



JOSH GREEN, M.D.
GOVERNOR
SYLVIA LUKE
LIEUTENANT GOVERNOR

STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
201 MERCHANT STREET, SUITE 1700
HONOLULU, HAWAII 96813
Oahu (808) 586-7390
Toll Free 1(800) 295-0089
www.eutf.hawaii.gov

BOARD OF TRUSTEES
RYAN YAMANE, CHAIRPERSON
ROBERT YU, VICE-CHAIRPERSON
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ADMINISTRATOR
DEREK M. MIZUNO
ASSISTANT ADMINISTRATOR
DONNA A. TONAKI

January 7, 2025

NOTICE OF MEETING OF THE BOARD OF TRUSTEES
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

DATE: January 13, 2025, Monday
TIME: 9:00 a.m.
PLACE: HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND (EUTF)
CITY FINANCIAL TOWER
201 MERCHANT STREET, SUITE 1700
HONOLULU, HAWAII

A G E N D A

**OPEN SESSION PARTICIPATION IN PERSON, VIA TELECONFERENCE AND
VIA TELEPHONE**
(see below for teleconference and telephone details)

- I. Call to Order
- II. Review of Minutes – December 17, 2024
- III. Old Business
 - A. Benefits Administration System Implementation Status Update
 - B. Proposed EUTF Administrative Rule Changes
- IV. New Business
 - A. Actuarial Valuation Report as of July 1, 2024
 - B. Fiscal Year Ending June 30, 2024 Financial Statement Audit Report
- V. Reports
 - A. EUTF Benefits Consultant (Segal)
 1. Five-Year Rate Projection with Approved Active Employee Rates
 - B. Administrator
 1. Meetings with Legislators and Unions
 2. Staffing Update
 3. Training

EUTF's Mission: We care for the health and well being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide informed service that is excellent, courteous, and compassionate.

C. EUTF Managers' and Program Specialists' Reports

1. Member Services Branch (MSB)
 - a. MSB Data
 - b. Outreach & Training
 - c. 2025 Active Open Enrollment
 - d. 2025 Retiree Special 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. Financial Statements as of September 30, 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 Hawaii (formerly known as HMA)
9. Vision Service Plan (VSP)

VI. Executive Session

- A. Appeals [Authorized under HRS 92-5(a)(4)(8)(Article I. Section 6 of the Hawaii State Constitution, HIPAA)]
 1. Late Newborn Enrollment
- B. RFP 20-004 Benefit Plan Audit Services [Authorized under HRS 92-5(a)(8)(HRS 103D)]
- C. Deputy Attorney General Legal Opinions [Authorized under HRS 92-5(a)(4) and 92-5(a)(6)]
- D. Review of Minutes – December 17, 2024 [Authorized under HRS 92-5(a)(8) and 92-9(b)]

VII. Next Meeting

Tuesday, February 11, 2025, 9:00 a.m. – EUTF related legislation and Administrative and Benefits Committee Reports.

VIII. Adjournment

If you need an auxiliary aid/service or other accommodation due to a disability, please contact Ms. Desiree Yamauchi at (808) 587-5434 or eutfadmin@hawaii.gov, as soon as possible, preferably at least 3 business days prior to the meeting. Requests made as early as possible have a greater likelihood of being fulfilled.

Testimony may be submitted prior to the meeting via email to eutfadmin@hawaii.gov or via postal mail to: Hawaii Employer-Union Health Benefits Trust Fund, Attn: Board Meeting-Testimony, 201 Merchant Street, Suite 1700, Honolulu, HI 96813. Please include the word “testimony”, the agenda item number, and subject matter following the address line. There is no deadline for submission of testimony, however, the EUTF requests that all written testimony be received no later than 9:00 a.m., one (1) business day prior to the meeting date in order to afford Board members adequate time to review materials.

To view the meeting and provide live oral testimony during the meeting, following are the Microsoft Teams Meeting details:

- [Join the meeting now](#) or copy and paste the following URL into your browser:
https://teams.microsoft.com/l/meetup-join/19%3ameeting_MWRkYWU4MGYtNWVlMi00MjdkLTk1NjAtMTc4YWZkYjFIMWl1%40thread.v2/0?context=%7b%22Tid%22%3a%223847dec6-63b2-43f9-a6d0-58a40aaa1a10%22%2c%22Oid%22%3a%221ec28820-992a-428a-a6a0-44c156209163%22%7d
 - If prompted, enter:
 - Meeting ID: 261 717 346 791
 - Passcode: vkgd7U
 - For instructions to turn on live captions in Microsoft Teams, [please click here](#).
- Dial-in number: [+1 808-829-4853](tel:+18088294853) United States, Honolulu (Toll)
 - Phone Conference ID: 856 653 558#

A listing of all documents included in the Board packet will be available at the EUTF website (eutf.hawaii.gov) through the Events Calendar two (2) business days prior to the meeting.

The Board packet can be accessed at the EUTF website (eutf.hawaii.gov) through the Events Calendar two (2) business days prior to the meeting. A copy of the packet will also be available for public inspection in the EUTF office at that time.

Please contact Ms. Desiree Yamauchi at (808) 587-5434 or eutfadmin@hawaii.gov if you have any questions.

Upon request, an electronic copy of this notice can be provided.

1 HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

2 Minutes of the Board of Trustees

3 Tuesday, December 17, 2024

4
5 TRUSTEES PRESENT

6 Mr. Ryan Yamane, Chairperson Mr. Wesley Machida (via video conference)
7 Mr. Robert Yu, Vice Chairperson (via video conference) Ms. Sabrina Nasir (via video conference, entered at 10:30 a.m.)
8 Mr. James Wataru, Secretary-Treasurer Mr. Osa Tui
9 Ms. Jacqueline Ferguson-Miyamoto Ms. Maureen Wakuzawa
10 Mr. Christian Fern

11
12 TRUSTEES ABSENT

13 Ms. Audrey Hidano

14
15 ATTORNEY

16 Mr. Michael Chambrella, Deputy Attorney General

17
18 EUTF STAFF

19 Mr. Derek Mizuno, Administrator Mr. Marvin Judd (via video conference)
20 Ms. Donna Tonaki, Assistant Administrator Ms. Emily Kaimuloa (via video conference)
21 Ms. Amy Cheung, Financial Management Officer (via video conference) Mr. Joao Marco Maffini (via video conference)
22 Ms. Jessica McDonald, Member Services Branch Manager Ms. Katie Matsushima
23 Mr. Todd Nishida, Information Systems Chief (via video conference) Ms. Lara Nitta
24 Mr. David Okamoto, Chief Investment Officer Ms. Melissa Tom (via video conference)
25 Mr. Brett Tatsuno, Investment Officer (via video conference) Ms. Desiree Yamauchi

26
27 CONSULTANTS (via video conference, unless otherwise noted)

28 Mr. Tyler Brotz, Segal Consulting Mr. Quentin Gunn, Segal Consulting (in person)
29 Ms. Shelley Chun, Segal Consulting Mr. Stephen Murphy, Segal Consulting (in person)
30 Ms. Mary Fedor, Segal Consulting Mr. Richard Ward, Segal Consulting (in person)

31
32 OTHERS PRESENT (via video or audio conference)

33 Mr. Blaise Aquino, HMSA Ms. Monica Kim, VSP
34 Ms. Joni Amato, CTI Ms. Meagan Kini-Ho, HMSA
35 Ms. Stacia Baek, HDS Ms. Mae Kishimoto, HSTA-Retired
36 Ms. Amy Bell, TELUS Health Ms. Joey Lee, HDS
37 Ms. Sandra Benevides, CVS Mr. Chris Letoto, HMSA
38 Mr. Ty Bowers, CVS Ms. Charina Masatsugu, Kaiser
39 Mr. Su Chai, Kaiser Dr. Christopher Miura, Kaiser
40 Mr. Francis Cuenca, CVS Ms. Canela Queiruga, Verdegard
41 Mr. Joe Ebisa, WithIntelligence Mr. Dave Shiroma, Kaiser
42 Mr. Thomas England, Kaiser Ms. Jenny Smith, Humana
43 Ms. Samantha Furutani, CVS Mr. Troy Tomita, Kaiser
44 Dr. Rupal Gohil, HMSA Ms. Ann VanHaaren, CVS
45 Mr. Galen Haneda, HMSA Anonymous

46
47 I. CALL TO ORDER

48 The meeting of the Board of Trustees of the Hawaii Employer-Union Health Benefits Trust
49 Fund (EUTF) was called to order at 9:00 a.m. by Chairperson Ryan Yamane, in the EUTF
50 Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, December 17,
51 2024.

52
53 II. REVIEW OF MINUTES – NOVEMBER 26, 2024

1 The Board reviewed the draft minutes of November 26, 2024. Since there were no edits or
2 objections by the Trustees, the minutes stand approved.

3
4 III. OLD BUSINESS

5 A. Benefits Administration System Implementation Status Update

6 Ms. Amy Bell, TELUS Health, provided an update on the implementation of the new
7 Benefits Administration System (BAS) noting that they are continuing to work on the
8 remaining payroll and other accounting report, death file import and Medicare expiry issues
9 which are expected to be completed by December 31, 2024.

10
11 IV. NEW BUSINESS

12 A. Claim Technologies, Inc. Claims Audit Report

- 13 1. Kaiser Permanente Medical and Prescription Drug Plans for Active Employees July 1,
14 2022 – June 30, 2023 and Retirees January 1, 2022 – December 31, 2022
15 2. Securian Financial Life Insurance Plans for Active Employees July 1, 2020 – June 30,
16 2023 and Retirees January 1, 2020 – December 31, 2022 – Performance Guarantees
17 Only

18 Ms. Joni Amato, CTI, presented the results of their audits of Kaiser Permanente (KP)
19 and Securian (performance guarantees only) noting the following:

- 20 • Based on CTI's random sample, KP performed in the top quartile for financial
21 accuracy rate, accurate payment frequency and accurate processing frequency.
22 • The amounts on slide 5 do not represent actual overpayments or extrapolated
23 overpayments. The amounts reported represent the total amount of claims related to
24 the category in which errors in the sample were found. EUTF staff will work with
25 CTI and KP to test additional samples from the Duplicate Payments category to
26 verify that there are no systemic issues. EUTF will utilize the post audit hours
27 provided by CTI for this work.
28 • KP has paid EUTF \$22,260.67 related to a missed performance guarantee that was
29 previously reported as met.
30 • Securian has agreed to pay \$11,036 related to two missed performance guarantees
31 that were previously reported as being met.

32
33 V. INVESTMENT COMMITTEE REPORT

34 A. Private Equity Pacing Update

35 Mr. David Okamoto presented the Investment Committee's recommendation to approve a
36 pacing plan update for Private Equity (PE). As of June 30, 2024, EUTF's PE allocation is
37 10.2% versus the interim target of 10.5% and long-term target of 15%. The recommended
38 pacing plan for 2025 is \$360 million across 3-5 partnerships, ranging from \$45-115 million
39 each. This represents an increase of \$60 million over the 2024 target. In addition, up to \$75
40 million in up to five co-investments, ranging from \$15-25 million each.

41
42 MOTION was made and seconded to approve the Investment Committee's
43 recommendation to approve the 2025 Private Equity Pacing Plan. (Yu/Ferguson-
44 Miyamoto) The motion passed unanimously. (Employer Trustees-3/Employee-
45 Beneficiary Trustees-5)

46
47 B. Private Credit Pacing Update

48 Mr. Okamoto presented the Investment Committee's recommendation to approve a pacing

1 plan update for Private Credit (PC). As of June 30, 2024, EUTF's PC allocation is 7.6%
2 versus an interim target of 7.5% and long-term target of 10%. The recommended pacing
3 plan for 2025 is \$350 million across 3-6 partnerships, ranging from \$75-150 million each.
4 This represents an increase of \$50 million over the 2024 target.
5

6 MOTION was made and seconded to approve the Investment Committee's
7 recommendation to approve the 2025 Private Credit Pacing Plan. (Wataru/Yu) The
8 motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)
9

10 C. Private Real Assets Pacing Update

11 Mr. Okamoto presented the Investment Committee's recommendation to approve a pacing
12 plan update for Real Assets (RA). As of June 30, 2024, EUTF's RA allocation is 9% versus
13 an interim target of 9% and long-term target of 12%. The recommended pacing plan for
14 2025 is \$215 million across 2-4 partnerships, ranging from \$50-100 million each for real
15 estate funds and \$50-75 million each for infrastructure funds. This represents an increase of
16 \$15 million over the 2024 target.
17

18 MOTION was made and seconded to approve the Investment Committee's
19 recommendation to approve the 2025 Private Real Assets Pacing Plan. (Ferguson-
20 Miyamoto/Yu) The motion passed unanimously. (Employer Trustees-3/Employee-
21 Beneficiary Trustees-5)
22

23 D. Investment Policy Statement Update

24 Mr. Okamoto presented the Investment Committee's recommendation to approve an
25 updated Investment Policy Statement (IPS) including a new selection process for non-
26 private market managers, the performance objective for the EUTF Trust Fund, defining
27 leverage utilization within private real assets, delegating authority to EUTF staff related to
28 time sensitive matters for private market funds, updated strategic targets and ranges for
29 OPEB and the EUTF Trust Fund, and removing and updating benchmarks and managers
30 that are no longer applicable.
31

32 MOTION was made and seconded to approve the Investment Committee's
33 recommendation to approve the Updated Investment Policy Statement. (Ferguson-
34 Miyamoto/Yu) The motion passed unanimously. (Employer Trustees-3/Employee-
35 Beneficiary Trustees-5)
36

37 E. Investment Manager Due Diligence Update

38 Mr. Okamoto noted that the due diligence on investment managers is up to date and there
39 are no plans for EUTF staff to make any site visits in 2025.
40

41 VI. EXECUTIVE SESSION

42 MOTION was made and seconded to move into Executive Session at 9:16 a.m.
43 (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-3/
44 Employee-Beneficiary Trustees-5)
45

46 The regular meeting reconvened at 9:27 a.m.
47

1 Chairperson Yamane reported that during Executive Session, the Board approved HMSA,
2 HDS, VSP and Securian premium rates for active employees effective July 1, 2025.

3
4 IV. NEW BUSINESS (continued)

5 B. Self-Funded Prescription Drug (Administered by CVS) Rates for Active Employees
6 Effective July 1, 2025

7 Mr. Derek Mizuno and Mr. Stephen Murphy, Segal Consulting, presented and discussed
8 the reasons for the three different methods of calculating the self-funded prescription drug
9 premiums for active employees effective July 1, 2025 – 1) current methodology (i.e.
10 separate prescription drug premiums for the HMSA 75/25 PPO members), 2) same
11 prescription drug premiums for all HMSA plans and 3) current methodology with
12 additional \$10, \$24 and \$31 increases for single, two-party and family, respectively,
13 prescription drug premiums for the HMSA 75/25 plan with reductions for the prescription
14 drug premiums with the other HMSA plans. EUTF staff and Trustee Christian Fern noted
15 the concern that the low HMSA 75/25 medical/prescription drug premiums will continue to
16 drive employees to the HMSA 75/25 plan which has a lower benefit than the prevalent
17 HMSA plan. Option 3 gradually addresses this issue.

18
19 MOTION was made and seconded to move into Executive Session at 9:52 a.m.
20 (Tui/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-3/
21 Employee-Beneficiary Trustees-5)

22
23 The regular meeting reconvened at 9:58 a.m.

24
25 Mr. Mizuno noted that if the employer contribution for the July 1, 2025
26 medical/prescription drug plans is determined under the same methodology as it currently
27 is, the \$10, \$24 and \$31 increase in prescription drug premiums will increase the
28 employee's monthly share of HMSA 75/25 medical/prescription drug plans by \$1.00, \$2.40
29 and \$3.10 for singles, two-party and family plans, respectively

30
31 MOTION was made and seconded to approve the self-funded prescription drug premiums
32 based on methodology consistent with 2023-2024 with slight adjustments. (Tui/Ferguson-
33 Miyamoto) The motion passed. (Employer Trustees-3 YES Machida, Yamane, Yu/
34 Employee-Beneficiary Trustees-4 YES Ferguson-Miyamoto, Fern, Tui, Wakuzawa, 1 NO
35 Wataru)

36
37 C. Self-Funded Supplemental Medical and Prescription Drug Rates (Administered by
38 Verdegard) for Active Employees Effective July 1, 2025

39 Mr. Murphy presented Segal's recommendation of the active employee supplemental
40 medical and prescription drug plan premiums for July 1, 2025 – June 30, 2026.

41
42 MOTION was made and seconded to approve the self-funded supplemental medical and
43 prescription drug rates for active employees effective July 1, 2025 as recommended by
44 Segal. (Tui/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-
45 3/Employee-Beneficiary Trustees-5)

46
47 D. Board Meeting Schedule for Fiscal Year 2026

48 Mr. Mizuno presented the proposed Board and Committee Schedule for fiscal year 2026.

- 1
2 VII. REPORTS
3 A. EUTF Benefits Consultant (Segal)
4 1. Compliance News
5 2. Quarterly Trends Report
6 Mr. Murphy summarized the Segal reports.
7
8 B. Administrator
9 1. Meetings with Legislators and Unions
10 2. Staffing Update
11 3. Training
12 Mr. Mizuno informed the Board that the IFEBP reports for the staff that attended this
13 year's conference are included in the packets.
14
15 C. EUTF Managers' and Program Specialists' Reports
16 1. Member Services Branch (MSB)
17 a. MSB Data
18 b. Outreach & Training
19 c. 2025 Retiree Open Enrollment
20 2. Information Systems (IS)
21 a. EUTF Benefits Administration System (BAS) Project
22 b. Equipment Replacement
23 c. Enrollment Counts
24 3. Eligibility and Enrollment Report
25 a. Audits Currently in Progress
26 b. Point in Time Reconciliation Audits
27 c. Recurring Audits
28 4. Health and Wellness Report
29 a. Worksite Wellness
30 b. Preventive Health
31 c. Chronic Disease Management
32 5. Financial Services Branch (FSB)
33 a. FSB Performance Data
34 b. Refunds and Medicare Part B Overpayments Status
35 c. EUTF Collections
36 d. 2024 Financial Audit
37 e. Financial Statements as of July 31 and August 31, 2024
38 D. Carrier Reports
39 1. CVS Caremark
40 2. SilverScript
41 3. Hawaii Dental Service (HDS)
42 4. Hawaii Medical Service Association (HMSA)
43 5. Humana
44 6. Kaiser Health Foundation
45 7. Securian
46 8. Verdegard Hawaii (formerly known as HMA)
47 9. Vision Service Plan (VSP)
48

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

December 17, 2024 Minutes

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1 VI. EXECUTIVE SESSION (continued)

2 The Board meeting recessed and moved into Executive Session at 10:09 a.m.

3
4 Trustee Sabrina Nasir entered the meeting during executive session at 10:30 a.m.

5
6 The regular meeting reconvened at 10:47 a.m.

