

# HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

## Minutes of the Board of Trustees

Tuesday, November 26, 2024

### TRUSTEES PRESENT

Mr. Ryan Yamane, Chairperson  
Mr. Robert Yu, Vice Chairperson  
Ms. Jacqueline Ferguson-Miyamoto  
Mr. Christian Fern (excused at 10:58 a.m.)  
Ms. Audrey Hidano

Mr. Wesley Machida (via video conference, excused at 10:58 a.m.)  
Ms. Sabrina Nasir  
Mr. Osa Tui  
Ms. Maureen Wakuzawa

### TRUSTEES ABSENT

Mr. James Wataru, Secretary-Treasurer

### ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General

### EUTF STAFF

Mr. Derek Mizuno, Administrator  
Ms. Donna Tonaki, Assistant Administrator  
Ms. Amy Cheung, Financial Management Officer (via video conference)  
Ms. Jessica McDonald, Member Services Branch Manager  
Mr. Todd Nishida, Information Systems Chief (via video conference)  
Mr. David Okamoto, Chief Investment Officer  
Mr. Brett Tatsuno, Investment Officer (via video conference)

Mr. Marvin Judd (via video conference)  
Ms. Emily Kaimulua (via video conference)  
Mr. Joao Marco Maffini (via video conference)  
Ms. Katie Matsushima  
Ms. Lara Nitta (via video conference)  
Ms. Melissa Tom (via video conference)  
Ms. Desiree Yamauchi

### CONSULTANTS (via video conference)

Mr. Colin Bebee, Meketa Investments  
Mr. Tyler Brotz, Segal Consulting  
Ms. Shelley Chun, Segal Consulting

Ms. Mary Fedor, Segal Consulting  
Mr. Stephen Murphy, Segal Consulting  
Ms. Stephanie Sorg, Meketa Investments

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

Mr. Blaise Aquino, HMSA  
Ms. Tiffany Andrade, HMSA  
Ms. Stacia Baek, HDS  
Mr. Kevin Balaod, With Intelligence  
Ms. Amy Bell, TELUS Health  
Ms. Sandra Benevides, CVS  
Mr. Su Chai, Kaiser  
Mr. Francis Cuenca, CVS  
Ms. Kjirsten Elsner, Securian  
Ms. Samantha Furutani, CVS  
Dr. Rupal Gohil, HMSA  
Mr. Galen Haneda, HMSA

Ms. Monica Kim, VSP  
Ms. Meagan Kini-Ho, HMSA  
Ms. Mae Kishimoto, HSTA-Retired  
Ms. Joey Lee, HDS  
Mr. Chris Letoto, HMSA  
Mr. Neal Nakashima, Marsh  
Mr. Dave Shiroma, Kaiser  
Ms. Jenny Smith, Humana  
Dr. Rodd Takiguchi, Kaiser  
Mr. Troy Tomita, Kaiser  
Mr. Scott Yamaguchi, Kaiser

## 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 9:01 a.m. by Chairperson Ryan Yamane, in the EUTF Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, November 26, 2024.

## II. REVIEW OF MINUTES – OCTOBER 22, 2024

The Board reviewed the draft minutes of October 22, 2024. Since there were no edits or

objections by the Trustees, the minutes stand approved.

### III. NEW BUSINESS

#### A. EUTF Fiduciary Liability Insurance

Mr. Neal Nakashima, Marsh USA, presented Marsh's recommendation to renew the fiduciary liability insurance policy with RLI Insurance Company (RLI) noting that the premiums have not increased. This is positive since risk increased with the increase in assets by over 15%.

MOTION was made and seconded to bind fiduciary liability insurance coverage with RLI as recommended by Marsh for the period December 15, 2024 to December 15, 2025. (Yu/Ferguson-Miyamoto) Trustee Audrey Hidano asked how consultants use of AI impacts coverage. Mr. Nakashima said he would look into the matter. The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

#### B. 2025 Medicare Part B Premiums and Base Monthly Contributions

Ms. Amy Cheung presented a memo dated November 15, 2024, regarding the 2025 Medicare Part B Premium and Retiree Base Monthly Contribution (BMC), noting that the standard Medicare Part B premium has been increased from \$174.70 in 2024 to \$185.00 in 2025 (5.9%). Over the past several years, the 75% retirees did not have to pay any premiums since the BMC was significantly higher than the retiree premiums. However, for 2025, non-Medicare self retirees selecting HMSA medical, CVS prescription drug, HDS dental and VSP vision will have to pay \$1.78 per month.

