-Treasurer

APPROVED on April 16, 2024.

Documents Distributed:

1. Draft Board Minutes of February 13, 2024. (5 pages)
2. Hawaii EUTF – Ariel BAS Update, prepared by TELUS Health, dated March 12, 2024. (4 pages)
3. Memorandum to BOT from Administrator, regarding Maui Update – Possible Waiver of EUTF Administrative Rule Related to Non-Payment of Premiums and Failure to File Supporting Documents Timely, dated March 7, 2024. (3 pages)
4. EUTF Legislative Update, dated March 6, 2024. (3 pages)
5. Memorandum to EUTF BOT from EUTF Investment Committee, regarding March 5, 2024 Investment Committee Report Committee Report, dated March 7, 2024. (2 pages)
6. Memorandum to BOT from Segal Consulting, regarding Segal Compliance News, dated March 1, 2024. (5 pages)
7. Administrator’s Monthly Report to the Board for February 3, 2024-March 1, 2024, dated March 1, 2024. (1 page)
8. Memorandum to BOT from Member Services Branch Manager, regarding February – March 2024 Member Services Operations Report, dated March 1, 2024. (6 pages)
9. Memorandum to BOT from Information Systems Chief, regarding February 2024 – March 2024 Information Systems (IS) Operations Report, dated March 1, 2024. (9 pages)
10. Memorandum to Administrator from Eligibility Specialist regarding February – March 2024 Eligibility and Enrollment Report, dated March 1, 2024. (2 pages)
11. Memorandum to EUTF BOT from Health and Wellness Specialist regarding February – March Health and Wellness Specialist Report, dated March 1, 2024. (5 pages)
12. Memorandum to BOT from EUTF Financial Management Officer regarding February 2024 – March 2024 Financial Services Branch (FSB) Report, dated March 1, 2024. (25 pages)
13. CVS Caremark Monthly Carrier Report for February 2024 dated March 1, 2024. (2 pages)
14. SilverScript Monthly Carrier Report for February 2024 dated March 1, 2024. (2 pages)

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15. HDS Monthly Carrier Report for February 2024 dated March 8, 2024. (2 pages)
16. HMSA Monthly Carrier Report for February 2024 dated March 8, 2024. (3 pages)
17. Humana Monthly Carrier Report for February 2024 dated March 8, 2024. (3 pages)
18. Kaiser Permanente Monthly Carrier Report for February 2024 dated March 8, 2024. (2 pages)
19. Securian Financial Monthly Carrier Report for February 2024 dated March 7, 2024. (1 page)
20. Verdegard Monthly Carrier Report for February 2024 dated March 6, 2024. (2 pages)
21. VSP Monthly Carrier Report for February 2024 dated March 6, 2024. (6 pages)