7
8 Chairperson Yamane reported that during Executive Session, the Board

- 9
- 10 • Approved Kaiser premium rates for active employees effective July 1, 2025.
 - 11 • Approved a commitment of funds to a private real assets manager, subject to contract negotiations.
 - 12 • Approved a commitment of funds to a private equity manager, subject to contract negotiations.
 - 13 • Approved extension of an insurance brokerage contract.
 - 14 • Approved extension of benefits and pharmacy benefits consulting contracts.
 - 15 • Approved an appeal to change plans.
 - 16 • Reviewed and discussed the November 26, 2024 minutes. Since there were no edits or
 - 17 objections, the minutes stand approved.
 - 18
 - 19

20 VIII. NEXT MEETING

21 Monday, January 13, 2025, 9:00 a.m. – July 1, 2024 Actuarial Valuation and June 30, 2024
22 Audited Financial Statements

23
24 IX. ADJOURNMENT

25 MOTION was made and seconded for the Board to adjourn the meeting at 10:52 a.m.

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

28
29
30 Documents Distributed:

- 31 1. Draft Board Minutes for November 26, 2024. (8 pages)
- 32 2. Hawaii EUTF – Ariel BAS Updated, prepared by TELUS Health, dated December 17, 2024. (5
33 pages)
- 34 3. Claims Administration Audits, Kaiser Permanente and Securian Life Insurance, prepared by
35 Claim Technologies Incorporated, dated December 17, 2024. (10 pages)
- 36 4. Comprehensive Claim Administration Audit, Executive Summary Report, EUTF Medical Plans,
37 Administered by Kaiser Permanente, Audit Period: Actives: July 1, 2022 through June 30, 2023,
38 Retirees: January 1, 2022 through December 31, 2022, Additional Performance Guarantee
39 Validation for: Actives: July 1, 2021 through June 30, 2022, Retirees: January 1, 2021 through
40 December 31, 2021, prepared by Claim Technologies Incorporated, dated December 17, 2024.
41 (9 pages)
- 42 5. Performance Guarantee Verification, Findings Report, EUTF Life Insurance Plans, Administered
43 by Securian Financial, Audit Periods, Active – July 1, 2020 through June 30, 2021, July 1, 2021
44 through June 30, 2022, July 1, 2022 through June 30, 2023, Retirees – January 1, 2020 through
45 December 31, 2020, January 1, 2021 through December 31, 2021, January 1, 2021 through
46 December 21, 2022, prepared by Claim Technologies Incorporated, dated December 17, 2024.
47 (7 pages)

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

December 17, 2024 Minutes

Page 7

- 1 6. Memorandum to EUTF BOT from Investment Committee, regarding December 10, 2024
2 Investment Committee Meeting Report, dated December 11, 2024. (2 pages)
- 3 7. Memorandum to BOT EUTF from Segal Consulting, regarding 2025/2026 Active Prescription
4 Drug Rates, dated December 17, 2024. (6 pages)
- 5 8. Memorandum to EUTF BOT from Segal Consulting, regarding 2025/2026 Active Supplemental
6 Medical and Prescription Drug Plan Rates, dated December 17, 2024. (3 pages)
- 7 9. Memorandum to BOT from Administrator, regarding Board Meeting Schedule for Fiscal Year
8 2026, dated December 13, 2024. (2 pages)
- 9 10. Memorandum to BOT EUTF from Segal Consulting, regarding Segal Reports – Compliance
10 News, dated December 17, 2024. (4 pages)
- 11 11. Memorandum to BOT EUTF from Segal Consulting, regarding Segal’s 2024 Fourth Quarter
12 Trends Report, dated December 17, 2024. (3 pages)
- 13 12. Administrator’s Monthly Report to the Board for November 16-December 6, 2024, dated
14 December 6, 2024. (9 pages)
- 15 13. Memorandum to BOT from Member Services Branch Manager, regarding November–
16 December 2024 Member Services Operations Report, dated December 6, 2024. (6 pages)
- 17 14. Memorandum to BOT from Information Systems Chief, regarding November 2024 – December
18 2024 Information Systems (IS) Operations Report, dated December 6, 2024. (9 pages)
- 19 15. Memorandum to Administrator from Eligibility Specialist regarding November – December
20 2024 Eligibility and Enrollment Report, dated December 6, 2024. (2 pages)
- 21 16. Memorandum to EUTF BOT from Health and Wellness Specialist regarding November –
22 December 2024 Health and Wellness Specialist Report, dated December 6, 2024. (4 pages)
- 23 17. Memorandum to BOT from EUTF Financial Management Officer regarding November 2024 –
24 December 2024 Financial Services Branch (FSB) Report, dated December 6, 2024. (25 pages)
- 25 18. CVS/Caremark Monthly Carrier Report for November 2024 dated December 2, 2024. (6 pages)
- 26 19. SilverScript Monthly Carrier Report for November 2024 dated December 1, 2024. (2 pages)
- 27 20. HDS Monthly Carrier Report for November 2024 dated December 9, 2024. (2 pages)
- 28 21. HMSA Monthly Carrier Report for November 2024 dated December 9, 2024. (3 pages)
- 29 22. Humana Monthly Carrier Report for November 2024 dated December 9, 2024. (3 pages)
- 30 23. Kaiser Permanente Monthly Carrier Report for November 2024 dated December 10, 2024.
31 (2 pages)
- 32 24. Securian Financial Monthly Carrier Report for November 2024 dated December 9, 2024.
33 (1 page)
- 34 25. Verdegard Hawaii Monthly Carrier Report for November 2024 dated December 9, 2024.
35 (2 pages)
- 36 26. VSP Vision Care Monthly Carrier Report for November 2024 dated December 10, 2024. (6
37 pages)



Hawaii EUTF – Ariel BAS Update

January 13, 2025



2025 Sprints

Sprint 1: Core System Upgrade 1/26/2025

Sprint 2: Retiree Special OE Event (Dependent Children Eligibility) 3/7/2025

Sprint 3: Active OE 4/18/2025

Sprint 4: Refunds to Members August 2025

Sprint 5: Core System Upgrade September 2025

Sprint 6: Retiree OE October 2025

Sprint 7: Core System Upgrade November 2025



Issue Summary

Item	Population Impacted	Cases Resolved	Status	Planned Resolution Date	Impact
Payroll and Other Accounting Reports	Employee and employer contributions; and carrier billing	N/A	<p>Data cleanup to add additional data component to improve billing report accuracy.</p> <ul style="list-style-type: none"> - Complete and ready for UAT. <p>Updates to 5 reports to include the additional data field for more accurate reporting.</p> <ul style="list-style-type: none"> - Complete and ready for testing. 	<p>12/31</p> <p>4/30/24</p> <p>6/30/24</p> <p>12/31/24</p> <p>1/31/25</p>	Unable to reconcile accounts with over or under balances

Issue Summary

Item	Population Impacted	Cases Resolved	Status	Planned Resolution Date	Impact
	30/month	All being manually identified	The Death Import job updates were put into PROD on 9/6/24. - Survivors scenarios required additional updates. Complete and ready testing. - New Letter for Survivors in 4 codes – complete and ready for testing.	12/31/24 1/31/25	
		All being manually completed	Automating Expiry Jobs: - Medicare Expiry – updates complete and ready for testing.	10/31/24 12/31/24 1/31/25	

2025 Projects

Item	Population Impacted	Planned Production Date	Details	Status
New Business Unit 15	BU 15	1/31/25	Transitioning to BU 15 from prior BU 14 (County employees – Lifeguards).	In Progress
Retiree Special Event	Retirees with Student Dependents	3/7/25	Plan Change to no longer require Student Certification up to age 24 for all health benefit plans. Allow child dependents to be covered up to age 26.	In Progress
Active OE Changes	Actives	4/18/25	<ul style="list-style-type: none"> - Plan Change to no longer require Student Certification up to age 24 for dental and vision plans. Allow child dependents to be covered up to age 26. - Freeze Active HMSA HMO plan effective 7/1/25. 	In Progress
Refunds to Members	7,566	8/31/25	<ul style="list-style-type: none"> - Correct Aging Summary Reports - Develop logic to electronically identify refunds related to terminated employees 	In Progress



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HONOLULU, HAWAII 96813
Oahu (808) 586-7390
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BOARD OF TRUSTEES
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JAMES WATARU, *SECRETARY-TREASURER*
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MAUREEN WAKUZAWA

ADMINISTRATOR
DEREK M. MIZUNO

ASSISTANT ADMINISTRATOR
DONNA A. TONAKI

January 3, 2025

TO: EUTF Board of Trustees

THROUGH: Derek Mizuno, Administrator 

FROM: Katie Matsushima, Eligibility Specialist

SUBJECT: Proposed EUTF Administrative Rule Changes

Background

At the October 22, 2024 Board meeting, the Board approved EUTF Administrative Rule changes (see summary attached). On November 26, 2024, EUTF staff sent the Rule changes (redlined version with comments) to the employers and unions for consultation with a due date for comments of December 24, 2024.

Employer and Union Responses

The Judiciary Human Resources, Department of Human Resources Development, Hawaii Government Employees Association, and the Hawaii State Teachers Association replied with no comments.

Recommendation

EUTF staff recommends no changes to the Rule changes that were previously approved by the Board on October 22, 2024, and sent to employers and unions. The EUTF will submit the Rule changes to the Governor's Office for approval.

Summary of Proposed Administrative Rules Changes:

Change in Practice

1. 1.02 Definitions

- a. **Child** –Amended to remove the distinction between non-excepted and excepted benefits. An eligible child is a child who is unmarried or married and may or may not live with or be financially dependent on the employee-beneficiary. Added to **3.01(a), 3.01(b), 3.01(c), 4.04, and 5.01(f)**.
 - b. **Excepted and Non-Excepted Benefits** –Removes the definition and distinction between excepted (subject to ACA – active medical and prescription drug) and non-excepted (not subject to ACA – all other benefits) benefits. Removed from **3.01(b)**.
 - c. **Full-Time Student** –Removes the requirement of submitting proof of enrollment in an accredited university for not less than the minimum number of credit hours for full-time student status. Removed from **3.01(b), 3.01(c), and 5.05(b)**.
 - d. **Limiting Age** –The age at which a dependent child, child of a deceased retiree with no surviving parent, and child of an employee killed in the performance of the employee’s duty with no surviving parent loses eligibility as a dependent-beneficiary is upon the end of the month that the dependent reaches age twenty-six. This change covers dependent children under the retiree medical and prescription drug plans under the same eligibility criteria as an active employee medical and prescription drug plans effective July 1, 2025. Added to **3.01(b), and 3.01(c)**.
2. **3.01(a) Health Benefits Employee-Beneficiaries** - The age at which a surviving child loses eligibility as an employee-beneficiary is upon the end of the month that the dependent reaches age twenty-six.
 3. **3.01(b) Health Benefits Dependent-Beneficiaries** – Amended to combine Rule 3.01(b) and 3.01(c) as the criteria for dependent-beneficiaries are the same for active employees and retirees.

No Change in Practice

1. **3.01(b)(c) Health Benefits Dependent Beneficiaries of Active and Retired Employees** – There is no change in practice relating to requirements for adult disabled children. A child under this Rule is not required to live with the employee-beneficiary; but, ceases to be an eligible dependent-beneficiary once he/she marries or enters into a partnership even though he/she may subsequently become single again as a result of an annulment, divorce, legal separation, dissolution of partnership, termination of civil union or death.

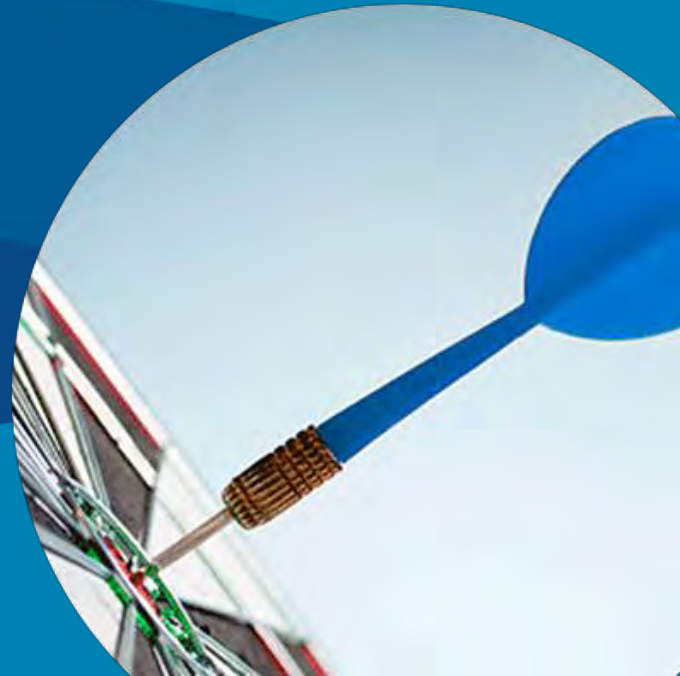


Hawaii EUTF

January 2025

July 1, 2024 Retiree Healthcare Valuation (OPEB)

Blake Orth
Joe Newton



Premium increases were less than expected for the medical plans, resulting in liabilities growing slower than expected.

Annual Change in Premiums, BMC, Investment Performance

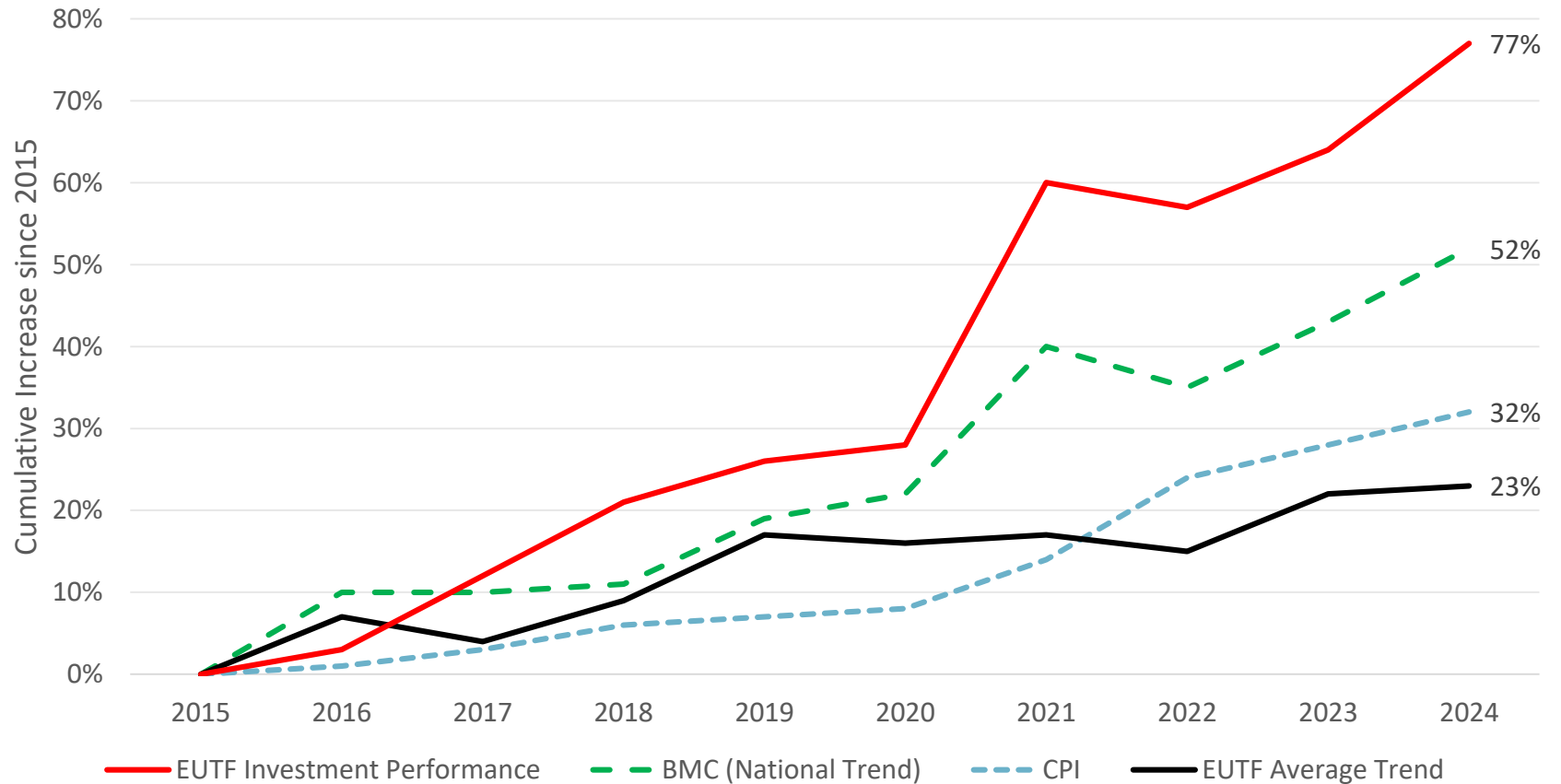
	HMSA Post-65 Medical	HMSA Post-65 Rx	Kaiser Post-65	HMSA Pre-65 Medical	HMSA Pre-65 Rx	Kaiser Pre-65	BMC*	Asset Return, Market Value	CPI: Inflation
2019	1.3%	15.4%	1.4%	1.9%	7.3%	1.4%	1.1%	7.3%	2.9%
2020	9.2%	15.6%	-6.1%	9.1%	20.5%	-6.1%	6.7%	4.6%	1.6%
2021	2.0%	-1.1%	-1.4%	3.3%	-7.8%	-1.5%	2.7%	1.8%	0.6%
2022	-2.0%	2.2%	3.4%	-2.0%	0.9%	3.4%	14.5%	24.6%	5.4%
2023	-2.3%	5.6%	-6.0%	-3.9%	4.2%	-6.0%	-3.1%	-1.9%	9.1%
2024	7.6%	0.2%	4.8%	12.0%	7.3%	4.8%	5.9%	4.4%	3.0%
2025	5.2%	-20.8%	4.2%	6.8%	2.7%	3.5%	5.9%	8.3%	3.0%
7-year average	2.9%	1.8%	-0.1%	3.8%	4.7%	-0.2%	4.7%	6.7%	3.6%

*BMC: Base Monthly Contribution, grows with Medicare Part B Premiums, represents a National Trend



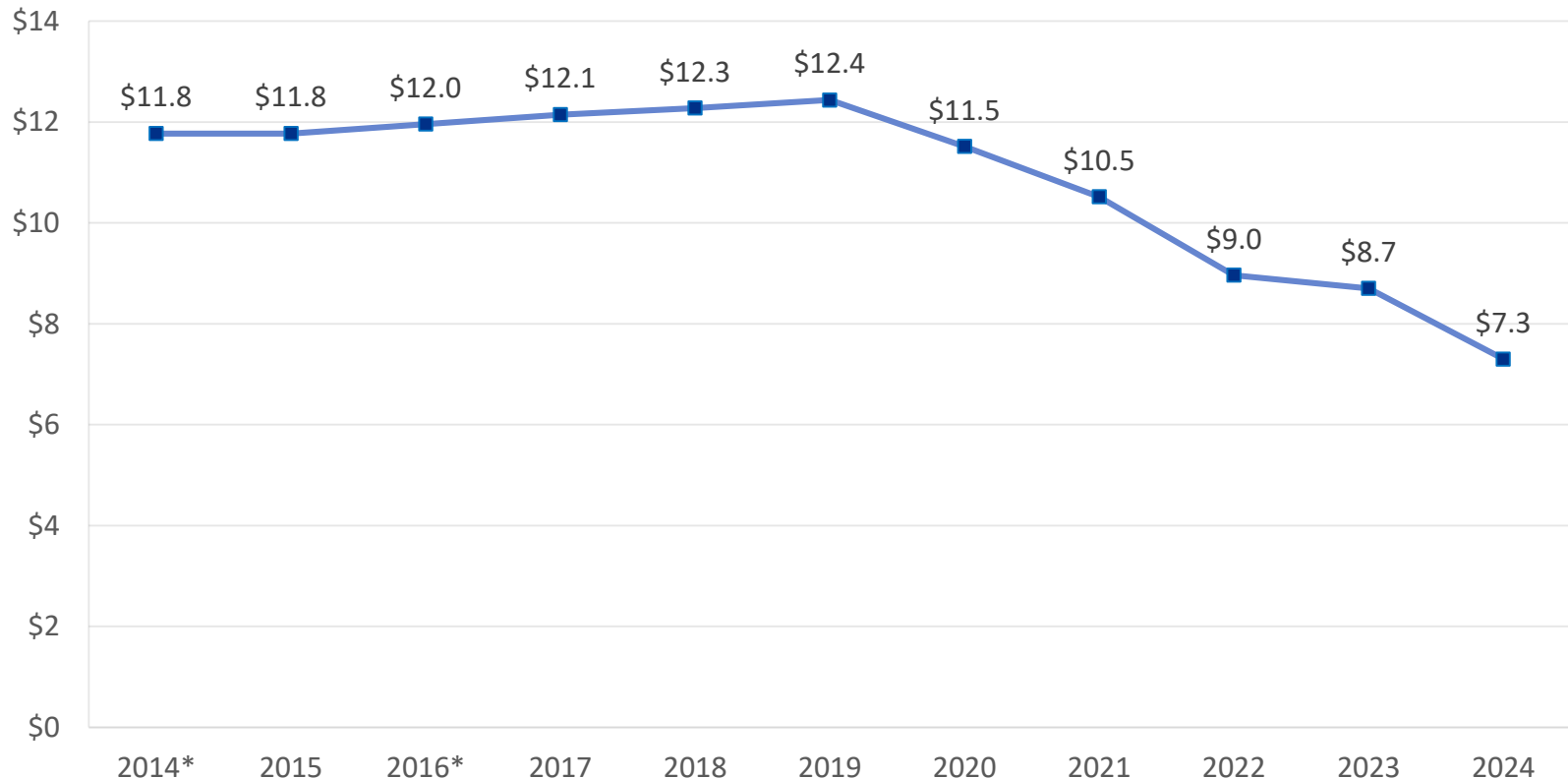
These economic results compound over time. EUTF Health trend results have been remarkable, growing slower than price inflation since 2015.

Cumulative Percentage Increase since 2015



The Unfunded Actuarial Accrued Liability (UAAL) for EUTF in aggregate declined for the 5th year in a row.