### IV. OLD BUSINESS

#### A. Benefits Administration System Implementation Status Update

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

- Sprint 8 (primarily retiree open enrollment) went into Production today which was slightly after the planned implementation date because the Medicare Part B premiums were released late.
- There's no change on the two remaining payroll and other accounting report and the remaining death file import issues, all scheduled to be completed by December 31, 2024.
- The Medicare expiry implementation date has been re-scheduled from October 31, 2024 to December 31, 2024 due to additional issues being identified.

#### B. Permitted Interaction Group

Mr. Derek Mizuno informed the Board that at this meeting the Board is able to vote on a recommendation from the permitted action group to authorize the Chair to mail a letter to the Governor, Lt. Governor, Senate President, Speaker of the House, and Mayors recommending a comprehensive review of the overall benefits package provided to employees.

MOTION was made and seconded to authorize the Chair to mail a letter to the Governor, Lt. Governor, Senate President, Speaker of the House, and Mayors recommending a comprehensive review of the overall benefits package provided to employees. (Yu/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-5/

Employee-Beneficiary Trustees-4)

V. EXECUTIVE SESSION

MOTION was made and seconded to move into Executive Session at 9:16 a.m. (Yu/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

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

Chairperson Yamane reported that during Executive Session, the Board

- Deferred an appeal to waive audit requirements and reinstate coverage.
- Approved an appeal to waive collection of employer contributions related to an ex-spouse.
- 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 recommendation to the Board regarding RFP 24-001 and RFP 20-003 Medical Benefits and PBM Services.
- Reviewed and discussed the October 22, 2024 minutes. Since there were no edits or objections, the minutes stand approved.

VI. COMMITTEE REPORTS

A. Investment Committee

1. Quarterly Performance Report – Q3 2024

Ms. Stephanie Sorg, Meketa Investment, highlighted significant points in the Q3 Performance Report. The OPEB Trust finished the quarter at \$8.4 billion, gaining 3.9% and 13.8% for the quarter and one-year period, respectively (net of fees). These results met the policy benchmark of 3.9% for the quarter, but underperformed the one-year benchmark of 15.6%, primarily due to short-term benchmarking challenges within the private equity and private credit asset classes. Since inception (June 23, 2011), the portfolio has returned 7.4% (net of fees) versus the policy benchmark return of 7.4%.

Ms. Sorg reported that the EUTF Trust Fund finished the quarter at \$596.2 million, up 3.4% and 14.1% for the quarter and one-year period, respectively (net of fees). Since inception (October 1, 2013), the portfolio has returned 4.0% (net of fees).

2. Quarterly Private Credit Report – Q2 2024

This report was included for informational purposes and was not discussed at the meeting.

3. Quarterly Private Equity Report – Q2 2024

This report was included for informational purposes and was not discussed at the meeting.

4. Quarterly Private Real Assets Report – Q2 2024

This report was included for informational purposes and was not discussed at the meeting.

5. EUTF Trust Fund Objective Recommendation

Mr. David Okamoto summarized the Investment Committee's recommendation to establish clearer objectives for the long-term component of the EUTF Trust portfolio to optimize and improve the decision-making process for future strategic allocation studies.

MOTION was made and seconded to approve the Investment Committee's recommendation for an EUTF Trust Fund objective to maximize returns subject to:

- Investment Committee and Board's risk tolerance
- 90% probability of exceeding inflation over ten-years

(Yu/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

#### 6. Manager Selection Process

Mr. Okamoto summarized the Investment Committee's recommendation to change the selection process for non-private market managers to only interview the manager recommended by staff and the general consultant. This change represents a slight shift towards delegating more authority to staff, which is consistent with recent institutional investor trends.

