

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Tuesday, May 28, 2024

TRUSTEES PRESENT

Ms. Jacqueline Ferguson-Miyamoto, Chairperson	Ms. Sabrina Nasir (via video conference, excused at 9:45 a.m.)
Mr. James Wataru, Vice Chairperson	Mr. Osa Tui
Mr. Wesley Machida, Secretary-Treasurer	Ms. Maureen Wakuzawa
Mr. Christian Fern	Mr. Ryan Yamane (via video conference, entered at 9:58 a.m.)
Ms. Audrey Hidano	Mr. Robert Yu

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)
Mr. Marvin Judd (via video conference)	Mr. Brett Tatsuno (via video conference)
Ms. Emily Kaimuloa (via video conference)	Ms. Melissa Tom (via video conference)
Mr. Joao Marco Maffini (via video conference)	

CONSULTANTS (via video conference, unless otherwise noted)

Mr. Jonathan Camp, Meketa Investments	Ms. Stephanie Sorg, Meketa Investment
Ms. Shelley Chun, Segal Consulting	Mr. Richard Ward, Segal Consulting (in person)
Mr. Stephen Murphy, Segal Consulting (in person)	

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

Ms. Stacia Baek, HDS	Ms. Joey Lee, HDS
Mr. Kevin Balaod, With.Intelligence	Mr. Chris Letoto, HMSA (in person)
Ms. Amy Bell, TELUS Health	Ms. Charina Masatsugu, Kaiser
Ms. Carol Bernal, Verdegard	Ms. Denise Mercil, Securian
Ms. Tammi Bongoll, Kaiser	Mr. Kurt Neuenfeld, CVS
Mr. Ty Bowers, CVS	Mr. Clesson Pang, HDS
Mr. Su Chai, Kaiser	Mr. Dave Shiroma, Kaiser
Mr. Francis Cuenca, CVS	Ms. Jenny Smith, Humana
Mr. Thomas England, Kaiser	Dr. Rodd Takiguchi, Kaiser
Mr. Galen Haneda, HMSA	Mr. Troy Tomita, Kaiser
Ms. Monica Kim, VSP	Ms. Gretel Tsoi, HDS
Ms. Meagan Kini-Ho, HMSA (in person)	Ms. Anne VanHaaren, CVS
Ms. Mae Kishimoto, HSTA-Retired	Mr. Scott Yamaguchi, Kaiser
Mr. Lawrence Lau, 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 9:00 a.m. by Chairperson Jacqueline Ferguson-Miyamoto, in the EUTF Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, May 28, 2024.

II. REVIEW OF MINUTES – APRIL 16, 2024

The Board reviewed the draft minutes of April 16, 2024.

MOTION was made and seconded to approve the minutes of April 16, 2024, as circulated. (Wataru/Fern) The motion passed unanimously. (Employer Trustees-4/ Employee-Beneficiary Trustees-5)

III. OLD BUSINESS

A. Benefits Administration System Implementation Status Update

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

- Implementation of Sprint 3 into Production was mutually agreed to move from June 12 to July 2, 2024 to provide more time for TELUS Health and delay until after open enrollment changes (i.e., July 1, 2024) are in Production.
- The remaining fix of the six payroll and other accounting report and SSI Import defects continue to be planned for Sprint 3 implementation.
- Death imports continue to be worked on with the Department of Health and TELUS Health. The expected completion date has been pushed back to August 30, 2024.
- Situations where the retiree is enrolled in Medicare while their dependent is non-Medicare or vice versa, was resolved in Production on May 3, 2024.
- Milestone (e.g., when a surviving spouse's dependent child turns 19-23, the BAS is supposed to mail a letter requesting a student certification for retiree coverage) and expiry (e.g., if the student certification is not submitted, the BAS is supposed terminate the dependents applicable coverages) jobs are projected to be completed by October 31, 2024. The milestone jobs related to certification of students of surviving spouses and retiree Medicare enrollment of surviving spouses and domestic partners is currently not automated and EUTF staff are manually identifying this small group and mailing letters monthly. Also, the student and retiree Medicare certification expiry jobs are also not automated and EUTF staff are manually terminating the applicable coverages. The student expiry job is in UAT and TELUS Health is currently testing before handing off to EUTF and the other jobs are targeted after Sprint 4.

B. Maui Update

Mr. Derek Mizuno informed the Board that there are no updates related to members with unpaid premiums who have informed us that they were negatively impacted by the Maui wildfires and were not able to make healthcare premium payments. Additionally, the waiver related to submission of enrollment forms and supporting document deadlines ends June 30, 2024 and EUTF staff are not recommending extension. This item will be removed from future agenda unless there are significant updates.