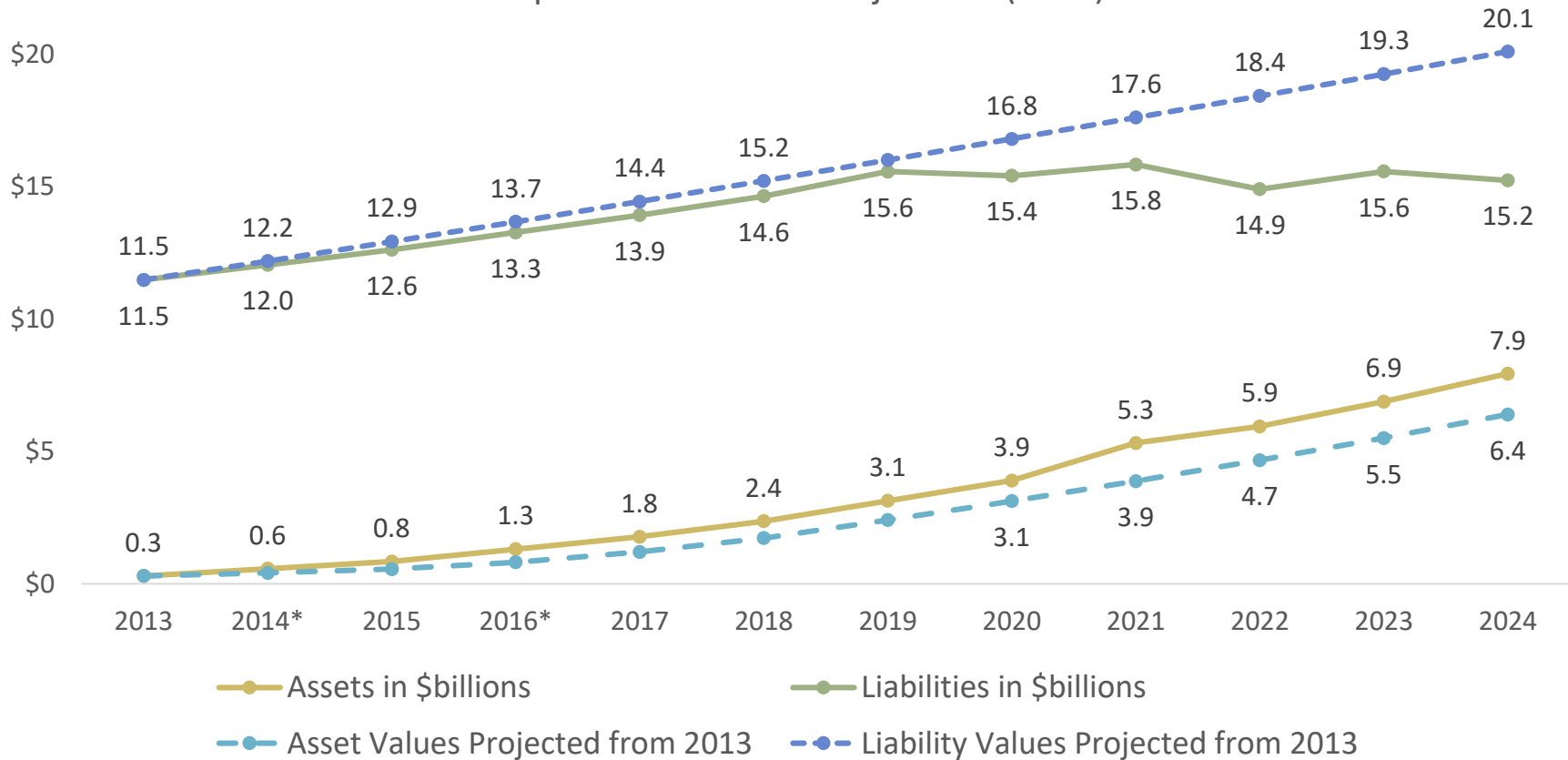
Aggregate UAAL from all Employers, in \$billions



* Estimated, EUTF performed valuations every other year until 2017

The UAAL is being reduced faster than expected due to both the liabilities growing slower and the assets accumulating faster than original projections.

History of the EUTF Assets and Liabilities:
Compared to Previous Projections (2013)



* Estimated, EUTF performed valuations every other year until 2017



The aggregate funded ratio increased from 44.2% to 52.1%, with improvements for all employers, 5 employers above 80%, 1 over 90%.

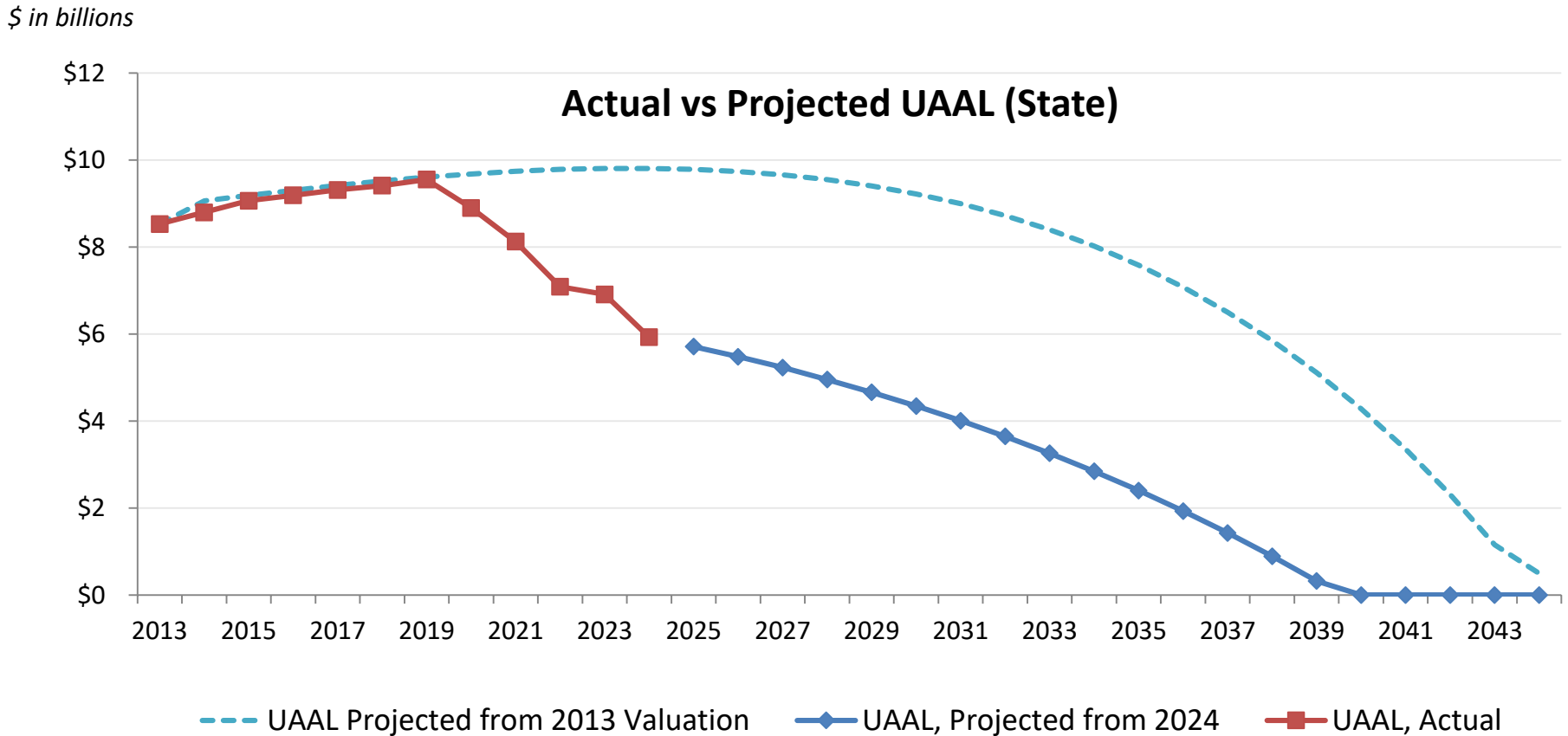
(\$ millions)	State of Hawaii	Honolulu w/ HART	County of Hawaii	County of Maui	County of Kauai	Kauai DOW	Honolulu BWS	Hawaii DWS
AAL	\$ 11,122	\$ 2,430	\$588	\$609	\$282	\$20	\$149	\$35
<u>AVA</u>	<u>5,196</u>	<u>1,412</u>	<u>374</u>	<u>535</u>	<u>236</u>	<u>17</u>	<u>134</u>	<u>31</u>
UAAL	\$ 5,927	\$ 1,019	\$214	\$74	\$45	\$3	\$15	\$4
Historical Funded Ratio								
7/1/2019	16.1%	23.8%	30.7%	46.0%	48.1%	54.1%	53.9%	54.5%
7/1/2020	21.0%	29.4%	36.4%	52.5%	53.4%	59.8%	58.8%	60.4%
7/1/2021	30.0%	36.0%	42.2%	60.2%	60.2%	66.4%	65.1%	63.5%
7/1/2022	35.0%	45.1%	50.4%	72.2%	71.2%	77.2%	76.5%	74.7%
7/1/2023	39.3%	49.6%	54.7%	76.2%	74.2%	80.0%	79.9%	79.3%
7/1/2024	46.7%	58.1%	63.5%	87.8%	83.9%	86.4%	90.1%	88.7%

Annual Required Contributions (ARC)

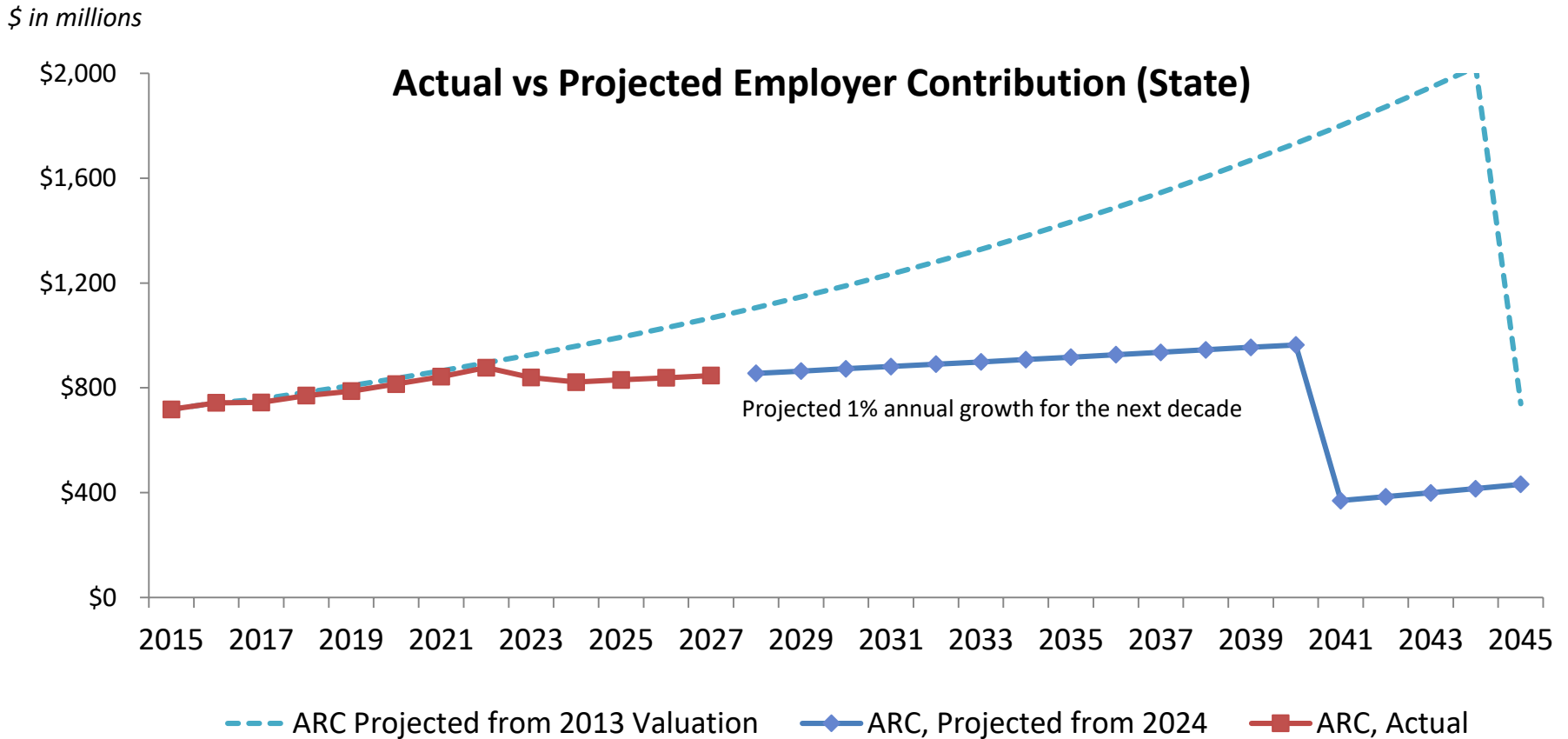
(\$ thousands)	State of Hawaii	CC of Honolulu	County of Hawaii	County of Maui	County of Kauai	Kauai DOW	Honolulu BWS	Hawaii DWS
(1) FYE 2026 ARC	\$838,506	\$194,748	\$ 45,023	\$ 38,095	\$ 17,906	\$ 1,096	\$ 8,470	\$ 2,067
(2) FYE 2027 ARC	\$846,891	\$196,695	\$ 45,473	\$ 35,801	\$ 18,085	\$ 1,107	\$ 8,555	\$ 2,088
(3) Increase from prior year	1.0%	1.0%	1.0%	-6.0%	1.0%	1.0%	1.0%	1.0%

- The FY2027 ARCs are all at the minimum increase per the funding policy
 - Contributions above the ARC in 2024 lowered the 2027 ARC for County of Maui
 - 1% minimum increase for all other employers

Positive claims experience combined with disciplined funding have reduced the UAAL much sooner than originally projected. The UAAL is now expected to be fully amortized four years earlier than original projections.



When the UAAL is fully paid off, the portion of the contribution that finances that debt is no longer needed, resulting in lower contributions much sooner.



The Funding Policy (how contributions are determined) utilized by EUTF follows all Industry Best Practices.

	Stars (out of 5)	Comments
What is the amortization period for the current UAAL based on the required contribution?	★★★★★	State has effective remaining period of 18 years as of 7/1/2026. 11 years for other employers (except HART) Use of closed amortization periods is a best practice
Based on current practices and assumptions, is the UAAL expected to be lower 5 years from now?	★★★★★	Yes for all employers
Is the funded ratio higher than it was 10 years ago?	★★★★★	Yes for all employers, from 0% to 46% for State of Hawaii, and 20% to 88% for County of Maui
What is the amortization period for any new UAAL that may develop?	★★★★★	New gains and losses are amortized over 20 years or less, eliminating negative amortization.
Does the policy provide accountability and transparency?	★★★★★	ACT 268 requires the ARC to fund the normal cost (benefits being earned by current employees);
Does the policy seek to manage and control future contribution volatility to the extent reasonably possible, consistent with other policy goals?	★★★★	Yes, 2% annual ARC smoothing corridor based on input from budget directors. Other smoothing mechanisms include 4-year asset smoothing and 20-year amortization layers for new losses.
Does the Board regularly review actuarial assumptions?	★★★★★	All assumptions reviewed at least every 3 years

Summary

- The Board's disciplined management of the healthcare program and costs are clearly having a positive impact in year to year results
- In addition, the Board's funding policy is providing a sustainable path to benefit security and budget predictability

Disclaimers

- This presentation is intended to be used in conjunction with the July 1, 2024 actuarial valuation. This presentation should not be relied on for any purpose other than the purpose described in the valuation report.
- This presentation shall not be construed to provide tax advice, legal advice or investment advice.

Hawaii Employer-Union Health Benefits Trust Fund Retiree Health Care Plan

Actuarial Valuation Report
as of July 1, 2024

DRAFT





January 7, 2025

Mr. Derek Mizuno
EUTF Administrator
Hawaii Employer-Union Health Benefits Trust Fund
201 Merchant St.; Suite 1700
Honolulu, Hawaii 96813

Dear Mr. Mizuno:

Submitted in this report are the results of an actuarial valuation for the EUTF of the liabilities associated with the employer financed retiree health benefits provided through the Hawaii Employer-Union Health Benefits Trust Fund (EUTF). The date of the valuation was July 1, 2024. The results in this aggregate report is the sum of the results from the individual employer reports. The actuarial calculations were prepared to determine the annual required employer contribution to satisfy the requirements of ACT 268, SLH 2013 ("ACT 268"). Determinations of the liability associated with the benefits described in this report for purposes other than satisfying the funding requirements of ACT 268 may produce significantly different results. This report may be provided to parties other than the EUTF only in its entirety and only with the permission of the EUTF.

The valuation was based upon information, furnished by the EUTF and the Employees' Retirement System of the State of Hawaii (ERS), concerning retiree health benefits, members' census and financial data. Data was checked for internal consistency but was not otherwise audited. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

The signing actuaries are independent of the plan sponsor. To the best of our knowledge, this report is complete and accurate and was made in accordance with generally recognized actuarial methods. Joseph Newton and Blake Orth are members of the American Academy of Actuaries and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein.

Respectfully submitted,

Joseph P. Newton, FSA, FCA, EA, MAAA
Pension Market Leader

Lewis Ward
Consultant

Blake Orth, FSA, EA, MAAA
Consultant

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SECTION A

OVERVIEW

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The following table summarizes the key results of the July 1, 2024 Other Post-Employment Benefits (OPEB) valuation for the EUTF.

Executive Summary		
	July 1, 2024	July 1, 2023
Membership		
Number of		
-Retirees	53,722	53,667
-Deferred Inactives	8,819	8,967
-Active Employees	65,179	64,066
Covered Payroll*	\$ 5,103,959,000	\$ 4,792,453,000
Actuarial Summary		
Discount Rate	7.0%	7.0%
Amortization Growth Rate	2.5%	2.5%
Present Value of Benefits	\$ 17,913,919,000	\$ 18,263,810,000
Actuarial Accrued Liability	15,235,277,000	15,576,527,000
Market Value of Assets	7,914,706,000	6,728,824,000
Actuarial Value of Assets (AVA)	7,934,534,000	6,881,966,000
Unfunded Actuarial Accrued Liability	7,300,743,000	8,694,561,000
Funded Ratio, AVA	52.1%	44.2%
ARC as % of Payroll	21.1%	22.3%
Fiscal Year Ending	June 30, 2027	June 30, 2026
ACT 268 Minimum Contribution Summary		
Fiscal Year Ending	June 30, 2027	June 30, 2026
Annual Required Contribution (ARC)	\$ 1,155,100,000	\$ 1,146,312,000

*The covered payroll is equal to the projected payroll for the fiscal year beginning on the valuation date.

This report provides the minimum OPEB trust contribution required to satisfy the funding requirements of ACT 268. The Annual Required Contribution (ARC) developed in this report is for the fiscal year ending June 30, 2027. The contribution determined by each valuation will be applicable for the fiscal year which begins two years after the valuation date. The two-year lag between the valuation date and the applicable fiscal year allows appropriate time for budgeting and management of the appropriations.

Section C provides a multi-year projection of liability and contribution information which should be useful to management for the operation of the OPEB program.

Agent Multiple-Employer Plans

The EUTF OPEB plan operates as an **agent multiple-employer plan**. For agent multiple employer plans, separate asset accounts are maintained for each employer so that the employer's contributions provide benefits only for the employees of that employer. A separate actuarial valuation is performed for each individual employer's plan to determine the employer's periodic contribution rate and other information for the individual plan. Thus for this valuation report, the results are the sum of the results from reports of the individual employers.

In a cost-sharing arrangement, such as the Employees' Retirement System of the State of Hawaii (ERS), the plan's assets can be used to pay the benefits for the retirees of any participating employer. By contrast, the assets of the participating government employers in an *agent multiple-employer plan* are pooled for investment purposes but separate accounts are maintained for each individual employer. As such, the EUTF's assets at EUTF can only be used to pay benefits for the EUTF's retirees. The EUTF's unfunded actuarial accrued liability and the annual required contribution for retiree health benefits will be determined based solely on the EUTF's membership and assets.

ACT 304, SLH 2012 and ACT 268, SLH 2013

ACT 304, SLH 2012 (ACT 304), authorized the board of trustees of the EUTF to create a separate trust fund (The OPEB Trust). The OPEB Trust was established effective June 30, 2013, specifically for pre-funding the participating employers OPEB benefits. Previous pre-funding contributions and related net investment earnings were transferred to each employer's respective OPEB Trust account. As required by ACT 304, contributions to the OPEB Trust shall be irrevocable and the assets of the fund shall be dedicated exclusively to providing health and other benefits to retirees and their eligible dependents. The assets in the OPEB Trust shall not be subject to appropriation for any other purpose and shall not be subject to claims by creditors of the employers or the board or plan administrator.