MOTION was made and seconded to approve the Investment Committee's recommendation for the general consultant and staff to present one finalist for interview during the selection process of non-private market managers. (Yu/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

### B. Benefits Committee

#### 1. Utilization Reports for the period ending June 30, 2024

##### a. HDS Active Utilization Report

Mr. Derek Mizuno noted that the EUTF and HSTA VB active employee claims trend per member per month (PMPM) for the period ending June 30, 2024 of 1.0% was slightly higher than the HDS book-of-business (BOB) and active members continue to have higher rates of oral exams and cleanings and lower rates of no visits than the HDS BOB and national peers.

##### b. VSP Active Utilization Report

Mr. Mizuno noted that the EUTF and HSTA VB active employee claims trend PMPM for the period ending June 30, 2024 of -0.5% was slightly less than the VSP BOB and actives continue to have higher annual eye exam rates than the VSP local BOB but is slightly under national BOB rates.

##### c. Kaiser Permanente Utilization Report

Mr. Mizuno noted that the EUTF active employee claims trend PMPM for the period ending June 30, 2024 of 13.1% was significantly higher than the Kaiser BOB. The high trend is primarily being driven by an 20.1% trend in inpatient costs related to higher complexity admissions for intensive neonatal, kidney and sepsis care.

##### d. HMSA Utilization Report

Mr. Mizuno noted that the EUTF active employee claims trend PMPM for the period ending June 30, 2024 of 12.6% was significantly higher than the HMSA BOB. The high trend is primarily being driven by 17.3% and 44.7% trends in inpatient and specialty drug costs, respectively, related to increases in inpatient high claims and higher complexity admissions and the Board's decision to allow coverage of specialty drugs administered in outpatient and physician office settings under the medical plan versus previous coverage only under the CVS prescription drug plan only effective July 1, 2023. A preliminary review is showing decreases in costs under the CVS prescription drug plans for certain specialty drugs that are now being administered under the HMSA medical plans.

2. Proposed HMSA Medical Plan Changes

Mr. Mizuno summarized the reasons for the Benefits Committee recommendation to approve the HMSA proposed plan changes noting costs, potential cost savings related to the cardiac rehabilitation program addition and removal of barriers to good utilization.

MOTION was made and seconded to approve the Benefits Committee's recommendation of the following HMSA plan changes:

1. Remove the developmental delay exclusion for physical, occupational, and speech therapy under the EUTF and HSTA VB active and retiree plans effective July 1, 2025 and January 1, 2026, respectively
2. Remove the postpartum visit limitation (of one per birth) for maternity care under the EUTF active HMSA HMO plan effective July 1, 2025
3. Add coverage for cardiac rehabilitation at the same benefit level as physical and occupational therapy under the EUTF and HSTA VB active and retiree plans effective July 1, 2025 and January 1, 2026, respectively, and
4. Remove the member cost share (up to the eligible charge) and the application of the deductible for out-of-network immunizations under the HSTA VB active 90/10 plan and EUTF and HSTA VB retiree plans effective July 1, 2025 and January 1, 2026, respectively.

(Tui/Fern) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

3. Segal Annual Active Report

Mr. Mizuno summarized Segal's analysis of the medical, dental and vision plans noting no items that would require plan design changes.

C. Administrative Committee

1. EUTF Annual Report – Fiscal Year 2024

Mr. Mizuno summarized the Administrative Committee's recommendation to approve the EUTF Annual Report for fiscal year 2024 for submission to the Legislature.

MOTION was made and seconded to approve the Administrative Committee's recommendation to approve the EUTF Annual Report for fiscal year 2024 for submission to the Legislature. (Ferguson-Miyamoto/Fern) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

2. Proposed EUTF Administrative Rule Changes

Mr. Mizuno summarized the proposed EUTF Administrative Rule changes to effectuate the dependent children eligibility changes approved by the Board at their October 22, 2024 meeting.

MOTION was made and seconded to approve the Administrative Committee's recommendation to approve the proposed EUTF Administrative Rule changes. (Ferguson-Miyamoto/Yu) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-4)

VI. REPORTS

A. EUTF Benefits Consultant (Segal)

1. Compliance News
  2. Quarterly Plan Performance Report – September 30, 2024
  3. Quarterly Performance Guarantee Report – September 30, 2024
- Mr. Stephen Murphy summarized the Segal reports.