C. 2024 EUTF Related Legislation

Mr. Mizuno informed the Board that the EUTF bill related to the base monthly contribution died as the House did not agree to the Senate's correction of the effective date and the House did not appoint conferees. EUTF staff will recommend proposal at a future EUTF Administrative Committee meeting. The other bills related to EUTF that have or are likely to become law will not have a significant impact on operations. This item will be removed from future agenda unless there are significant updates.

IV. OLD BUSINESS

A. New Chairperson (Employer Trustee) and Vice Chairperson (Employer Trustee) Effective July 1, 2024

MOTION was made and seconded to appoint Trustee Ryan Yamane as Chairperson of the Board and Trustee Robert Yu as Vice Chairperson of the Board effective July 1, 2024. (Machida/Hidano) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

V. COMMITTEE REPORTS

A. Investment Committee

1. Quarterly Performance Report – Q1 2024

Ms. Stephanie Sorg, Meketa Investments, highlighted significant points in the Q1 2024 Performance Report. The OPEB Trust finished the quarter at \$7.6 billion, gaining 3.7% and 10.3% for the quarter and 1-year, respectively (net of fees), underperforming the policy benchmark of 4.1% and 11.5%, respectively. Underperformance during both periods was primarily attributed to short-term benchmarking challenges within the Private Equity and Private Credit asset classes. Since inception (June 23, 2011), the portfolio has returned 7.3% (net of fees) versus the policy benchmark return of 7.3%.

During the quarter, all public managers with the exception of Northern Trust (Non-US Public Equity), SLC (Long Treasuries), Nephila (Reinsurance), and Pillar (Reinsurance) performed in line with or above their benchmarks. Northern Trust and SLC are passive/enhanced index strategies, so they have closely tracked the benchmark over longer periods. Nephila and Pillar produced solid absolute results during the quarter but underperformed the benchmark due to differences in how they accrue returns. Nephila and Pillar accrue premiums based on the timing/probability of events, so are more weighted towards summer months, while the benchmark realizes returns more linearly.

Ms. Sorg reported that the EUTF Trust Fund finished the quarter at \$573.3 million, up 4.5% and 10.7% for the quarter and 1-year, respectively (net of fees). Since inception (October 1, 2013), the portfolio has returned 3.8% (net of fees).

2. Quarterly Private Equity Report and Annual Portfolio Review – Q4 2023

Mr. David Okamoto highlighted significant points in the Private Equity Annual Performance Review. Since reporting for private market investments is lagged by one quarter, the report covers performance through fourth-quarter 2023. At the end of the quarter, Private Equity reported a market value of \$735.2 million (10.2% of the OPEB Trust), with a since inception return of 14.7% (net of fees), outperforming the asset class benchmark of 7.2%.

3. Quarterly Private Real Assets Report – Q4 2023

4. Quarterly Private Credit Report – Q4 2023

These reports are for information only and were not discussed.

5. OPEB Asset-Liability Study Part 2

Ms. Sorg and Mr. Jonathan Camp, Meketa Investments, presented the final step of the OPEB Asset-Liability (A/L) study, which seeks to establish a new long-term strategic

asset allocation policy for the OPEB Trust. The capital market assumptions for each asset class presented during the March meeting were used in an iterative modeling process to arrive at a set of three portfolio options, each representing varying levels of risk and return. Unlike past asset allocation studies, this process also integrated OPEB's liabilities (projected future benefit payments) and their effect on projected funded status and portfolio volatility.

Option A represents a more conservative risk posture with the same expected return as the Current Policy, but slightly lower risk characteristics (standard deviation and expected max drawdown). Option B has a higher expected return than the Current Policy with a moderate increase in risk. Option C has the highest expected return and risk characteristics of the three options. Options A and B would require smaller changes to the underlying asset class targets relative to Option C that would entail a more meaningful increase to global equity. Option B was recommended by Meketa and EUTF staff.

MOTION was made and seconded to approve the Investment Committee's recommendation of Option B as the long-term strategic allocation for the EUTF OPEB Trust. (Wataru/Fern) The motion passed unanimously. (Employer Trustees-4/ Employee-Beneficiary Trustees-5)

Trustee Sabrina Nasir was excused from the meeting at 9:45 a.m.