ACT 268, SLH 2013 (ACT 268) established an "annual required contribution" (ARC) equal to (a) the normal cost, plus (b) an amortization payment to fund the unfunded actuarial accrued liability over a period of no more than thirty years. Moreover, employers were required to contribute 100% of the ARC starting in fiscal year ending June 30, 2019. ACT 268 established mechanisms for funding the ARC if the employer fails to do so.

ACT 268 established a funding policy which ensures the ARC will be consistently met. As a result, the liabilities in this valuation have been calculated using a 7.0% long-term investment return assumption on the OPEB Trust's assets. The 7.0% return assumption is based on the OPEB Trust's investment policy and we believe the assumption is consistent with the target asset allocation.

Actuarial Assumptions and Methods

In any long-term actuarial valuation (such as for Pensions and OPEB), certain demographic, economic and behavioral assumptions are made concerning the population, the investment return rates and the benefits provided. These Actuarial Assumptions form the basis for the actuarial model which is used to project the future population, the future benefits provided, and the future contributions collected. Then the investment return rate (discount rate) assumption is used to discount those projected net OPEB benefits to a present value. This and other related present values are used to calculate the Annual Required Contribution.

This actuarial valuation of the EUTF's OPEB is similar to the actuarial valuations performed for the State's pension plans. The demographic assumptions used in this OPEB Valuation were identical to those used in the June 30, 2024 ERS valuation. Because the assumptions were based upon the most recent actuarial experience study adopted by the Trustees of ERS, they were deemed reasonable for this OPEB Valuation and were employed in this report.

There are some economic and behavioral assumptions which are unique to health benefits. It would be instructive to review the Section of this Report titled, "Actuarial Assumptions and Methods" for a detailed discussion and disclosure of all the relevant actuarial assumptions used in this valuation. The Individual Entry Age Normal Cost Method was used in this valuation. This is both an acceptable and reasonable cost method. Furthermore, the Normal Costs and the amortization of any Unfunded Actuarial Accrued Liabilities were calculated using a level percent of pay.

There were no assumption or method changes since the previous valuation as of July 1, 2023.

Summary of Changes

The funded ratio of the plan increased from 44.2% to 52.1%. The unfunded actuarial accrued liability decreased from \$8.69 billion to \$7.30 billion. The contribution amounts developed in this July 1, 2024 valuation per the funding policy closely resemble what was expected from the previous valuation, while the liabilities were lower than expected. The actuarial accrued liability decreased from \$15.58 billion to \$15.24 billion, while the liability was expected to increase to \$16.30 billion. The liabilities decreased mainly due to favorable 2025 premium changes, in particular those for the Medicare PPO plan. While most of the plan premiums increased less than what was expected based on the previous valuation, the Medicare PPO rates had a pronounced decline. Overall, the favorable premium experience lowered the liability by approximately \$1.05 billion.

The actuarial value of assets (AVA) increased from \$6.88 billion to \$7.93 billion. The AVA closely resembles the \$7.84 billion expected from the previous valuation. The July 1, 2024 valuations provide the Annual Required Contributions (ARCs) for fiscal year ending June 30, 2027. The FYE27 ARCs total \$1,155,100,000, which nearly matches the total of the projected FYE27 ARCs of \$1,157,404,000 from the previous valuations.

ARC with 2% Corridor Smoothing

A funding policy mechanism was introduced in the July 1, 2021 valuation to manage contribution volatility. The combination of the level percentage of payroll UAAL amortization methodology (assumed to grow at 2.5% annually) and the entry-age normal actuarial cost method (which should grow about 3.5% to 4.25% annually) produce a combined ARC that is expected to increase by roughly 3.00% per year. The corridor will target this 3.00% and limit the dollar amount of the ARC so that it is within 2% of the prior year's ARC increased by the 3.00%. Another way to describe the corridor is to say that it limits the dollar amount of the ARC to between 101% and 105% of the prior year's ARC. The ARC for fiscal year 2027 is developed on page 12. The "ARC without Limitation" is the ARC developed without corridor smoothing. As shown on page 12, the actual FYE27 ARC is held higher as a result of the corridor because results since implementation of the smoothing corridor have overall been better than expected. The corridor will not only limit contribution increases in years when there is adverse experience, but it will also limit contribution decreases in years when there is favorable experience. The current position of the ARC to the corridor is expected to produce significant stability in the State contributions for many years into the future.

It should also be noted that the corridor is adjusted downward when employers contribute more than the ARC. This adjustment makes it so that employers can still lower their future ARCs by contributing more than the minimum required.

SECTION B

VALUATION RESULTS

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Results by Employer

(\$ Thousands)	State of Hawaii	City & County of Honolulu	Honolulu Authority for Rapid Transportation	County of Hawaii	County of Maui	County of Kauai	Kauai - Department of Water	Board of Water Supply - Honolulu	Hawaii Department of Water Supply	Total
Discount Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Amortization Growth Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Present Value of Benefits	\$ 13,074,446	\$ 2,821,326	\$ 8,216	\$ 710,894	\$ 726,479	\$ 336,685	\$ 23,979	\$ 170,452	\$ 41,442	\$ 17,913,919
Actuarial Accrued Liability	11,122,280	2,422,920	7,513	588,029	609,114	281,700	19,832	148,734	35,155	15,235,277
Actuarial Value of Assets	5,195,588	1,405,804	6,051	373,563	534,794	236,438	17,132	133,996	31,168	7,934,534
Unfunded Actuarial Accrued Liability	5,926,692	1,017,116	1,462	214,466	74,320	45,262	2,700	14,738	3,987	7,300,743
Funded Ratio	46.7%	58.0%	80.5%	63.5%	87.8%	83.9%	86.4%	90.1%	88.7%	52.1%
ARC for FYE 2027	\$ 846,891	\$ 196,695	\$ 405	\$ 45,473	\$ 35,801	\$ 18,085	\$ 1,107	\$ 8,555	\$ 2,088	\$ 1,155,100
ARC as % of Payroll for FYE 2027	21.2%	24.6%	9.3%	20.2%	16.5%	17.9%	14.2%	19.6%	18.1%	21.3%

The ARC for FYE 2027 reflects the smoothing corridor for all employers.



Liabilities

The liabilities shown in the following exhibit were calculated as of July 1, 2024.

	Medical/ Prescription Drug/ Dental/Vision/Life	Medicare Part B	Total
Present Value of Benefits (PVB)			
Retirees	\$ 6,478,064,000	\$ 2,106,212,000	\$ 8,584,276,000
Deferred Inactives	764,621,000	416,404,000	1,181,025,000
Actives	5,979,324,000	2,169,294,000	8,148,618,000
Total PVB	\$ 13,222,009,000	\$ 4,691,910,000	\$ 17,913,919,000
Actuarial Accrued Liability (AAL)			
Retirees	\$ 6,478,064,000	\$ 2,106,212,000	\$ 8,584,276,000
Deferred Inactives	764,621,000	416,404,000	1,181,025,000
Actives	4,080,569,000	1,389,407,000	5,469,976,000
Total AAL	\$ 11,323,254,000	\$ 3,912,023,000	\$ 15,235,277,000
Normal Cost	\$ 214,782,000	\$ 91,888,000	\$ 306,670,000

Projected Benefits

The table below provides the EUTF's estimated benefit payments (pay-as-you-go) for the 15 years following the valuation date.

Projected Benefit Payments			
Year Ending June 30,	Medical/ Prescription Drug/ Dental/Vision/Life	Medicare Part B	Total
2025	\$ 532,594,000	\$ 142,793,000	\$ 675,387,000
2026	555,784,000	155,195,000	710,979,000
2027	592,315,000	166,973,000	759,288,000
2028	629,494,000	179,483,000	808,977,000
2029	666,657,000	192,642,000	859,299,000
2030	702,541,000	206,624,000	909,165,000
2031	738,668,000	221,204,000	959,872,000
2032	776,177,000	236,190,000	1,012,367,000
2033	814,648,000	251,694,000	1,066,342,000
2034	852,927,000	267,607,000	1,120,534,000
2035	888,453,000	284,245,000	1,172,698,000
2036	921,625,000	301,883,000	1,223,508,000
2037	956,183,000	319,682,000	1,275,865,000
2038	991,778,000	337,334,000	1,329,112,000
2039	1,026,905,000	355,291,000	1,382,196,000

Plan Assets

Statement of Changes in Plan Net Assets		
	Year Ended June 30, 2024	Year Ended June 30, 2023
Assets available at beginning of year	\$ 6,728,822,800	\$ 5,896,307,989
Contributions	1,145,052,767	1,141,075,001
Transfer from retiree agency fund	11,750,000	10,500,000
Investment income	125,617,363	89,335,203
Appreciation / (depreciation)	510,303,328	194,376,104
Benefit payments	(594,006,313)	(592,607,644)
Investment fees	(12,190,802)	(9,753,014)
Administrative fees	(640,778)	(410,838)
Increase in net assets	1,185,885,565	832,514,812
Assets available at end of year	\$ 7,914,708,365	\$ 6,728,822,800
Investment return, net of expenses	8.90%	4.44%

Investment returns were calculated based on the dollar-weighted methodology with the assumption that contributions and benefit payments were made mid-year.

Development of Actuarial Value of Assets

The total Actuarial Value of Assets (AVA) is equal to the sum of the AVA for all employers, \$7,934,534,000.

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Determination of the ARC

Annual Required Contribution without Limitation

	FYE 6/30/2027
Discount Rate	7.0%
Amortization Growth Rate	2.5%
Normal Cost*	\$ 326,047,000
Amortization of UAAL	<u>596,858,000</u>
ARC without Limitation	\$ 922,905,000

*Includes plan administration fees.

The Annual Required Contribution without limitation is equal to the Normal Cost (the present value of benefits earned by the current employees in the respective fiscal year), plus projected plan administrative costs, plus an amortization payment to fund the liability attributable to past service. The ARC without limitation is determined in the same method as prior years.

After the 2% corridor smoothing is applied, the total ARC for all employers is \$1,155,100,000.

It is important to keep in mind that each participating employer is responsible for the amount that they contribute towards their own ARC.

Total Experience Gain or Loss

A. Calculation of total actuarial gain or loss

1.	Unfunded actuarial accrued liability (UAAL), as of July 1, 2023	\$	8,694,561,000
2.	Normal cost for the year, including administrative expenses		307,785,000
3.	Less: ACT 268 minimum required contribution		(1,124,824,000)
4.	Interest at 7.00%		
a.	On UAAL		608,619,000
b.	On normal cost		10,591,000
c.	On contribution		(38,704,000)
d.	Total		\$ 580,506,000
5.	Expected UAAL as of July 1, 2024 (Sum of Items 1 - 4)		8,458,028,000
6.	Actual UAAL as of July 1, 2024		7,300,743,000
7.	Total (gain)/loss for the year (Item 6 - Item 5)		(1,157,285,000)

B. Source of gains and losses

8.	Asset (gain)/loss for the year (AVA Table)	\$	10,670,000
9.	(Gain)/loss due to contribution*		(32,676,000)
10.	Other liability (gain)/loss		(1,135,279,000)
11.	Change in assumptions		-
12.	Change in benefit provisions		-
13.	Total (gain)/loss for the year		\$ (1,157,285,000)

* Impact of employer contributions.

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Unfunded AAL as a % of Covered Payroll (b - a)/(c)
July 1, 2007	\$ 0	\$ 9,194,300,000	\$ 9,194,300,000	0.0%	\$ 2,789,000,000	329.7%
July 1, 2009	115,500,000	14,662,100,000	14,546,600,000	0.8%	2,758,000,000	527.4%
July 1, 2011	178,200,000	16,458,800,000	16,280,600,000	1.1%	3,743,000,000	435.0%
July 1, 2013	296,124,000	11,477,633,000	11,181,509,000	2.6%	3,881,223,000	288.1%
July 1, 2015	843,520,000	12,615,528,000	11,772,008,000	6.7%	4,161,386,000	282.9%
July 1, 2017	1,777,674,000	13,923,637,000	12,145,963,000	12.8%	4,278,034,000	283.9%
July 1, 2018	2,363,352,000	14,640,923,000	12,277,571,000	16.1%	4,399,147,000	279.1%
July 1, 2019	3,133,111,000	15,569,500,000	12,436,389,000	20.1%	4,546,823,000	273.5%
July 1, 2020	3,898,479,000	15,412,329,000	11,513,850,000	25.3%	4,663,329,000	246.9%
July 1, 2021	5,317,784,000	15,834,920,000	10,517,136,000	33.6%	4,671,099,000	225.2%
July 1, 2022	5,944,797,000	14,906,454,000	8,961,657,000	39.9%	4,574,213,000	195.9%
July 1, 2023	6,881,966,000	15,576,527,000	8,694,561,000	44.2%	4,792,453,000	181.4%
July 1, 2024	7,934,534,000	15,235,277,000	7,300,743,000	52.1%	5,103,959,000	143.0%

Actuarial Methods and Assumptions

Inflation rate	2.50%
Investment rate of return	7.00%
Actuarial Cost method	Individual Entry Age Normal
Amortization method*	Level percent, closed
Amortization Growth Rate	2.50%
Wage Inflation	3.00%
Asset Method	Smoothed
Mortality	System-specific mortality tables utilizing scale MP2021 with immediate convergence to project generational mortality improvement
Participation Rates	98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution (BMC). Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the base monthly contribution, respectively. 100% for Life Insurance and 98% for Medicare Part B
Healthcare cost trend rate	
PPO**	Initial rate of 6.20%, declining to a rate of 4.25% after 20 years
HMO**	Initial rate of 6.20%, declining to a rate of 4.25% after 20 years
Part B & Base Monthly Contribution	Initial rate of 5.00%, declining to a rate of 4.25% after 20 years
Dental	4.00%
Vision	2.50%
Life Insurance	0.00%

* Closed bases are established at each valuation for new unfunded liabilities.

** Includes prescription drug assumptions.

Trend Sensitivity

Actuarial valuations are based on the cost of benefits to be paid in the future. The payments considered will range from one month in the future to decades from the valuation date. When the benefits being valued are health benefits, a key factor is the future cost of the health benefits being promised. The future benefits are projected using the current cost of the health care benefits and assumed future health care cost increases. The final cost of providing retiree health care benefits will depend upon how the charges for health care services actually increase in the future.

In order to demonstrate how the cost of these benefits can vary depending upon future health care cost increases, we have performed additional valuations based upon alternative health care cost increase assumptions. The following table shows the impact of a 1.0% increase or decrease in the assumed healthcare trend rates.

	-1% Trend	Baseline	+1% Trend
Present Value of Benefits (PVB)	\$ 15,393,328,000	\$ 17,913,919,000	\$ 21,210,154,000
Funded Status			
Actuarial Accrued Liability	\$ 13,357,864,000	\$ 15,235,277,000	\$ 17,625,915,000
Actuarial Value of Assets	7,934,534,000	7,934,534,000	7,934,534,000
Unfunded AAL	5,423,330,000	7,300,743,000	9,691,381,000
ARC without limitation for FYE27	\$ 688,728,000	\$ 922,905,000	\$ 1,233,757,000

SECTION C

PROJECTIONS

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Summary of Funding Projections

The projections in this section provide estimated future liabilities, assets, contributions and benefit payments based on the census data used for the July 1, 2024 valuation and the actuarial assumptions/methods described in Section G of this report. The projections provide insight into how the employer's contributions and the financial condition of the plan are assumed to change over time. Key items from the projections are:

- Prefunding the OPEB liability will require a significant commitment. However, the long-term savings will also be significant. Once the plan is well funded, the percentage of the benefits paid for by investment earnings is typically over 50%.
- The Annual Required Contribution (ARC) is developed using a level percentage of payroll amortization.
- The ARC is expected to remain fairly level, as a percentage of payroll, until the initial amortization base is paid off. However, the ARC is expected to trend upwards because the normal cost is expected to slowly grow over time as a percentage of payroll.
- Projection assumes the employer will contribute the full ARC, as required by ACT 268.
- The employer's annual cost for financing the retiree health benefit becomes less than what it would have been under a pay-as-you-go approach starting in FYE2034.
- As participants separate from employment, it is assumed they are replaced with an average new hire so that the total number of active employees remains level. The average new hire is assumed to have similar entry age and entry pay as recently hired employees. The projection includes liabilities for these new employees as the projection steps forward in time and they accrue benefits.

Please bear in mind that, depending on plan experience, actual results could deviate significantly from the actuarial projections. The key assumptions in the projections are:

1. the assumed 7.00% rate of investment return
2. future health care inflation
3. that the benefits and cost sharing provisions will remain the same as they currently are

Projection of Funding Progress

Over the next 34 years, the sum of the ARCs equals \$29.4 billion while the trust will payout \$49.5 billion in benefits.