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. 2025 Retiree Open Enrollment
2. Information Systems (IS)
  - a. EUTF Benefits Administration System (BAS) Project
  - b. Equipment Replacement
  - 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
  - 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. 2024 Financial Audit
  - e. Financial Statements as of June 30, 2024

D. Carrier Reports

1. CVS Caremark
2. SilverScript
3. Hawaii Dental Service (HDS)
4. Hawaii Medical Service Association (HMSA)

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5. Humana
6. Kaiser Health Foundation
7. Securian
8. Verdegard Hawaii (formerly known as HMA)
9. Vision Service Plan (VSP)

V. EXECUTIVE SESSION (continued)

The Board meeting recessed and moved into Executive Session at 10:57 a.m.

Trustees Wesley Machida and Christian Fern were excused from the meeting at 10:58 a.m.

The regular meeting reconvened at 11:54 a.m.

Chairperson Yamane reported that during Executive Session, the Board discussed a personnel matter.

VIII. NEXT MEETING

Tuesday, December 17, 2024, 9:00 a.m. – premiums for active employees July 1, 2025

IX. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 11:55 a.m. (Yu/Tui)  
The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-3)

APPROVED on December 17, 2024.

Documents Distributed:

1. Draft Board Minutes for October 22, 2024. (6 pages)
2. 2024 EUTF Fiduciary Liability Insurance Proposal, prepared by Marsh, dated October 21, 2024. (3 pages)
3. Memorandum to BOT from EUTF Financial Management Officer, regarding 2025 Medicare Part B Premium and Retiree Base Monthly Contribution, dated November 15, 2024. (3 pages)
4. Hawaii EUTF – Ariel BAS Updated, prepared by TELUS Health, dated November 26, 2024. (5 pages)
5. Memorandum to EUTF BOT from EUTF Permitted Interaction Group, regarding Permitted Interaction Group Recommendations, dated July 30, 2024. (5 pages)
6. Memorandum to BOT from Investment Committee, regarding November 19, 2024 Investment Committee Meeting Report, dated November 20, 2024. (2 pages)
7. Memorandum to EUTF BOT from Administrative Committee, regarding Administrative Committee Report – November 1, 2024 Meeting, dated November 1, 2024. (1 page)
8. Memorandum to BOT EUTF from Segal Consulting, regarding Segal Reports – Compliance News, dated November 26, 2024. (9 pages)
9. EUTF, Year to Date Contract Plan Experience Report, Contract Year to Date through September 2024, prepared by Segal Consulting, dated November 26, 2024. (41 pages)
10. Administrator’s Monthly Report to the Board for October 12 – November 15, 2024, dated November 15, 2024. (1 page)
11. Memorandum to BOT from Member Services Branch Manager, regarding October – November 2024 Member Services Operations Report, dated November 15, 2024. (6 pages)
12. Memorandum to BOT from Information Systems Chief, regarding October 2024 – November

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- 2024 Information Systems (IS) Operations Report, dated November 15, 2024. (9 pages)
13. Memorandum to Administrator from Eligibility Specialist regarding October – November 2024 Eligibility and Enrollment Report, dated November 15, 2024. (2 pages)
  14. Memorandum to EUTF BOT from Health and Wellness Specialist regarding October – November 2024 Health and Wellness Specialist Report, dated November 15, 2024. (4 pages)
  15. Memorandum to BOT from EUTF Financial Management Officer regarding October 2024 – November 2024 Financial Services Branch (FSB) Report, dated November 15, 2024. (15 pages)
  16. CVS/Caremark Monthly Carrier Report for October 2024 dated November 4, 2024. (2 pages)
  17. SilverScript Monthly Carrier Report for October 2024 dated November 1, 2024. (3 pages)
  18. HDS Monthly Carrier Report for October 2024 dated November 7, 2024. (2 pages)
  19. HMSA Monthly Carrier Report for October 2024 dated November 7, 2024. (4 pages)
  20. Humana Monthly Carrier Report for October 2024 dated November 8, 2024. (3 pages)
  21. Kaiser Permanente Monthly Carrier Report for October 2024 dated November 8, 2024. (2 pages)
  22. Securian Financial Monthly Carrier Report for October 2024 dated November 8, 2024. (1 page)
  23. Verdegard Hawaii Monthly Carrier Report for October 2024 dated November 8, 2024. (2 pages)
  24. VSP Vision Care Monthly Carrier Report for October 2024 dated November 6, 2024. (6 pages)