B. Benefits Committee

1. Utilization Reports for the period ending December 31, 2023

- a. Kaiser Permanente Semi-Annual Utilization Report
- b. HMSA Semi-Annual Utilization Report
- c. VSP Annual Retiree Utilization Report
- d. HDS Annual Retiree Utilization Report

Mr. Mizuno summarized the Benefits Committee Report related to these items.

2. Proposed Plan Changes

Mr. Mizuno summarized the Benefits Committee Report related to the proposed plan changes and the Committee's recommendations.

a. HDS

MOTION was made and seconded to approve the Benefits Committee's recommendation to:

- Cover basic services at 80% with a \$50 deductible on services not covered at 100% for the EUTF and HSTA VB retiree dental plans effective January 1, 2025, and
- Transfer \$25 million from the EUTF Trust Fund to the OPEB Trust Fund. (Wataru/Machida) The motion passed unanimously. (Employer Trustees-3/ Employee-Beneficiary Trustees-5)

b. Kaiser Permanente

MOTION was made and seconded to approve the Benefits Committee's recommendation to decrease the urgent care copayment to \$15 under the EUTF and HSTA VB Kaiser Permanente Senior Advantage plans effective January 1, 2025.

(Wataru/Tui) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

MOTION was made and seconded to approve the Benefits Committee's recommendation to add residential hospice coverage at 100% under the HSTA VB Kaiser Permanente Senior Advantage plan effective January 1, 2025. (Wataru/Tui) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

MOTION was made and seconded to approve the Benefits Committee's recommendation to adopt the benefit maximum mandated by the State of Hawaii for coverage of orthodontic treatment of orofacial anomalies for the EUTF and HSTA VB Kaiser Permanente active employee and non-Medicare retiree medical/prescription drug plans. (Wataru/Tui) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

MOTION was made and seconded to approve the Benefits Committee's recommendation to remove the limitation of two elective pregnancy terminations of non-viable fetuses per lifetime under the EUTF and HSTA VB Kaiser Permanente active employee and non-Medicare retiree medical/prescription drug plans effective July 1, 2025 and January 1, 2025, respectively. (Wataru/Tui) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

Trustee Ryan Yamane entered the meeting at 9:58 a.m.

c. HMSA

MOTION was made and seconded to approve the Benefits Committee's recommendation to adopt the benefit maximum mandated by the State of Hawaii, rounded up to the nearest \$10, for coverage of orthodontic treatment of orofacial anomalies for the EUTF and HSTA VB HMSA active employee and retiree medical plans. (Wataru/Tui) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

d. Humana

MOTION was made and seconded to approve the Benefits Committee's recommendation to adopt the following programs for the EUTF retiree Humana Medicare Advantage plan effective January 1, 2025 through the end of the contract:

- In-Home Health and Well-Being Assessment
- SilverSneakers
- Go365 by Humana and Personal Health Coaching
- Smoking Cessation
- Meal Program
- Post-Discharge In-Home Personal Care Services
- Post-Discharge Transportation Services
- Hawaii Interisland Travel

(Wataru/Tui) The trustees noted that the Hawaii Interisland Travel program was limited to 10 round-trip tickets per calendar year. The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

e. CVS

MOTION was made and seconded to approve the Benefits Committee's recommendation to add prior authorization on Rezdifra under the EUTF active employee and non-Medicare retiree prescription drug plans administered by CVS effective July 1, 2024. (Wataru/Tui) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

3. 2024 Segal Retiree Annual Report

4. Segal Open Panel HMO Analysis (informational only)

Mr. Mizuno summarized the Benefits Committee's report related to these items.

VI. REPORTS

A. EUTF Benefits Consultant (Segal)

1. Quarterly Plan Performance Report – March 31, 2024

2. Quarterly Performance Guarantee Report – March 31, 2024

3. Affordable Care Act Dollar Amount and Percentages

4. Guidance Clarifies RDS and Creditable Coverage Calculation

5. Health Accounts Can't Be Used for General Health Expenses

6. Mental Health Parity Covers Treatment of Eating Disorders

Mr. Steve Murphy, Segal Consulting, summarized the Segal updates.

B. Administrator

1. Meetings with Legislators and Unions

2. Staffing Update

3. Training

C. EUTF Managers' and Program Specialists' Reports

1. Member Services Branch (MSB)

a. MSB Data

b. Outreach & Training

c. 2024 Active Employee Open Enrollment

Ms. Donna Tonaki noted that active employee open enrollment was conducted online with nearly 60% (2,800 out of 4,800) of members completing online enrollment. Since there were significantly less open enrollment forms to process, MSB staff for the most part were able to process the forms. There were no significant issues with open enrollment.