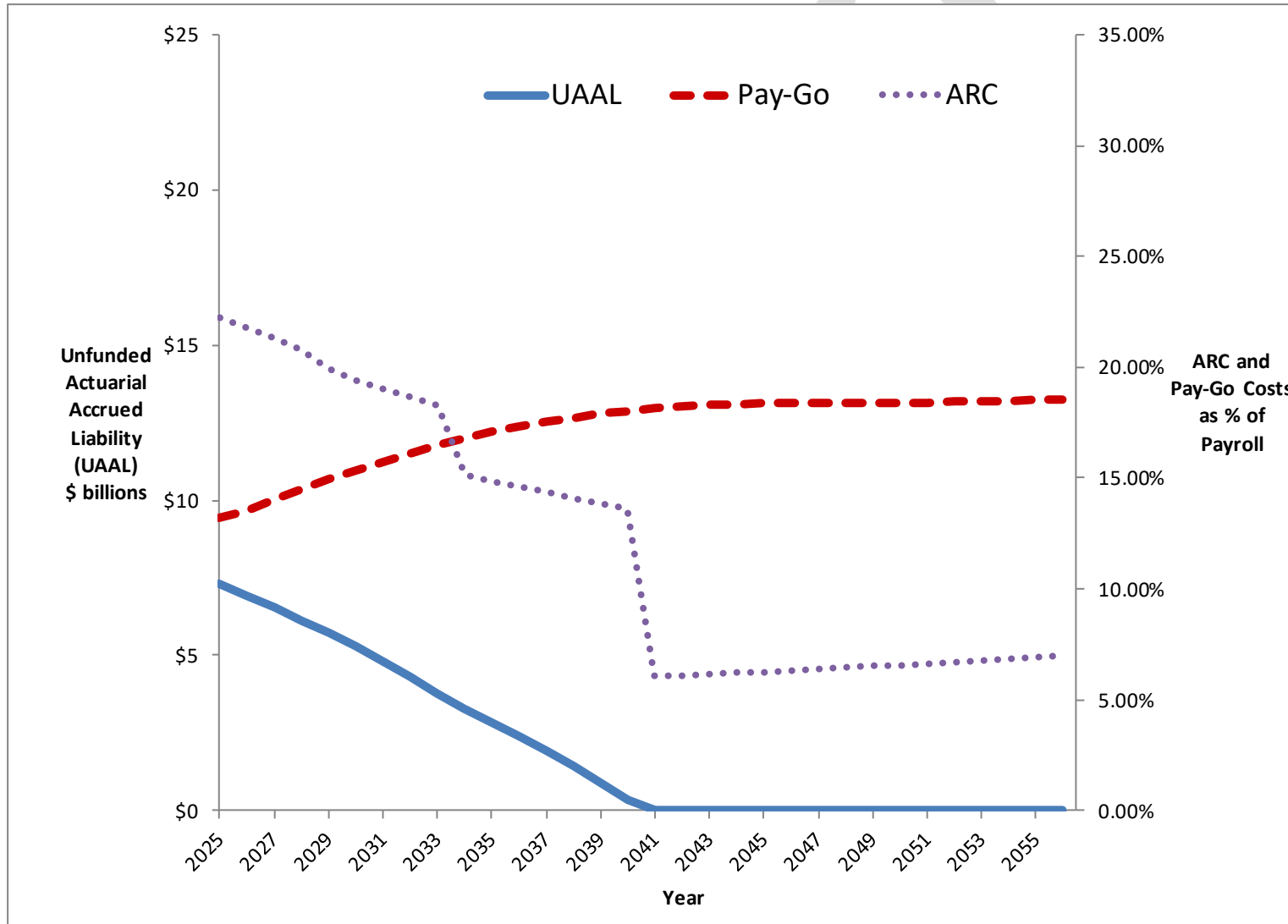
Fiscal Year Ending	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Unfunded AAL (UAAL)	Funded Ratio	Actual Contribution	Contribution as % of Payroll	Benefit Payment Total	Benefits as % of Payroll	ARC minus Benefit Payments		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
2025	\$ 5,103,959,000	\$ 15,235,277,000	\$ 7,934,534,000	\$ 7,300,743,000	52.1%	\$ 1,135,330,000	22.2%	\$ 675,387,000	13.2%	\$ 459,943,000	
2026	5,257,079,000	15,920,344,000	8,980,454,000	6,939,890,000	56.4%	1,146,312,000	21.8%	710,979,000	13.5%	435,333,000	
2027	5,414,790,000	16,626,064,000	10,074,892,000	6,551,172,000	60.6%	1,155,100,000	21.3%	759,288,000	14.0%	395,812,000	
2028	5,577,235,000	17,344,314,000	11,205,595,000	6,138,719,000	64.6%	1,158,324,000	20.8%	808,977,000	14.5%	349,347,000	
2029	5,744,552,000	18,080,093,000	12,366,145,000	5,713,948,000	68.4%	1,147,734,000	20.0%	859,299,000	15.0%	288,435,000	
2030	5,916,888,000	18,811,401,000	13,531,054,000	5,280,347,000	71.9%	1,146,727,000	19.4%	909,165,000	15.4%	237,562,000	
2031	6,094,395,000	19,540,335,000	14,724,098,000	4,816,237,000	75.4%	1,158,610,000	19.0%	959,872,000	15.8%	198,738,000	
2032	6,277,227,000	20,277,862,000	15,959,926,000	4,317,936,000	78.7%	1,170,658,000	18.6%	1,012,367,000	16.1%	158,291,000	
2033	6,465,543,000	21,023,800,000	17,240,103,000	3,783,697,000	82.0%	1,182,448,000	18.3%	1,066,342,000	16.5%	116,106,000	
2034	6,659,511,000	21,825,709,000	18,566,176,000	3,259,533,000	85.1%	1,006,547,000	15.1%	1,120,534,000	16.8%	(113,987,000)	
2035	6,859,294,000	22,592,361,000	19,747,024,000	2,845,337,000	87.4%	1,018,920,000	14.9%	1,172,698,000	17.1%	(153,778,000)	
2036	7,065,074,000	23,372,243,000	20,969,332,000	2,402,911,000	89.7%	1,031,609,000	14.6%	1,223,508,000	17.3%	(191,899,000)	
2037	7,277,026,000	24,168,593,000	22,237,741,000	1,930,852,000	92.0%	1,044,621,000	14.4%	1,275,865,000	17.5%	(231,244,000)	
2038	7,495,335,000	24,981,907,000	23,554,209,000	1,427,698,000	94.3%	1,057,905,000	14.1%	1,329,112,000	17.7%	(271,207,000)	
2039	7,720,197,000	25,813,347,000	24,921,460,000	891,887,000	96.5%	1,071,452,000	13.9%	1,382,196,000	17.9%	(310,744,000)	
2040	7,951,803,000	26,665,206,000	26,343,493,000	321,713,000	98.8%	1,085,264,000	13.6%	1,434,557,000	18.0%	(349,293,000)	
2041	8,190,357,000	27,825,164,000	27,825,164,000	0	100.0%	495,576,000	6.1%	1,486,904,000	18.2%	(991,328,000)	
2042	8,436,066,000	28,746,390,000	28,746,390,000	0	100.0%	514,715,000	6.1%	1,538,426,000	18.2%	(1,023,711,000)	
2043	8,689,150,000	29,698,576,000	29,698,576,000	0	100.0%	534,726,000	6.2%	1,589,855,000	18.3%	(1,055,129,000)	
2044	8,949,823,000	30,684,880,000	30,684,880,000	0	100.0%	555,583,000	6.2%	1,641,154,000	18.3%	(1,085,571,000)	
2045	9,218,318,000	31,708,701,000	31,708,701,000	0	100.0%	577,330,000	6.3%	1,692,532,000	18.4%	(1,115,202,000)	
2046	9,494,870,000	32,773,505,000	32,773,505,000	0	100.0%	600,004,000	6.3%	1,744,577,000	18.4%	(1,144,573,000)	
2047	9,779,714,000	33,882,424,000	33,882,424,000	0	100.0%	623,711,000	6.4%	1,797,032,000	18.4%	(1,173,321,000)	
2048	10,073,105,000	35,039,192,000	35,039,192,000	0	100.0%	648,504,000	6.4%	1,851,133,000	18.4%	(1,202,629,000)	
2049	10,375,299,000	36,246,579,000	36,246,579,000	0	100.0%	674,438,000	6.5%	1,907,109,000	18.4%	(1,232,671,000)	
2050	10,686,557,000	37,507,368,000	37,507,368,000	0	100.0%	701,554,000	6.6%	1,965,046,000	18.4%	(1,263,492,000)	
2051	11,007,155,000	38,824,488,000	38,824,488,000	0	100.0%	729,940,000	6.6%	2,025,996,000	18.4%	(1,296,056,000)	
2052	11,337,370,000	40,200,081,000	40,200,081,000	0	100.0%	759,640,000	6.7%	2,089,387,000	18.4%	(1,329,747,000)	
2053	11,677,491,000	41,637,069,000	41,637,069,000	0	100.0%	790,663,000	6.8%	2,155,363,000	18.5%	(1,364,700,000)	
2054	12,027,815,000	43,138,445,000	43,138,445,000	0	100.0%	823,069,000	6.8%	2,223,897,000	18.5%	(1,400,828,000)	
2055	12,388,649,000	44,707,502,000	44,707,502,000	0	100.0%	856,828,000	6.9%	2,294,603,000	18.5%	(1,437,775,000)	
2056	12,760,309,000	46,348,123,000	46,348,123,000	0	100.0%	892,119,000	7.0%	2,367,455,000	18.6%	(1,475,336,000)	
2057	13,143,117,000	48,064,686,000	48,064,686,000	0	100.0%	928,973,000	7.1%	2,444,613,000	18.6%	(1,515,640,000)	

The projection assumes a constant workforce.



Projection of Funding

Trust contributions are projected to be less than benefits paid starting in FYE 2034



SECTION D

DEVELOPMENT OF BASELINE COSTS

Development of Baseline Costs

The underlying retiree claims costs were estimated using the plan premiums effective January 1, 2025, and are used for both current and future retirees. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as the current retirees (82% PPO and 18% HMO). The fully-insured retiree plans are separate from the active plans and are underwritten using the claims experience of the retired members only. The contracts for the retiree plans do not allow for any cross subsidization of premiums or rates. The prescription drug benefit for the PPO plan is self-insured. Based on conversations with EUTF’s health care consultant (Segal), we did not believe it was necessary to independently verify the premiums for the PPO prescription drug benefit. The estimated age-adjusted claims shown below include administrative expenses and are net of prescription drug rebates.

Age-graded and sex-distinct premiums are utilized by this valuation. These costs are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process “distributes” the average premium over all age/sex combinations and assigns a unique premium for each combination. The age/sex specific costs more accurately reflect the health care utilization and cost at that age.

Baseline Costs for Retirees and Spouses (Medical and Prescription Drug) (Expected Monthly Per Capita Costs for 2025)				
	HMSA		Kaiser	
Age	Male	Female	Male	Female
50	\$533.02	\$656.63	\$465.60	\$573.57
55	701.40	765.82	612.68	668.95
60	905.89	891.99	791.30	779.16
65	405.98	382.92	414.17	390.64
70	442.26	427.96	451.18	436.59
75	475.00	463.49	484.58	472.84
80	498.65	489.94	508.71	499.81

Dental and vision benefits are not included in the benefits shown above. The underlying claims for the dental and vision benefits were not age-rated. Premiums for all medical, prescription drug, dental, and vision plans are shown in Section E.

SECTION E

SUMMARY OF BENEFIT PROVISIONS

Summary of the Substantive Plan Provisions

Plan Participants

Plan participants are retired members of the employees' retirement system; the County pension system; or the police, firefighters, or bandsmen pension system of the State or County.

Base Monthly Contribution Amount

January 1, 2025 - Base Monthly Contribution			
	<u>Self</u>	<u>Two-Party</u>	<u>Family</u>
Non-Medicare	\$1,296.76	\$2,613.82	\$3,825.64
Medicare	923.78	1,851.50	2,696.66

The Base Monthly Contribution (BMC) determines the maximum amount provided by the employer to cover premiums for medical, prescription drug, dental and vision care. The BMC is adjusted annually based on the change in the Medicare Part B premium. The employer's costs for providing the Medicare Part B premium reimbursement and the life insurance benefit are in addition to the contribution related to the BMC.

Deferred Retirement

Employees who terminate employment are eligible for retiree health care benefits upon commencing a retirement or pension allowance.

Disability Retirement

Employees who terminate due to disability are eligible for retiree health care benefits upon commencing a retirement or pension allowance.

Non-Duty Death in Service Retirement

If an active employee dies while in service and is eligible to retire at the time of death, the ERS will retire the employee and the surviving spouse, domestic or civil union partner and eligible dependents are eligible for retiree health care benefits. If the member was not eligible for retirement at the time of death, the surviving spouse, domestic or civil union partner and eligible dependents are eligible for COBRA benefits only.

Duty Death in Service Retirement

The surviving spouse, domestic or civil union partner and eligible dependents of an employee who is killed in the performance of the employee's duty are eligible for retiree health care benefits. Regardless of the employee's date of hire or years of service, the employer will pay up to the BMC for a spouse, domestic or civil union partner and eligible dependents of an employee who is killed in the performance of duty. Coverage ends when the surviving spouse or domestic or civil union partner remarries or enters into another domestic or civil union partnership or when the surviving child



reaches age 19 or 24 if the child is a full-time student. Coverage ends for a surviving child at age 26 effective July 1, 2025.

Surviving Spouses of Retired Employees

The employer's contribution percentage for a surviving spouse, domestic or civil union partner and eligible dependent of a retiree who was hired prior to July 1, 2001 will remain the same as the deceased retiree. For a surviving spouse, domestic or civil union partner and eligible dependent of a retiree who was hired after June 30, 2001, the employer's contribution percentage will be half of the deceased retirees' employer contribution percentage.

Life Insurance

Retiree life insurance benefit is \$1,487, and is provided at no cost to the retiree.

Medicare Part B Reimbursement

Retirees and spouses/domestic and civil union partners are required to enroll in Medicare Part B coverage when they become eligible and enroll in a medical and/or prescription drug plan. The employer reimburses the Part B premium for both retiree and, for participants hired before July 1, 2023, spouse/domestic or civil union partner at 100%. Surviving spouses/domestic or civil union partners, regardless of hire date, continue to receive the Part B reimbursement.

The 2025 Medicare Part B premiums and reimbursements vary for current retirees due to the hold harmless provisions. The 2025 Part B premium is \$185.00 per month for retirees enrolling in Part B for the first time or not enrolled in Social Security. For participants hired before July 1, 2023, EUTF will reimburse the entire Part B premium for retirees who pay income adjusted Part B premiums if they submit proof. For participants hired on or after July 1, 2023, EUTF will reimburse up to \$185.00 of the Part B premium for retirees if they submit proof.

Employer's Contribution

The Employer's percentage of the BMC for the year determines the maximum employer contribution payable. Any difference between the maximum employer contribution and the total premium for plans selected (medical, prescription drug, dental and vision) will be paid by the retiree.

Hire Date	Year of Service	% of BMC*
Before 7/1/1996	< 10	50%
	10+	100%
Post 7/1/1996	< 10	0%
	10-14	50%
	15-24	75%
	25+	100%

* Employees hired after 6/30/2001 only receive the % of the "Self" BMC.



EUTF Monthly Retiree Rates

Effective January 1, 2025 through December 31, 2025

Benefit Plan	Type of Enrollment	Total Contribution Required
<i>MEDICAL AND PRESCRIPTION DRUG PLANS – MEDICARE</i>		
HMSA 90/10 PPO Medical Plan	Self	\$286.54
	Two-Party	558.34
	Family	827.78
Humana Medicare Advantage PPO Medical Plan	Self	\$53.72
	Two-Party (both Medicare)	107.44
	Three-Party (all Medicare; maximum of 3 enrollees)	161.16
SilverScript Prescription Drug Plan	Self	\$186.46
	Two-Party	363.08
	Family	538.32
Kaiser Senior Advantage Medical and Prescription Drug Plan	Self	\$481.24
	Two-Party	938.42
	Family	1,390.78
<i>MEDICAL AND PRESCRIPTION DRUG PLANS - NON-MEDICARE</i>		
HMSA 90/10 PPO Medical Plan	Self	\$673.28
	Two-Party	1,311.92
	Family	1,944.90
CVS Caremark Prescription Drug Plan	Self	\$250.78
	Two-Party	488.44
	Family	724.18
Kaiser HMO Comprehensive Medical and Prescription Drug Plan	Self	\$788.74
	Two-Party	1,593.26
	Family	2,350.44
<i>DENTAL PLAN</i>		
HDS Dental	Self	\$46.74
	Two-Party	91.18
	Family	111.72
<i>VISION PLAN</i>		
VSP Vision	Self	\$3.54
	Two-Party	7.10
	Family	9.52
<i>LIFE INSURANCE</i>		
Securian Life Insurance (Retiree only)	Self	\$4.12



HSTA VB Monthly Retiree Rates

Effective January 1, 2025 through December 31, 2025

Benefit Plan	Type of Enrollment	Total Contribution Required
<i>MEDICAL AND PRESCRIPTION DRUG PLANS – MEDICARE</i>		
HMSA 90/10 PPO Medical and Chiropractic, SilverScript Prescription Drug, and VSP Vision Plans	Self	\$547.02
	Two-Party	1,066.18
	Family	1,577.24
Kaiser Senior Advantage Medical, Chiropractic and Prescription Drug, and VSP Vision Plans	Self	\$491.42
	Two-Party	958.46
	Family	1,419.48
<i>MEDICAL AND PRESCRIPTION DRUG PLANS - NON-MEDICARE</i>		
HMSA 90/10 PPO Medical and Chiropractic, CVS Caremark Prescription Drug, and VSP Vision Plans	Self	\$933.94
	Two-Party	1,819.88
	Family	2,694.72
Kaiser HMO Comprehensive Medical, Chiropractic and Prescription Drug, and VSP Vision Plans	Self	\$777.08
	Two-Party	1,569.66
	Family	2,314.66
<i>DENTAL PLAN</i>		
HDS Dental	Self	\$55.98
	Two-Party	109.16
	Family	133.80
<i>VISION PLAN</i>		
VSP Vision	Self	\$3.54
	Two-Party	7.10
	Family	9.52
<i>LIFE INSURANCE</i>		
Securian Life Insurance (Retiree only)	Self	\$4.12



Medical Plan Benefits - EUTF Non-Medicare Retirees

Medical	HMSA 90/10 PPO		Kaiser HMO
	In-Network	Out-of-Network	HMO Network
Calendar Year Deductible	\$100 per person \$300 per family		None
Calendar Year Maximum Out-of-Pocket Limit	\$2,500 per person \$7,500 per family		\$2,000 per person \$6,000 per family
Lifetime Benefit Maximum	None		None
Physician Office Visit	10%*	30%	\$15
Online Care (through hmsaonlinecare.com or kp.org)	No charge*	Not covered	No charge
Urgent Care Visit	10%*	30%	\$15 (in service area) 20% (out of service area)
Emergency Room	10%*	10%*	\$50 (in service area) 20% (out of service area)
Ambulance Air	20%	20%	20%
Ambulance Ground	20%	30%	20%
Inpatient Hospital Services	10%*	30%	No charge
Outpatient Surgery	10%*	30%	\$15
Outpatient Testing, Lab and X-ray Services	20%*	30%	\$15
Annual Physical Exam	No charge*	30%*	No charge
Preventative Screening	20%*	30%	No charge
Inpatient Mental Health	10%*	30%	No charge
Outpatient Mental Health	10%*	30%	\$15
Chiropractic Services	Not covered	Not covered	Not covered

* Not subject to the deductible



Medical Plan Benefits – HSTA VB Non-Medicare Retirees

Medical	HMSA 90/10 PPO		Kaiser HMO
	In-Network	Out-of-Network	HMO Network
Calendar Year Deductible	None	\$100 per person \$300 per family	None
Calendar Year Maximum Out-of-Pocket Limit	\$2,000 per person \$6,000 per family		\$2,000 per person \$6,000 per family
Lifetime Benefit Maximum	\$2,000,000 for all individuals combined; \$25,000/ calendar year thereafter		None
Physician Office Visit	10%	30%	\$15
Online Care (through hmsaonlinecare.com or kp.org)	No charge	Not covered	No charge
Urgent Care Visit	10%	30%	\$15 (in service area) 20% (out of service area)
Emergency Room	10%	10%*	\$50 (in service area) 20% (out of service area)
Ambulance Air	10%	10%*	20%
Ambulance Ground	10%	30%	20%
Inpatient Hospital Services	10%	30%	No charge
Outpatient Surgery	10%	30%	\$15
Outpatient Testing, Lab and X-ray Services	10%	30%	\$15
Annual Physical Exam	No charge (limits apply)	No charge* (limits apply)	No charge
Preventative Screening	10%	30%	No charge
Inpatient Mental Health	10%	30%	No charge
Outpatient Mental Health	10%	30%	\$15
Chiropractic Services (administered through American Specialty Health, Inc.)	\$12 (20 visits/year)	Not covered	\$12 (20 visits/year)

* Not subject to the deductible



Prescription Drug Plan Benefits – EUTF Non-Medicare Retirees

Prescription Drug	CVS PPO Drug Plan*			Kaiser HMO Plan+	
	In-Network	Out-of-Network**	Retail 90/Mail Order	HMO Network	Mail Order
Calendar Year Maximum Out-of-Pocket Limit	\$2,000/person			Combined with medical out-of-pocket limit	
Day Supply	30/60/90			30/60/90	
Generic	\$5/\$10/\$15	\$5/\$10/\$15 + 20%	\$5/\$10/\$10	\$15/\$30/\$45	\$15/\$30/\$30
Preferred Brand	\$15/\$30/\$45	\$15/\$30/\$45 + 20%	\$15/\$30/\$30		
Non-Preferred Brand	\$40/\$80/\$120	\$40/\$80/\$120 + 20%	\$40/\$80/\$80		
Preferred Insulin	\$5/\$10/\$15	\$5/\$10/\$15 + 20%	\$5/\$10/\$10	\$15/\$30/\$45	Not covered
Other Insulin	\$15/\$30/\$45	\$15/\$30/\$45 + 20%	\$15/\$30/\$30		
Preferred Diabetic Supplies	No charge	20%	No charge	\$15/\$30/\$45	\$15/\$30/\$30
Other Diabetic Supplies	\$15/\$30/\$45	\$15/\$30/\$45 + 20%	\$15/\$30/\$30		
Specialty Drugs/ Injectables	20% up to \$250 per fill (up to a 30-day supply) Mail Pharmacy: Not covered			\$15 (up to a 30-day supply) Not all drugs can be mailed; restrictions and limitations apply	
Oral Oncology Specialty Medication	\$30			No charge	

* This plan is the prescription drug coverage for the HMSA PPO medical plan option and is administered by CVS Caremark. Note: Maintenance medications can be filled at any retail network pharmacy or through mail order but must be filled in a 90-day supply after the first three 30-day initial fills.

** If you receive services from an out-of-network pharmacy, you will pay full price for the prescription and must file a claim for reimbursement. You are responsible for the copayment, including the penalty %, and any difference between the actual charge and the eligible charge.

+ The Kaiser prescription drug coverage is included under the Kaiser HMO medical plan.

Prescription Drug Plan Benefits – HSTA VB Non-Medicare Retirees

Prescription Drug	CVS PPO Drug Plan*		Kaiser HMO Plan+	
	In-Network / Mail Order	Out-of-Network**	HMO Network	Mail Order
Calendar Year Maximum Out-of-Pocket Limit	\$2,000/person		Combined with medical out-of-pocket limit	
Day Supply	30/60/90		30/60/90	
Generic	\$5/\$9/\$9	\$5/\$9/\$9 + 30%	\$10/\$20/\$30	\$10/\$20/\$20
Brand	\$15/\$27/\$27	\$15/\$27/\$27 + 30%		
Insulin	\$5/\$9/\$9	\$5/\$9/\$9 + 30%	\$10/\$20/\$30	Not covered
Diabetic Supplies	No charge	No charge	50%	50%
Specialty Drugs/ Injectables	Generic/brand copays apply (up to a 30-day supply) Mail Pharmacy: Not covered		\$10 (up to a 30-day supply) Not all drugs can be mailed; restrictions and limitations apply	
Oral Oncology Specialty Medications	No charge	30%	No charge	

* This plan is the prescription drug coverage for the HMSA PPO medical plan option and is administered by CVS Caremark.

** If you receive services from an out-of-network pharmacy, you will pay full price for the prescription and must file a claim for reimbursement. You are responsible for the copayment, including the penalty %, and any difference between the actual charge and the eligible charge.

+ The Kaiser prescription drug coverage is included under the Kaiser HMO medical plan.

Medical Plan Benefits – EUTF Medicare Retirees

Medical	HMSA 90/10 PPO Plan (Supplemental Plan to Medicare)		Humana Medicare Advantage Plan	Kaiser Senior Advantage Plan
	In-Network	Out-of-Network	In-Network/ Out-of-Network	HMO Network
Calendar Year Deductible	\$100 per person \$300 per family		\$100 per person	None
Calendar Year Maximum Out-of-Pocket Limit	\$2,500 per person \$7,500 per family		\$2,500 per person	\$2,000 per person \$6,000 per family
Lifetime Benefit Maximum	None		None	None
Physician Office Visit	10%*	30%	10%*	\$15
Online Care (through hmsaonlinecare.com, myhumana.com, or kp.org)	No charge*	Not covered	Primary Care: No charge Specialist: 10% Behavioral Health and Substance Abuse: No charge	No charge
Urgent Care Visit	10%*	30%	10%*	\$15
Emergency Room	10%*	10%*	10%* (waived if admitted to the hospital within 24 hours)	\$50
Ambulance Air	20%	20%	10%	20%
Ambulance Ground	20%	30%	10%	20%
Inpatient Hospital Services	10%*	30%	10%	No charge
Outpatient Surgery	10%*	30%	10%	\$15
Outpatient Testing, Lab, and X-ray Services	20%*	30%	10%	No charge
Annual Physical Exam	No charge*	30%*	No charge*	No charge
Preventative Screening	20%*	30%	No charge*	No charge
Inpatient Mental Health	10%*	30%	10%	No charge
Outpatient Mental Health	10%*	30%	Facility: 10% Physician visit: 10%*	\$15
Chiropractic Services	Not covered	Not covered	10%* For Medicare-covered services only	\$15 For Medicare-covered services only

* Not subject to the deductible



Medical Plan Benefits – HSTA VB Medicare Retirees

Medical	HMSA 90/10 PPO Plan		Kaiser Senior Advantage Plan
	In-Network	Out-of-Network	HMO Network
Calendar Year Deductible	None	\$100 per person \$300 per family	None
Calendar Year Maximum Out-of-Pocket Limit	\$2,000 per person \$6,000 per family		\$2,000 per person \$6,000 per family
Lifetime Benefit Maximum	\$2,000,000 for all individuals combined; \$25,000/ calendar year thereafter		None
Physician Office Visit	10%	30%	\$15
Online Care (through hmsaonlinecare.com or kp.org)	No charge	Not covered	No charge
Urgent Care Visit	10%	30%	\$15
Emergency Room	10%	10%*	\$50
Ambulance Air	10%	10%*	20%
Ambulance Ground	10%	30%	20%
Inpatient Hospital Services	10%	30%	No charge
Outpatient Surgery	10%	30%	\$15
Outpatient Testing, Lab, and X-ray Services	10%	30%	No charge
Annual Physical Exam	No charge (limits apply)	No charge* (limits apply)	No charge
Preventative Screening	10%	30%	No charge
Inpatient Mental Health	10%	30%	No charge
Outpatient Mental Health	10%	30%	\$15
Chiropractic Treatment (administered through American Specialty Health, Inc.)	\$12 (20 visits per year)	Not covered	\$12 (20 visits per year)

* Not subject to the deductible

Prescription Drug Plan Benefits – EUTF Medicare Retirees

Prescription Drug	SilverScript (SSI) Medicare Part D PPO Drug Plan*		Kaiser Senior Advantage Plan+	
	In-Network/ Mail Order	Out-of-Network**	HMO Network	Mail Order
Calendar Year Maximum Out-of-Pocket Limit	\$2,000/person		\$2,000/ person for Medicare Part D medications	
Day Supply	30/60/90		30/60/90	
Generic	\$5/\$10/\$10	20%	\$15/\$30/\$45	\$15/\$30/\$30
Preferred Brand	\$15/\$30/\$30	20%		
Non-Preferred Brand	\$40/\$80/\$80	20%		
Insulin	\$5/\$10/\$10	20%	\$15/\$30/\$45	Not covered
Diabetic Supplies	No charge Meters: Covered by Medicare Part B and the HMSA and Humana medical plans	20% Meters: Covered by Medicare Part B and the HMSA and Humana medical plans	Lancets, strips & meters: 20% Syringes/ needles: \$15/\$30/\$45	Lancets, strips & meters: 20% Syringes/ needles: \$15/\$30/\$30
Specialty Drugs (including high-cost drugs as defined by CMS) and Injectables	20% up to \$250 per fill (up to a 30-day supply) Mail Pharmacy: Not covered	50% (up to a 30-day supply) Mail Pharmacy: Not covered	\$15 (up to a 30-day supply) Not all drugs can be mailed; restrictions and limitations apply	
Oral Oncology Specialty Medications	\$30	\$30 + 20%	\$15	
Medicare Part D Vaccine	No charge	No charge	No charge	

* The EUTF's Medicare Part D prescription drug plan is administered by SilverScript (SSI), the Medicare Part D administrator for CVS Caremark. This plan is the prescription drug coverage for Medicare retirees enrolled in the HMSA and Humana PPO medical plan options and for stand-alone drug coverage.

** If you receive services from an out-of-network pharmacy, you will pay full price for the prescription and must file a claim for reimbursement. You are responsible for the copayment, including the penalty %, and any difference between the actual charge and the eligible charge.

+The Kaiser Medicare Part D prescription drug coverage is included under the Kaiser Permanente Senior Advantage medical plan.

Prescription Drug Plan Benefits – HSTA VB Medicare Retirees

Prescription Drug	SilverScript (SSI) Medicare Part D PPO Drug Plan*		Kaiser Senior Advantage Plan+	
	In-Network/Mail Order	Out-of-Network**	HMO Network	Mail Order
Calendar Year Maximum Out-of-Pocket Limit	\$2,000/person		\$2,000/person for Medicare Part D medications	
Day Supply	30/60/90		30/60/90	
Generic	\$3/\$9/\$9	30%	\$10/\$20/\$30	\$10/\$20/\$20
Brand	\$9/\$27/\$27	30%		
Insulin	\$3/\$9/\$9	30%	\$10/\$20/\$30	Not covered
Diabetic Supplies	No charge Meters: Covered by Medicare Part B and the HMSA medical plan	30% Meters: Covered by Medicare Part B and the HMSA medical plan	20%	20%
Specialty Drugs/Injectables	Generic/brand copays apply (up to a 30-day supply) Mail Pharmacy: Not covered		\$10 (up to a 30-day supply) Not all drugs can be mailed; restrictions and limitations apply	
Oral Oncology Specialty Medications	No charge	30%	\$10	
Medicare Part D Vaccine	No charge	No charge	No charge	

* The HSTA VB's Medicare Part D prescription drug plan is administered by SilverScript (SSI), the Medicare Part D administrator for CVS Caremark. This plan is the prescription drug coverage for Medicare retirees enrolled in the HMSA PPO medical plan option.

** If you receive services from an out-of-network pharmacy, you will pay full price for the prescription and must file a claim for reimbursement. You are responsible for the copayment, including the penalty %, and any difference between the actual charge and the eligible charge.

+The Kaiser Medicare Part D prescription drug coverage is included under the Kaiser Permanente Senior Advantage medical plan.

Dental Plan Benefits (Hawaii Dental Service [HDS]) – EUTF & HSTA VB

DENTAL BENEFIT	PLAN COVERS
Plan Maximum per calendar year per member (Jan 1 - Dec 31)	\$2,000
Calendar Year Deductible per person – does not apply to services covered at 100%	\$50
DIAGNOSTIC	
Examinations – 2 per calendar year	100%
Bitewing X-rays – 2 per calendar year through age 14; 1 per calendar year ages 15 and older	100%
Other X-rays – full mouth X-rays limited to 1 every 5 years	100%
PREVENTIVE	
Cleanings – 2 per calendar year, additional cleanings or gum maintenance covered for expectant mothers and members with a history of cancer treatment (chemotherapy or radiation), diabetes, Sjögren’s syndrome, stroke, heart attack, congestive heart failure, kidney failure, or organ transplant	100%
Fluoride – 2 per calendar year through age 19, additional fluoride treatments for members with a history of certain cancers, Sjögren’s syndrome, or at medical risk for cavities	100%
Silver Diamine Fluoride - up to 6 teeth per service date and fillings covered after 30 days of SDF treatment	100%
Space Maintainers – through age 17	100%
Sealants – through age 18 (one treatment per tooth per lifetime to permanent molars with no prior fillings on biting surfaces)	100%
BASIC CARE – Calendar Year Deductible Applies	
Fillings – silver fillings; white-colored fillings limited to front teeth	80%
Root Canals	80%
Gum Surgeries & Maintenance – cleaning (maintenance) for gum disease limited to 2 per calendar year after qualifying gum treatment where qualifying gum treatment is one or more of the following: <ul style="list-style-type: none"> • Root Planing and Scaling – 1 every 2 years per quadrant • Gum/Bone Surgeries – 1 every 3 years per quadrant 	80%
Oral Surgeries	80%
MAJOR CARE – Calendar Year Deductible Applies	
Crowns – 1 every 5 years when teeth cannot be restored with silver or white fillings; white crowns limited to front teeth and bicuspid	60%
Fixed Bridges & Dentures – 1 every 5 years; age 16 and older	60%
Implants – 1 every 5 years; age 19 and over	60%
OTHER SERVICES	
Adjunctive General Services	80%
Emergency Treatments of Dental Pain	100%



Vision Plan Benefits (Vision Service Plan [VSP]) – EUTF & HSTA VB

Vision Exam & Eye Wear Benefits: Members can have an eye exam and choose between a pair of lenses or contact lenses every calendar year. Frames are covered every other calendar year.				
Vision Benefit	Frequency	In-Network	In-Network Extra Discounts/Savings*	Out-of-Network Plan Pays
Exam	Every calendar year	\$10 copay	Retinal screening: \$39 copay max	Up to \$45
Prescription Glasses		\$25 copay	N/A	
Prescription Glasses Frame	Every other calendar year	\$150 allowance	20% off out-of-pocket cost	Up to \$47
Prescription Glasses Lenses: <ul style="list-style-type: none"> - Single vision lenses - Lined bifocal lenses - Lined trifocal lenses - Standard progressive lenses - Premium progressive lenses - Custom progressive lenses - Lenticular lenses - Polycarbonate lenses for dependent children up to age 18 - UV protection 	Every calendar year	Included in \$25 copay Included in \$25 copay Included in \$25 copay Included in \$25 copay \$80-\$90 copay \$120-\$160 copay No charge No charge No charge	Lens Enhancements: Average 40% savings Additional glasses and sunglasses: 30% off from the same VSP doctor on the same day as your exam or 20% off from any VSP doctor within 12 months of your last exam	Up to \$45 Up to \$65 Up to \$85 Up to \$85 Up to \$85 Up to \$85 Up to \$125 Not covered Not covered
Contact Lenses (instead of glasses) <ul style="list-style-type: none"> - Contact lenses fitting and evaluation - Contact lenses (elective) - Contact lenses (medically necessary) 	Every calendar year	\$60 copay max \$130 allowance No charge	15% off N/A N/A	Not covered Up to \$105 Up to \$210
Essential Medical Eye Care <ul style="list-style-type: none"> - Retinal screening for members with diabetes - Additional exams and services to treat urgent and medical eye care 	As needed	No charge \$20 per exam	N/A N/A	Not covered Not covered
Laser Vision Correction		Not covered	Average 15% off the regular price or 5% off the promotional price	Not covered

* Discounts not applicable at retail locations such as Costco, Walmart, and Sam's Club

Summary of Benefit Eligibility (For Members Hired Prior to 7/1/2012)

	Noncontributory Plan	Contributory Plan	Hybrid Plan
Normal Retirement	Age 62 and 10 years credited service; or age 55 and 30 years credited service	Age 55 and 5 years credited service	Age 62 and 5 years credited service; or age 55 and 30 years credited service
Early Retirement	Age 55 and 20 years credited service	Any age and 25 years credited service	Age 55 with 20 years credited service
Deferred Vesting	10 years credited service	5 years credited service and contributions left in the ERS	5 years credited service and contributions left in the ERS
Ordinary Disability	10 years credited service	10 years credited service	10 years credited service
Service-Connected Disability	Any age or credited service	Any age or credited service	Any age or credited service
Ordinary Death	Active employee at time of death with at least 10 years of credited service	Active employee at time of death with at least 1 year of service	Active employee at time of death with at least 5 years of service
Service-Connected Death	Any age or service	Any age or service	Any age or service

The benefit eligibilities summarized above apply to teachers and most State and County employees. Special provisions applicable to other groups of employees are outlined below:

Police officers, firefighters, investigators of the Department of the Prosecuting Attorney and the Attorney General, narcotic enforcement investigators, and public safety investigators may retire at age 55 with 5 years of credited service or at any age with 25 years of credited service.

Judges, elected officials, and legislative officers may retire at age 55 with at least 5 years of credited service, or at any age with at least 10 years of credited service. Judges hired after June 30, 1999 require 25 years of credited service in order to retire before age 55.

Sewer workers in specified classifications, water safety officers, and emergency medical technicians (EMTs) may retire at any age if they are credited with 25 years of such service with the last 5 or more years in these occupations. (The 25-year feature is phased in through 7/1/2008 for EMTs.)

Sewer workers in specified classifications, water safety officers, and emergency medical technicians (EMTs) that transfer to the Hybrid Plan may retire at age 62 with 5 years of credited service or at any age if they are credited with 25 years of such service with the last 5 or more years in these occupations.



Summary of Benefit Eligibility (For Members Hired After 6/30/2012)

	Contributory Plan (for Police/Fire)	Contributory Plan (for Judges/Elected Officers)	Hybrid Plan
Normal Retirement	Age 60 and 10 years credited service	Age 60 and 10 years credited service	Age 65 and 10 years credited service; or age 60 and 30 years credited service Sewer workers, water safety officers, and EMTs may retire with 25 years credited service at age 55
Early Retirement	Age 55 and 25 years credited service	Age 55 and 25 years credited service any age with 10 years for elected officers	Age 55 with 20 years credited service Sewer workers, water safety officers, and emergency medical technicians (EMTs) may retire with 25 years credited service
Deferred Vesting	10 years credited service and contributions left in the ERS	10 years credited service and contributions left in the ERS	10 years credited service and contributions left in the ERS
Ordinary Disability	10 years credited service	10 years credited service	10 years credited service
Service-Connected Disability	Any age or credited service	Any age or credited service	Any age or credited service
Ordinary Death	Active employee at time of death with at least 1 year of credited service	Active employee at time of death with at least 1 year of credited service	Active employee at time of death with at least 10 years of service
Service-Connected Death	Any age or service	Any age or service	Any age or service



SECTION F

SUMMARY OF PARTICIPANT DATA

Active Employee Age/Service Distribution

Attained Age	Years of Credited Service												Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
Under 25	607	402	97	26	7	2	-	-	-	-	-	-	1,141
25-29	853	976	756	443	377	458	2	-	-	-	-	-	3,865
30-34	715	792	625	456	561	2,330	302	1	-	-	-	-	5,782
35-39	551	619	505	349	477	2,483	1,659	297	-	-	-	-	6,940
40-44	512	528	446	326	403	2,077	1,792	1,873	298	1	-	-	8,256
45-49	404	460	361	257	339	1,697	1,458	1,966	1,735	167	1	-	8,845
50-54	334	402	296	211	286	1,413	1,132	1,624	1,962	1,503	274	2	9,439
55-59	269	289	252	167	217	1,101	916	1,316	1,366	1,240	1,300	141	8,574
60-64	151	193	169	111	194	934	799	1,151	1,076	734	937	597	7,046
65 & Over	99	102	90	81	124	747	651	750	764	479	588	816	5,291
Total	4,495	4,763	3,597	2,427	2,985	13,242	8,711	8,978	7,201	4,124	3,100	1,556	65,179

Inactive Age Distribution

Age	Deferred Inactives	Retirees	Total
<35	37	22	59
35-39	503	2	505
40-44	1,159	20	1,179
45-49	1,436	64	1,500
50-54	1,683	397	2,080
55-59	1,782	1,774	3,556
60-64	1,507	4,458	5,965
65-69	502	8,695	9,197
70-74	182	11,260	11,442
75-79	18	10,919	10,937
80-84	3	7,409	7,412
85-89	3	4,533	4,536
90-94	4	2,818	2,822
95+	0	1,351	1,351
Total	8,819	53,722	62,541



**Hawaii Employee-Union Trust Fund
Distribution by Health Plan and Coverage Type**

Actives

	<u>Single</u>	<u>Two-Party</u>	<u>Family</u>	<u>Waived</u>	<u>Total</u>
PPO	20,110	5,941	9,153	N/A	35,204
HMO	8,419	2,393	3,414	N/A	14,226
Others	169	119	283	N/A	571
Waived				15,178	15,178
Total Medical					65,179

Dental	28,173	11,241	13,226	12,539	65,179
Vision	27,818	10,449	12,285	14,627	65,179

Retirees

	<u>Single</u>	<u>Two-Party</u>	<u>Family</u>	<u>Total</u>
PPO	24,542	15,450	1,487	41,479
HMO	5,206	2,661	225	8,092
Medicare Adv	111	36	3	150
Others	161	94	17	272
Total Medical				49,993

Dental	29,974	19,134	1,745	50,853
Vision	29,935	19,083	1,764	50,782
Life				47,641

SECTION G

ACTUARIAL ASSUMPTIONS AND METHODS

Summary of Actuarial Assumptions and Methods

The actuarial assumptions used in the valuation are shown in this Section. Assumptions that are specific to certain groups (i.e. General Employees, Teachers, Police and Firefighters) are discussed under the first subsection that follows. Assumptions that are common to all types of members and unique to this valuation are then shown on the following pages.

Demographic and Certain Economic Assumptions

This actuarial valuation of the OPEB is similar to the actuarial valuations performed for ERS. All of the demographic assumptions and most of the economic assumptions used in this OPEB Valuation were identical to those used in the June 30, 2024 retirement system valuations performed by Gabriel, Roeder, Smith and Company. The assumptions which are common to the pension and OPEB valuations are described in Appendix A of this report.

Healthcare and Other Economic Assumptions

General Inflation was assumed to be 2.50% per year.

The rate of investment return was assumed to be 7.00% a year, compounded annually net after investment expenses. The assumed real return is the rate of return in excess of price inflation. Considering other assumptions used in the valuation, the nominal rate translates to a net real return of 4.50% a year.

Health Cost and Premium Increases – See table below

Year	HMSA (PPO)	Kaiser (HMO)	Dental	Vision	Part B Premiums
2026	6.20%	6.20%	4.00%	2.50%	5.00%
2027	6.10%	6.10%	4.00%	2.50%	5.00%
2028	6.00%	6.00%	4.00%	2.50%	5.00%
2029	5.90%	5.90%	4.00%	2.50%	5.00%
2030	5.80%	5.80%	4.00%	2.50%	5.00%
2031	5.70%	5.70%	4.00%	2.50%	5.00%
2032	5.60%	5.60%	4.00%	2.50%	5.00%
2033	5.50%	5.50%	4.00%	2.50%	5.00%
2034	5.40%	5.40%	4.00%	2.50%	5.00%
2035	5.30%	5.30%	4.00%	2.50%	5.00%
2036	5.20%	5.20%	4.00%	2.50%	5.00%
2037	5.10%	5.10%	4.00%	2.50%	5.00%
2038	5.00%	5.00%	4.00%	2.50%	5.00%
2039	4.90%	4.90%	4.00%	2.50%	4.90%
2040	4.80%	4.80%	4.00%	2.50%	4.80%
2041	4.70%	4.70%	4.00%	2.50%	4.70%
2042	4.60%	4.60%	4.00%	2.50%	4.60%
2043	4.50%	4.50%	4.00%	2.50%	4.50%
2044	4.40%	4.40%	4.00%	2.50%	4.40%
2045	4.30%	4.30%	4.00%	2.50%	4.30%
2046	4.25%	4.25%	4.00%	2.50%	4.25%

The premiums for 2025 were known at the time of the valuation. The first trend rate shown above is assumed to occur at 1/1/2026. Future increases are also assumed to occur on 1/1. The HMSA and Kaiser trend rates are blended rates used to project both medical and prescription drug costs.