2. Information Systems (IS)

a. EUTF New Benefits Administration System (BAS) Project

b. Security Assessment

c. 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

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- 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 February 29 and March 31, 2024
- 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 HMA)
 9. Vision Service Plan (VSP)

Ms. Mae Kishimoto, HSTA-Retired, commended the EUTF for providing carrier contact info on the home page of the EUTF's website, but had concerns that the banner scrolled too quickly and she had to wait for message to circle back so she could click on the banner for more info.

VII. EXECUTIVE SESSION

MOTION was made and seconded to move into Executive Session at 10:37 a.m. (Wataru/Tui) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

The regular meeting reconvened at 10:49 a.m.

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

- Approved a commitment of funds to a private real assets fund, subject to contract negotiations.
- Approved a commitment of funds to a private credit fund, subject to contract negotiations.
- Authorized the EUTF Administrator to contract with the Department of Commerce and Consumer Affairs, State of Hawaii for administrative services.
- Reviewed and discussed the April 16, 2024 minutes.

MOTION was made and seconded to approve the Executive Session minutes of April 16, 2024, as circulated. (Wataru/Machida) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

VIII. NEXT MEETING

Tuesday, June 25, 2024, 9:00 a.m. –Administrative Committee Report and proposed retiree premiums January 1, 2025.

IX. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 10:51 a.m. (Wataru/Yu) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Respectfully submitted,

/s/

Wesley Machida, Secretary-Treasurer

APPROVED on June 25, 2024.

Documents Distributed:

1. Draft Board Minutes of April 16, 2024. (7 pages)
2. Hawaii EUTF – Ariel BAS Update, prepared by TELUS Health, dated May 28, 2024. (5 pages)
3. Memorandum to BOT from Administrator, regarding Maui Update, dated May 22, 2024. (2 pages)
4. EUTF Legislative Update, dated May 20, 2024. (2 pages)
5. Memorandum to EUTF BOT from Investment Committee, regarding May 20, 2024 Investment Committee Meeting Report, dated May 20, 2024. (3 pages)
6. Memorandum to EUTF BOT from EUTF Benefits Committee, regarding CONFIDENTIAL: Benefits Committee Report, dated May 21, 2024, Redacted Version. (4 pages)
7. EUTF Year to Date Contract Plan Experience Report, Contract Year to Date through March 2024, prepared by Segal Consulting, dated May 28, 2024. (41 pages)
8. Memorandum to BOT from Segal Consulting, regarding Performance Guarantee Reporting for the First Quarter of 2024, dated May 28, 2024. (17 pages)
9. Memorandum to BOT from Segal Consulting, regarding Segal Reports – Compliance News, dated May 28, 2024. (15 pages)
10. Administrator’s Monthly Report to the Board for April 5 – May 17, 2024, dated May 17, 2024. (1 page)
11. Memorandum to BOT from Member Services Branch Manager, regarding April – May 2024 Member Services Operations Report, dated May 17, 2024. (6 pages)
12. Memorandum to BOT from Information Systems Chief, regarding April 2024 – May 2024 Information Systems (IS) Operations Report, dated May 17, 2024. (9 pages)
13. Memorandum to Administrator from Eligibility Specialist regarding April – May 2024 Eligibility and Enrollment Report, dated May 17, 2024. (2 pages)
14. Memorandum to EUTF BOT from Health and Wellness Specialist regarding April – May Health and Wellness Specialist Report, dated May 17, 2024. (8 pages)
15. Memorandum to BOT from EUTF Financial Management Officer regarding April 2024 – May 2024 Financial Services Branch (FSB) Report, dated May 17, 2024. (25 pages)
16. CVS Caremark Monthly Carrier Report for April 2024 dated May 3, 2024. (2 pages)
17. SilverScript Monthly Carrier Report for April 2024 dated May 1, 2024. (2 pages)
18. HDS Monthly Carrier Report for April 2024 dated May 9, 2024. (2 pages)
19. HMSA Monthly Carrier Report for April 2024 dated May 8, 2024. (4 pages)
20. Humana Monthly Carrier Report for April 2024 dated May 8, 2024. (3 pages)
21. Kaiser Permanente Monthly Carrier Report for April 2024 dated May 9, 2024. (2 pages)
22. Securian Financial Monthly Carrier Report for April 2024 dated May 8, 2024. (1 page)
23. Verdegard Monthly Carrier Report for April 2024 dated May 8, 2024. (2 pages)
24. VSP Monthly Carrier Report for April 2024 dated May 10, 2024. (6 pages)