The trend rates shown above for the Part B premiums apply to the BMC and the Part B premiums.

The 4.25% ultimate trend assumption for the HMSA and Kaiser plans is comprised of 2.50% long-term price inflation + 1.75% real GDP growth.

Healthcare and Other Economic Assumptions (Continued)

Plan Participation

The plan participation rates were assumed to vary based on the employer contribution percentage, as follows:

Employer Contribution	Rates of Participation		
	Medical, Prescription Drug, Dental and Vision	Life Insurance	Medicare Part B
0%	25%	100%	98%
50%	65%	100%	98%
75%	90%	100%	98%
100%	98%	100%	98%

The same assumptions were used for terminated participants with vested pension benefits. However, current active employees who terminate service prior to the age of 35 are not assumed to ever participate in the retiree health plan.

For current retirees, the actual family coverage election is used. For future retirees, the family coverage assumptions are 35% single / 50% two-party / 15% family prior to age 65 and 50% single / 50% two-party after the age of 65. It was assumed 45% of eligible future retirees would receive Medicare Part-B reimbursements for a spouse. For those that elect two-party or family coverage, it was assumed that coverage would continue to the spouse upon death of the retiree.

Plan Elections

For current retirees, plan elections were based on the plan in which they are currently enrolled. For future retirees, plan participation was assumed to be 82% HMSA / 18% Kaiser.

Administration Fees

The following table provides the 2025 monthly administration fees. The EUTF Board approved to pay third party administration fees through December 31, 2028, using the Agency Fund assets. As a result, it was assumed that the administration fees would be in addition to the premiums shown in Section E for years after 2028.

Monthly Fee	Single Party	Two-Party	Family
Medical and Drug	\$5.66	\$11.32	\$16.98
Dental	0.38	0.76	1.14
Vision	0.04	0.08	0.12
Life	0.04	0.04	0.04

Healthcare and Other Economic Assumptions (Continued)

Aging Factors: In any given year, the cost of medical and prescription drug benefits vary by age. As the ages of retirees in the covered population increase so does the cost of benefits. Morbidity tables are employed to develop Per Capita Costs at every relevant age. The following table represents the percent by which the cost of medical and prescription drug benefits at one age is higher than the cost for the previous age. For example, according to the following table, the cost of benefits for a male age 55 is 5.50% higher than for one age 54. These percentages below are separate from the annual Medical Trend, which operates to increase costs independent of and in addition to the Aging Factors shown below.

Sample Ages	Cost Increases by Age	
	Male	Female
45	4.66%	1.88%
50	5.83%	3.53%
55	5.50%	2.85%
60	5.06%	3.45%
65	3.34%	3.28%
70	1.77%	2.02%
75	1.15%	1.32%
80	0.82%	1.05%
85	-0.27%	0.49%
90	-0.32%	0.03%

Actuarial Methods

The individual entry age actuarial cost method was used in determining liabilities and normal cost. Differences between assumed experience and actual experience (“actuarial gains and/or losses”) become part of actuarial accrued liabilities.

Unfunded actuarial accrued liabilities are amortized to produce payments (principal & interest) which are a level percent of payroll. Closed bases will be established at each valuation for new unfunded liabilities. If experience produces a loss, the new base will be amortized over a period of 20 years. Experience gains will be amortized over the same period as the initial liability base, until the initial liability base is fully amortized.

Miscellaneous and Technical Assumptions

Actuarial Value of Assets	The actuarial value of assets is based on the market value of assets with a four-year phase-in of actual investment return in excess of (less than) expected investment income. Offsetting unrecognized gains and losses are immediately recognized, with the shortest remaining bases recognized first and the net remaining bases continue to be recognized on their original timeframe. The expected actuarial value of assets is calculated net of investment expenses, and the expected investment return is equal to the assumed investment return rate multiplied by the prior year's actuarial value of assets, adjusted for contributions, benefits paid, and refunds.
Claims Utilization	To model the impact of aging on the underlying health care costs, the valuation relied on the Society of Actuaries' 2013 Study "Health Care Costs – From Birth to Death". Chart 1 (2010 Aggregate Commercial Costs) was used to model the impact of aging for ages less than 65 and Table 4 (Development of Plan Specific Medicare Age Curve) was used to model the impact of aging for ages 65 and over.
Marriage Assumption	100% of males and females are assumed to be married for purposes of death-in-service benefits. For future retirees, husbands are assumed to be four years older than wives.
Pay Increase Timing	Beginning of (fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
Decrement Timing	Except for teachers, decrements of all types are assumed to occur mid-year. For teachers, the normal retirement, early retirement and termination decrements are assumed to occur at the beginning of the year.
Eligibility Testing	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Decrement Operation	Disability and mortality decrements are added to the termination decrements during the first 5 years. Disability is added to the retirement decrement during retirement eligibility.

Miscellaneous and Technical Assumptions (continued)

Deferred Age	Terminated employees with vested pension benefits are assumed to commence their benefit at age 62 or their current age if they are older than 62 as of the valuation date.
Timing of ARC Contributions	The ARC is assumed to be received at the middle of the year.
Administrative Expenses	Third party administrative expenses related to providing benefits are included in the age-rated costs. The administrative costs related to operating the trust are included in the normal cost.
Reliance on Other Actuaries	We have relied on the premiums developed by Segal Consulting for the self-insured prescription drug benefit.
Assumption, Method And Plan Changes	There were no assumption changes this year.

APPENDIX A

DEMOGRAPHIC AND CERTAIN ECONOMIC ASSUMPTIONS

Demographic and Certain Economic Assumptions

A. Economic Assumptions

1. Wage inflation: 3.00% per annum
2. Salary increase rate: As shown below

Years of Service	General Employees		Teachers	
	Service-related Component	Total Rate Including 2.50% Inflation Component and 1.25% Productivity Component	Service-related Component	Total Rate Including 2.50% Inflation Component and 1.25% Productivity Component
1	3.00%	6.75%	3.00%	6.75%
2	3.00%	6.75%	3.00%	6.75%
3	2.00%	5.75%	2.00%	5.75%
4	1.50%	5.25%	1.50%	5.25%
5	1.50%	5.25%	1.50%	5.25%
6	1.25%	5.00%	1.25%	5.00%
7	1.25%	5.00%	1.25%	5.00%
8	1.00%	4.75%	1.00%	4.75%
9	1.00%	4.75%	1.00%	4.75%
10	1.00%	4.75%	1.00%	4.75%
11	0.75%	4.50%	0.75%	4.50%
12	0.75%	4.50%	0.75%	4.50%
13	0.50%	4.25%	0.50%	4.25%
14	0.50%	4.25%	0.50%	4.25%
15	0.50%	4.25%	0.50%	4.25%
16	0.50%	4.25%	0.50%	4.25%
17	0.50%	4.25%	0.50%	4.25%
18	0.50%	4.25%	0.50%	4.25%
19	0.50%	4.25%	0.50%	4.25%
20	0.25%	4.00%	0.25%	4.00%
21	0.25%	4.00%	0.25%	4.00%
22	0.25%	4.00%	0.25%	4.00%
23	0.25%	4.00%	0.25%	4.00%
24	0.25%	4.00%	0.25%	4.00%
25 or more	0.00%	3.75%	0.00%	3.75%

2. Salary increase rates (continued):

Years of Service	Police & Firefighters	
	Service-related Component	Total Annual Rate of Increase Including 2.50% Inflation Component and 2.50% General Increase Rate
1	1.00%	6.00%
2	1.00%	6.00%
3	1.00%	6.00%
4	1.00%	6.00%
5	1.00%	6.00%
6	1.00%	6.00%
7	1.00%	6.00%
8	1.00%	6.00%
9	1.00%	6.00%
10	1.00%	6.00%
11	1.00%	6.00%
12	1.00%	6.00%
13	1.00%	6.00%
14	1.00%	6.00%
15	1.00%	6.00%
16	0.75%	5.75%
17	0.75%	5.75%
18	0.75%	5.75%
19	0.50%	5.50%
20	0.50%	5.50%
21	0.50%	5.50%
22	0.25%	5.25%
23	0.25%	5.25%
24	0.25%	5.25%
25 or more	0.00%	5.00%

Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period between the valuation date and the first anniversary of the valuation date is equal to the reported pay for the prior year, annualized if necessary, and then increased by the salary increase assumption. To adjust the pays received as of March 31st to the June 30th valuation date, the reported pay for each member is increased by 1%.

B. Demographic Assumptions

1. Mortality rates:

Active Members: Multiples of the Pub-2010, Employee Tables for active employees based on the occupation of the member as follows:

Type	General Employees		Teachers		Police and Fire	
	Male & Female	Male & Female	Male & Female	Male & Female	Male & Female	Male & Female
Ordinary	94%		92%		80%	
% of Ordinary	41%		52%		24%	
Choosing Annuity						
Duty Related	6%		8%		20%	

Healthy Retirees: The 2022 Public Retirees of Hawaii mortality tables. The rates are projected on a fully generational basis by the long-term rates of scale UMP from the year 2022 and with multipliers and setbacks based on plan and group experience. The following are sample rates of the base table with the corresponding multipliers:

Healthy Annuitant Mortality Rates Before Projection (Multiplier Applied)

Age	General Employees		Teachers		Police and Fire	
	Male	Female	Male	Female	Male	Female
50	0.2094%	0.1276%	0.1698%	0.0951%	0.2421%	0.1130%
55	0.3215%	0.1687%	0.2883%	0.1596%	0.3473%	0.1633%
60	0.5570%	0.3095%	0.4672%	0.2467%	0.6179%	0.2799%
65	0.8041%	0.4488%	0.7256%	0.4063%	0.8426%	0.4283%
70	1.2621%	0.7066%	1.0762%	0.6015%	1.4172%	0.6565%
75	2.0700%	1.0964%	1.7879%	0.9358%	2.3227%	1.0121%
80	3.5996%	2.1275%	3.0429%	1.6565%	4.1824%	1.8863%
85	6.5891%	4.1569%	5.5564%	3.2698%	7.6513%	3.6977%
90	11.9340%	8.3647%	10.1056%	6.5007%	13.6689%	7.3991%
Multiplier	102%	98%	97%	101%	93%	100%
Setback	0	-1	1	1	-2	0

The following table provides the life expectancy for individuals retiring in future years based on the assumption with full generational projection:

Life Expectancy for an Age 65 Retiree in Years

Gender	Year of Retirement				
	2025	2030	2035	2040	2045
General Retirees					
Male	22.8	23.2	23.5	23.9	24.2
Female	26.3	26.6	26.9	27.2	27.5
Teachers					
Male	24.1	24.5	24.9	25.2	25.5
Female	28.0	28.3	28.6	28.9	29.2
Police and Fire					
Male	21.8	22.1	22.4	22.8	23.1
Female	27.1	27.4	27.7	28	28.3

Disabled retirees: Base Table for healthy retirees' occupation, set forward 3 years, projected on a fully generational basis by the scale MP21 with immediate convergence from the year 2022. Minimum mortality rate of 3.5% for males and 2.5% for females.

- Disability rates – The assumed total disability rates at select ages are multiples of the client specific table that follows:

Age	Male & Female
25	0.000%
30	0.001%
35	0.008%
40	0.026%
45	0.064%
50	0.146%
55	0.198%
60	0.217%

Note: The disability rates project the percentage of employees at each age that is assumed to become disabled before retiring. Multiples of the rates above are assumed to be ordinary disability or accidental disability, and varies by employee group as follows:

Type	General Employees	Teachers	Police and Fire
	Male & Female	Male & Female	Male & Female
Ordinary	200%	100%	50%
Accidental	60%	8%	120%

3. Termination Rates - Same male and female rates, based solely on the member's service. Rates reflect terminations for causes other than death, disability or retirement. Employees eligible for retirement are assumed to have no probability of termination. Sample rates are shown below:

Years of Service	Expected Terminations per 1000 Lives (Male & Female)		
	General Employees	Teachers	Police & Fire
0	177.2	0.0	140.0
1	142.2	197.9	52.4
2	114.2	165.2	41.3
3	92.0	134.8	34.8
4	74.8	108.2	30.2
5	61.7	86.3	26.6
6	51.9	69.4	23.7
7	44.7	57.3	21.3
8	39.6	49.4	19.1
9	35.8	44.5	17.2
10	32.8	41.0	15.6
11	30.3	35.8	10.6
12	27.9	32.4	10.0
13	22.6	29.1	9.4
14	19.8	26.1	8.8
15	17.7	23.2	8.2
16	16.1	20.6	7.6
17	14.8	18.1	7.0
18	13.7	15.8	6.4
19	12.8	13.6	5.8
20	11.9	11.7	5.2
21	11.1	10.0	4.6
22	10.2	8.4	4.0
23	9.3	7.0	3.4
24	8.3	5.8	2.8
25	7.1	4.8	0.0
26	6.0	4.0	0.0
27	4.7	3.3	0.0
28	3.5	2.8	0.0
29	2.4	2.6	0.0
30	0.0	2.5	0.0
31 and more	0.0	0.0	0.0

4. Retirement rates - Separate male and female rates, based on age. Sample rates are shown below:

Contributory Members

Expected Retirements per 100 Lives									
Age	General Employees				Teachers				Police/Fire
	Unreduced Retirement		Reduced Retirement		Unreduced Retirement		Reduced Retirement		Unreduced Retirement
	Male	Female	Male	Female	Male	Female	Male	Female	Male & Female
45	0	0	0	0	0	0	0	0	15.5
46	0	0	0	0	0	0	0	0	15.5
47	0	0	0	0	0	0	0	0	15.5
48	0	0	0	0	0	0	0	0	15.5
49	0	0	0	0	0	0	0	0	15.5
50	0	0	0	0	0	0	1	0	18.0
51	0	0	2	1	0	0	1	1	18.0
52	0	0	2	1	0	0	1	1	18.0
53	0	0	2	1	0	0	2	2	18.0
54	0	0	3	2	0	0	3	3	18.0
55	25	20			20	18			22.0
56	25	20			15	16			22.0
57	16	13			15	16			22.0
58	16	13			15	16			24.0
59	13	13			15	16			27.0
60	13	15			14	18			30.0
61	13	15			14	18			30.0
62	28	25			14	25			30.0
63	20	20			14	20			30.0
64	20	20			14	15			30.0
65	20	20			20	25			100.0
66	18	20			15	25			
67	18	20			15	20			
68	18	20			15	20			
69	18	20			15	20			
70	20	20			15	20			
71	20	20			15	20			
72	20	20			15	20			
73	20	20			15	20			
74	20	20			15	20			
75	100	100			100	100			

For Members hired after June 30, 2012 the retirement rates for members once they reach unreduced retirement eligibility are increased 10% (multiplicative) for each year the member is beyond the age othe member would have been eligible under the provisions for members hired prior to June 30, 2012.

Noncontributory Members

Age	Expected Retirements per 100 Lives									
	General Employees						Teacher			
	Unreduced		25 & Out		Reduced		Unreduced		Reduced Retirement	
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
55	20	11	15	11	1	1	10	13	1	2
56	18	11	23	11	1	1	10	7	1	2
57	13	11	18	11	1	1	10	8	1	2
58	10	11	15	11	2	2	10	10	2	2
59	10	11	15	11	2	2	10	20	3	3
60	10	14	15	14	4	4	10	11	5	5
61	11	18	16	18	4	4	10	16	7	5
62	20	20	25	20			16	25		
63	20	20	25	20			12	20		
64	12	20	17	20			10	15		
65	14	20	19	20			20	25		
66	20	20	25	20			15	25		
67	20	20	25	20			15	25		
68	20	20	25	20			15	25		
69	20	20	25	20			15	25		
70	20	20	25	20			15	25		
71	20	20	25	20			15	25		
72	20	20	25	20			15	25		
73	20	20	25	20			15	25		
74	20	20	25	20			15	25		
75	100	100	100	100			100	100		

Note: Retirement rates for the 25&out group age 50-54 are 15% for male and 11% for female.

Hybrid Members

Age	Expected Retirements per 100 Lives							
	General Employees				Teachers			
	Unreduced		Reduced		Unreduced		Reduced	
	Male	Female	Male	Female	Male	Female	Male	Female
55	18	18	1	1	20	16	2	2
56	12	13	1	1	13	10	2	2
57	12	13	1	1	13	10	2	2
58	16	13	2	2	13	12	2	2
59	16	13	2	2	13	12	3	3
60	14	13	4	4	14	14	3	5
61	14	15	4	4	14	18	3	10
62	21	20			22	30		
63	18	20			14	20		
64	18	20			14	20		
65	21	20			20	25		
66	18	18			15	25		
67	18	18			15	25		
68	18	18			15	25		
69	18	18			15	25		
70	20	20			15	25		
71	20	20			15	25		
72	20	20			15	25		
73	20	20			15	25		
74	20	20			15	25		
75	100	100			100	100		

Note: For the 25&out group with membership dates before July 1, 2012, the retirement rates prior to age 55 are 6% for both male and female.

For members hired after June 30, 2012 the retirement rates for members once they reach unreduced retirement eligibility are increased 10% (multiplicative) for each year the member is beyond the age the member would have been eligible under the Hybrid provisions for members hired prior to June 30, 2012.

APPENDIX B

GLOSSARY

DRAFT

Glossary

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Equivalent. A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Annual Required Contribution (ARC). The ARC is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ARC is an amount that is actuarially determined in accordance with the requirements so that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both the normal cost for each year and the amortized unfunded liability.

Medical Trend Rate (Health Inflation). The increase in the plan's cost over time. Trend includes all elements that may influence a plan's cost, assuming that enrollments and the plan benefits do not change. Trend includes such elements as, pure price inflation, changes in utilization, advances in medical technology, and cost shifting.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Other Post-Employment Employee Benefits (OPEB). OPEB are post-employment benefits other than pensions. OPEB generally takes the form of health insurance and dental, vision, prescription drugs or other healthcare benefits.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."

Valuation Assets. The value of current plan assets recognized for valuation purposes.



***Presentation to the Board of Trustees
of the Hawaii Employer-Union
Health Benefits Trust Fund***

*Financial Audit of the EUTF
Year Ended June 30, 2024*

January 13, 2025



***Exit Conference
Financial Audit of the EUTF
Agenda***

- ▶ Presenters:
 - Ralph Kanetoku, Partner
 - Robyn Kawamura, Partner

- ▶ Scope of Services and Reports Delivered

- ▶ Information on the Conduct of Our Audit

- ▶ GASB Statement No. 101, *Compensated Absences*

- ▶ Management Letter Comment

- ▶ Open Discussion

Scope of Services and Reports Delivered Year Ended June 30, 2024

Scope of Services

- ▶ Audit of the financial statements of the Hawaii Employer-Union Health Benefits Trust Fund, State of Hawaii (the EUTF) as of and for the year ended June 30, 2024.
- ▶ Audit of the fiduciary net position by employer as of June 30, 2024 and 2023, and the changes in fiduciary net position by employer for the year ended June 30, 2024.
- ▶ Examination of the EUTF management's assertion that significant elements of census data by the EUTF's actuary were complete and accurate.

Reports Delivered

- ▶ Independent auditors' report on the EUTF's financial statements
 - Auditing Standards Generally Accepted in the United States of America
 - Government Auditing Standards
 - Unmodified opinion on financial statements

Scope of Services and Reports Delivered, cont. Year Ended June 30, 2024

Reports Delivered, continued

- ▶ Independent auditors' report on internal control over financial reporting and on compliance
 - No material weaknesses in internal control over financial reporting
 - No instances of noncompliance or other matters noted

- ▶ Required communications letter to the State Auditor and the Board of Trustees of the EUTF

- ▶ Independent auditors' report on the schedule of changes in fiduciary net position by Employer
 - Unmodified opinion on the schedule

- ▶ Independent accountants' report on census data
 - Unmodified opinion on census data

Information on the Conduct of Our Audit Year Ended June 30, 2024

Qualitative Aspects of Accounting Policies

Management has the responsibility for the selection and use of appropriate accounting policies. The significant accounting policies used by the EUTF are described in Note 2 to the financial statements.

There were no new significant accounting policies adopted and the application of existing policies was not changed during 2024.

We noted no transactions entered into by the EUTF during the year for which there is a lack of authoritative guidance or consensus.

All significant transactions have been recognized in the financial statements in the proper period.

Information on the Conduct of Our Audit, cont. Year Ended June 30, 2024

No Significant Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

No Disagreements with Management

There were no disagreements with management on financial accounting, reporting, or auditing matters that, if not satisfactorily resolved, would have caused a modification of our report.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management. The more significant accounting estimates affecting the EUTF's financial statements include:

- Valuation of investments
- Experience refunds due from insurance companies
- Allocated share of the State's net OPEB and pension liability

We evaluated the key factors and assumptions used by management to develop the estimates and determined that they are reasonable in the relation to the financial statements taken as a whole.

Information on the Conduct of Our Audit, cont. Year Ended June 30, 2024

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate and communicate all significant audit adjustments identified during the audit. The more significant corrected audit adjustments included:

- To record adjustments to the EUTF's allocated share of the State's net pension and OPEB liabilities.
- To record the right-to-use SBITA asset and liability in accordance with GASB Statement No. 96.
- To adjust rebates, experience refunds, and other carrier accruals based on information provided from third parties subsequent to fiscal year end.
- To record payroll costs related to temporary hazard pay.

The uncorrected misstatements identified during our audit included:

- To record carrier accruals based on information provided from third parties subsequent to fiscal year end.
- To accrue the estimated fringe benefit portion of temporary hazard pay as of June 30, 2024.

GASB Statement No. 101, Compensated Absences Year Ended June 30, 2024

GASB Statement No. 101, Compensated Absences

- ▶ Effective July 1, 2024 (for EUTF's fiscal year ending June 30, 2025)
- ▶ Requires the accrual of sick leave and salary-related payments (i.e., social security and Medicare taxes and other fringe) in the financial statements. In previous years, only footnote disclosure was required for accumulated sick leave (\$1,685,000 at June 30, 2024).
- ▶ Reported as a change in accounting principle by restating all prior periods presented and recording the cumulative effect as a restatement of beginning net position. Additional footnote disclosure about the change in accounting principle is required.

Management Letter Comment Year Ended June 30, 2024

Accounting for and Disposition of Net Amounts Due to Employees and Retirees and Medicare Part B Overpayments

We recommend that the EUTF continue to dispose of amounts due to or from employees and retirees and overpayments of Medicare Part B reimbursements by investigating and issuing refund checks or collecting repayments in a timely manner.

We also recommend that the EUTF adhere to established policies and procedures requiring timely and accurate reconciliation of accounts and transactions presented in the trial balances and the financial statements.

Furthermore, we recommend the EUTF work with their benefits administration system (BAS) consultants to ensure that all reports generated from the BAS contain complete and accurate information in order to meet the financial reporting requirements of the EUTF, as well as to facilitate the EUTF's reconciliation procedures.

The EUTF continues to implement processes and controls to remediate this finding.



Hawaii Employer-Union Health Benefits Trust Fund State of Hawaii

Management Letter

June 30, 2024

Submitted by
THE AUDITOR
STATE OF HAWAII

November 26, 2024

The Auditor
State of Hawaii:

Board of Trustees
Hawaii Employer-Union Health Benefits Trust Fund
State of Hawaii:

In planning and performing our audit of the financial statements of the Hawaii Employer-Union Health Benefits Trust Fund of the State of Hawaii and the Hawaii Employer-Union Health Benefits Trust Fund for Other Post-Employment Benefits, collectively referred to as the EUTF, as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, we considered the EUTF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the EUTF's internal control. Accordingly, we do not express an opinion on the effectiveness of the EUTF's internal control.

However, during our audit, we became aware of a certain matters that were not fully remediated as of June 30, 2024. Our comments and recommendations are summarized below. This letter does not affect our report dated November 26, 2024, on the financial statements of the EUTF. We have already discussed these comments and recommendations with the management of the EUTF, and will be pleased to discuss them in further detail at your convenience.

Accounting for and Disposition of Net Amounts Due to Employees and Retirees and Medicare Part B Overpayments

Criteria

Management is responsible for establishing and adhering to policies and procedures to ensure that 1) premiums are withheld from or charged to employees and retirees in accordance with their benefit elections and 2) Medicare Part B overpayments are researched and refunded or disposed of in a timely manner. Furthermore, management is responsible for the timely reconciliation of net amounts due to employees and retirees and Medicare Part B overpayments due from retirees to properly prepare the EUTF's financial statements in conformity with accounting principles generally accepted in the United States of America including preparing reconciliations and schedules to support the account balances and transactions presented in the EUTF's trial balances and financial statements.

Condition

As of June 30, 2024, the net amounts due to employees and retirees were approximately \$1,200,000 and \$64,000 for actives and retirees, respectively. This represents an increase of approximately \$604,000 and \$79,000 for actives and retirees, respectively, from June 30, 2023.

As of June 30, 2024, Medicare Part B overpayments were approximately \$834,000, an increase of approximately \$87,000 from June 30, 2023.

Amounts due to/from employees and retirees for health benefits and Medicare Part B overpayments at June 30, 2024 were comprised of thousands of accounts that need to be investigated, repaid, refunded, or written-off and include a significant number of old and small-dollar amounts. Disposition of these amounts and the reconciliation of net amounts due to employees and retirees and Medicare Part B overpayments is time-consuming and difficult.

Cause

A vast majority of amounts due to/from employees and retirees are primarily due to the late notifications from employers for changes in employee status, such as terminations or changes to benefit elections by employees or retirees, which resulted in late processing by the EUTF. Additionally, we did note larger individual account balances were also due to old retro amounts prior to January 1, 2022 requiring adjustment, as well as the benefits administration system's (BAS) inadvertent re-opening of coverage for individuals on non-payment status during the open enrollment process.

We were also informed by the EUTF that certain reports generated for amounts due to and from employees and retirees and Medicare Part B overpayments by the BAS report-writing subsystem did not contain all the information contained in the BAS system necessary to properly reconcile the EUTF's account balances and transactions related to amounts due to and from employees and retirees and Medicare Part B overpayments.

Effect

The EUTF spent significant time preparing the aforementioned reconciliations, including time-consuming efforts to identify, research, and dispose of discrepancies, and preparing adjustments to the general ledger, to ensure that account balances and transactions are fairly presented in the EUTF's trial balances and financial statements.

Late notifications from employers for changes in employee status, such as terminations or changes to benefit elections by employees or retirees, and BAS system generated errors resulted in incorrect health benefit deductions from employees and retirees, and if not timely processed by the EUTF, resulted in amounts being owed to, refunds, or incorrect collection or refund of premiums from employees and retirees.

Recommendation

We recommend that the EUTF continue to dispose of amounts due to or from employees and retirees and overpayments of Medicare Part B reimbursements by investigating and issuing refund checks or collecting repayments in a timely manner. We also recommend the EUTF adhere to established policies and procedures requiring timely and accurate reconciliation of accounts and transactions presented in the trial balances and the financial statements. Furthermore, we recommend the EUTF work with their BAS consultants to ensure that all reports generated from the BAS contain complete and accurate information in order to meet the financial reporting requirements of the EUTF, as well as to facilitate the EUTF's reconciliation procedures.

Views of Responsible Officials and Planned Corrective Action

Net Amounts Due to Employees and Retirees

New amounts due to employees and retirees primarily relate to deaths and terminations, including for non-payment. Although terminations are now uploaded into the Benefits Administration System (BAS), if the termination is not timely recorded in the employers' human resource information system, it will likely result in an amount due. To address the balance, we have done and plan the following:

1. In January and May 2024, we resolved balances greater than \$1,600, any amounts greater are likely amounts that need to be refunded. We will complete another such project by March 2025.
2. Will restart a process of accumulating refunds for pre-tax former State employees on a separate interface file for one-time processing by the State by March 2025 and on a recurring basis thereafter. Currently, individual refunds are manually processed and sent on the payroll file to the State.
3. Will work with TELUS Health to develop logic for the BAS to electronically identify refunds related to late terminations and refund the terminated employees through the BAS. We are unable to determine an estimated completion date at this time.
4. Continue to work with TELUS Health to correct the reports. Estimated completion date is March 2025.
5. Hire more interns through the State Department of Labor and Industrial Relations and/or 89-day employees to support the account reconciliation process. They can create account reconciliation worksheets to speed up the reconciliation process for the accountants to collect or refund premiums to employees and retirees.
6. Continue to recruit to fill the vacant Account Clerk III position. We will also be converting the other Account Clerk III position to an Accountant position.

Medicare Part B Overpayments

The primary contributor to growth of the balance during the fiscal year 2023-2024 was a Member Services Branch project to manually record deaths into the BAS that had previously not been recorded because the State Department of Health (DOH) file death file had not been uploaded into the BAS since March 2022, just prior to system implementation. The project was completed in August 2024 and EUTF staff resumed uploading the DOH death file in October 2024. To address the balance, EUTF plans the following:

1. Continue to recover overpaid Medicare Part B premium reimbursements. In 2024, we collected \$479,735 on 554 accounts.
2. Continue to write-off accounts that have been determined uncollectible. During fiscal year 2023-2024, we have written off 170 accounts totaling \$129,746 and 303 accounts totaling \$81,832 since July 2024.
3. Will work with TELUS Health to fix the Medicare Part B premium overpayment report to correctly identify overpayment balances. Estimated completion date is March 2025.
4. Fill the vacant Account Clerk IV position. Other positions in the Financial Services Branch, Financial Management Section have been assisting with the duties of this vacant position.

The EUTF's response to the management letter comment was not subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on the responses.

This communication is intended solely for the information and use of the Auditor, State of Hawaii, and the Board of Trustees and the management of the EUTF, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

KKDLY LLC



Hawaii Employer-Union Health Benefits Trust Fund State of Hawaii

Communication with Those Charged with Governance

June 30, 2024

Submitted by
THE AUDITOR
STATE OF HAWAII

November 26, 2024

The Auditor
State of Hawaii:

Board of Trustees
Hawaii Employer-Union Health Benefits Trust Fund
State of Hawaii:

We have audited the financial statements of the Hawaii Employer-Union Health Benefits Trust Fund of the State of Hawaii and the Hawaii Employer-Union Health Benefits Trust Fund for Other Post-Employment Benefits (collectively referred to as the EUTF), as of and for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 5, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the EUTF are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2024. We noted no transactions entered into by the EUTF during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the EUTF's financial statements are the valuation of investments, experience refunds due from insurance companies, incurred but not reported (IBNR) liability, and the accounting and allocation of the EUTF's portion of the State's net OPEB and net pension liabilities.

Management's estimate of the valuation of its investments is based on the following:

- Investments in U.S. government securities, including U.S. treasury and agency bonds, are based on quoted market prices or pricing models maximizing the use of observable inputs for similar securities.
- Investments in common stocks and a mutual fund are valued at the daily closing price as reported by the fund. The mutual fund held by the EUTF is an open-end fund that is registered with the SEC. The funds are required to publish their daily net asset value (NAV) and to transact at that price.
- Investments in commingled funds are valued at NAV. Investments in a money market fund were valued at the NAV of the custodian bank liquid asset portfolio. In addition, real estate and alternative investments held in limited partnerships and limited liability companies are measured at their respective NAV and are generally audited annually. The NAV is based on the fair value of the underlying assets held by the fund less its liabilities.

Management's estimate of the experience refunds due from insurance companies is based on preliminary and monthly utilization reports received from the insurance carriers.

Management's estimate of the IBNR liability is based upon an actuarial report prepared by management's third party consultant.

We evaluated the methods, assumptions, and data used in the valuation of investments, experience refunds due from insurance carriers, and the IBNR liability, and determined that they were reasonable in relation to the financial statements taken as a whole.

The State of Hawaii (the State) participates in an agent multiple-employer defined benefit healthcare and life insurance plan administered by the EUTF, and in a cost-sharing multiple-employer defined benefit pension plan administered by the Employees' Retirement System of the State of Hawaii. Measurement of the net OPEB and net pension liabilities are actuarially determined and made for the State as a whole and is not separately computed for the individual state departments and agencies such as the EUTF. The State allocates the net OPEB and the net pension liabilities to the various departments and agencies based upon a systematic methodology. We reviewed the EUTF's allocated share of the State's net OPEB and net pension liabilities, and concluded that they are fairly stated in relation to the EUTF's financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

During the course of our audit, we identified and discussed with management audit adjustments that were recorded in the EUTF's financial statements. A summary of the significant corrected misstatements is provided in Attachment I.

In addition, we identified and discussed with management audit adjustments that have not been corrected in the EUTF's financial statements as of and for the year ended June 30, 2024. We have reported these audit adjustments to management on a Summary of Uncorrected Misstatements and have received written representations from management that management believes the effects of the uncorrected misstatements are immaterial to the EUTF's financial statements taken as a whole. The uncorrected misstatements are provided in Attachment II.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 26, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the EUTF's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the EUTF's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

November 26, 2024

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Independence

Our professional standards and other regulatory requirements specify that we communicate to you in writing, at least annually, confirmation that we are independent accountants with respect to the EUTF.

We hereby confirm that as of November 26, 2024, we are independent accountants with respect to the EUTF under all relevant professional and regulatory standards.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the schedule of investment returns, and the ten-year loss development information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, which accompany the basic financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Auditor, State of Hawaii, and the Board of Trustees and management of the EUTF and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

KKDL Y LLC

Hawaii Employer-Union Health Benefits Trust Fund

Attachment I

**Summary of Significant Corrected Misstatements - Actives
Year Ended June 30, 2024**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To accrue additional CVS rebates for FY 2024.			
240	CVS Rebates Receivable	6,176,093.23	
2190	NMHC Rebate/CVS Rebate		6,176,093.23
Total		<u>6,176,093.23</u>	<u>6,176,093.23</u>
Adjusting Journal Entries JE # 2			
To adjust actives HMSA carrier receivables and payables to actual at 6/30/24.			
511C	Payable to Ins Carriers: 511C-+HMSA	11,025,350.85	
1510	Increase in Reserves		10,165,310.56
216	HMSA Final Accounting		860,040.29
Total		<u>11,025,350.85</u>	<u>11,025,350.85</u>
Adjusting Journal Entries JE # 3			
To accrue for temporary hazard pay as of 6/30/2024.			
2000	Personal Services	850,000.00	
612	Accrued Salaries & Wages		850,000.00
Total		<u>850,000.00</u>	<u>850,000.00</u>
Adjusting Journal Entries JE # 4			
To record OPEB activities for FY24 in accordance with GASB 75.			
246	Deferred Outflow - OPEB	509,280.33	
518	OPEB Liability	52,778.80	
524	Deferred Inflow - OPEB	170,881.73	
2001	Net OPEB exp - Enterprise		732,940.86
Total		<u>732,940.86</u>	<u>732,940.86</u>
Adjusting Journal Entries JE # 5			
To record pension activities for FY24 in accordance with GASB68/71.			
245	Deferred Outflow - Pension	400,501.42	
520	Deferred Inflow - Pension	259,165.84	
2000	Personal Services		46,181.51
522	Net Pension Liability		613,485.75
Total		<u>659,667.26</u>	<u>659,667.26</u>

Hawaii Employer-Union Health Benefits Trust Fund

Attachment I

Summary of Significant Corrected Misstatements - Actives
Year Ended June 30, 2024

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 6			
To record the right-to-use SBITA asset and liability in accordance with GASB 96.			
611	Accounts Payable	311,496.00	
7902	Amortization Expense - SBITA	1,082,310.24	
8610	Interest Expense (NEW ACCT FY22)	272,653.25	
KKDLY-303	Right-To-Use SBITA Asset	3,974,483.29	
352	Accumulated Amortization (NEW ACCT FY22)		1,082,310.13
621	Accrued Interest Liability (NEW ACCT FY22)		8,048.58
705	L/T SBITA Liability		2,478,495.06
7235	New BAS System (New 6/1/20)		1,245,984.00
7235	New BAS System (New 6/1/20)		311,496.00
KKDLY-704	S/T SBITA Liability		514,609.01
Total		<u>5,640,942.78</u>	<u>5,640,942.78</u>

Hawaii Employer-Union Health Benefits Trust Fund

Attachment I

**Summary of Significant Corrected Misstatements - Retirees
Year Ended June 30, 2024**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To accrue additional CVS and SilverScript rebates for FY2024.			
240	CVS Rebates Receivable	181,719.26	
241	Silverscript Rebate Receivable	7,508,817.19	
2190	NMHC Rebate/CVS Rebate		181,719.26
2190	NMHC Rebate/CVS Rebate		7,508,817.19
Total		<u>7,690,536.45</u>	<u>7,690,536.45</u>
Adjusting Journal Entries JE # 2			
To adjust retirees HMSA carrier receivables and payables to actual at 6/30/24.			
216	HMSA Final Accounting	19,819,952.72	
1510	Increase in Reserves		9,636,031.72
511C	Payable to Ins Carriers:511C -+ HMSA		10,183,921.00
Total		<u>19,819,952.72</u>	<u>19,819,952.72</u>
Adjusting Journal Entries JE # 3			
To true up coverage gap through 6/30/24.			
2193	SLVR - Coverage GAP Discounts	616,297.00	
243	SLVR Coverage GAP Discount Rec.		616,297.00
Total		<u>616,297.00</u>	<u>616,297.00</u>
Adjusting Journal Entries JE # 4			
Client journal entry to record the change in value for OPEB private market investments at 6/30/2024.			
230	OPEB Inv held outside of Treasu	44,131,511.78	
1930	Unrealized Gain/Loss 3pty BOH		44,131,511.78
Total		<u>44,131,511.78</u>	<u>44,131,511.78</u>

Summary of Uncorrected Misstatements - Actives
Year Ended June 30, 2024

Account	Description	Debit	Credit
Passed Journal Entries JE # 1			
To adjust beginning retained earnings at July 1, 2023 for HDS prior year carrier receivables for Actives.			
1510	Increase in Reserves	245,206.92	
961	Retained Earnings		245,206.92
Total		<u>245,206.92</u>	<u>245,206.92</u>
Passed Journal Entries JE # 2			
To accrue for the fringe benefit portion of temporary hazard pay as of 6/30/24.			
2000	Personal Services	269,025.00	
612	Accrued Salaries & Wages		269,025.00
Total		<u>269,025.00</u>	<u>269,025.00</u>
Passed Journal Entries JE # 3			
To adjust beginning retained earnings at July 1, 2023 for HMSA prior year carrier payables for Actives.			
961	Retained Earnings	399,314.80	
1510	Increase in Reserves		399,314.80
Total		<u>399,314.80</u>	<u>399,314.80</u>



Hawaii Employer-Union Health Benefits Trust Fund State of Hawaii

Financial Statements and Supplementary Information
(With Independent Auditors' Report)

June 30, 2024

Submitted by
THE AUDITOR
STATE OF HAWAII

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Financial Statements and Supplementary Information

June 30, 2024

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**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Financial Statements and Supplementary Information

June 30, 2024

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PART I

INTRODUCTION SECTION

November 26, 2024

The Auditor
State of Hawaii:

Board of Trustees
Hawaii Employer-Union Health Benefits Trust Fund
State of Hawaii:

We have completed our audit of the financial statements of the Hawaii Employer-Union Health Benefits Trust Fund of the State of Hawaii (the EUTF), as of and for the year ended June 30, 2024. We transmit herewith our independent auditors' report containing our opinions on those financial statements and our independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

Audit Objectives

The objectives of the audit were as follows:

1. To provide opinions on the fair presentation of the EUTF's financial statements in accordance with accounting principles generally accepted in the United States of America.
2. To consider the EUTF's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements.
3. To perform tests of the EUTF's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Scope of Audit

We performed our audit of the EUTF's financial statements as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of the audit of the EUTF's financial statements, we considered the EUTF's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements. We also performed tests of the EUTF's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements.

Organization of Report

This report has been organized into three parts as follows:

1. The Introduction Section describes briefly the objectives and scope of our audit and the organization and contents of this report.
2. The Financial Section includes management's discussion and analysis (unaudited), the EUTF's financial statements and the related notes, required supplementary information (unaudited), and other supplementary information as of and for the year ended June 30, 2024, and our independent auditors' report thereon.
3. The Internal Control and Compliance Section contains our independent auditors' report on the EUTF's internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

* * * * *

We would like to take this opportunity to express our appreciation for the courtesy and assistance extended to us by the personnel of the EUTF during the course of our engagement. Should you wish to discuss any of the matters contained herein, we will be pleased to meet with you at your convenience.

Very truly yours,

KKDLY LLC

PART II
FINANCIAL SECTION

Independent Auditors' Report

The Auditor
State of Hawaii:

Board of Trustees
Hawaii Employer-Union Health Benefits Trust Fund
State of Hawaii:

Report on the Audit of the Financial Statements

Opinions

We have audited the statement of net position of the enterprise fund of the Hawaii Employer-Union Health Benefits Trust Fund of the State of Hawaii (the Trust Fund) and the statement of fiduciary net position of the Hawaii Employer-Union Health Benefits Trust Fund for Other Post-Employment Benefits (the OPEB Trust), collectively referred to as the EUTF, as of June 30, 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows of the enterprise fund, as well as the statement of changes in fiduciary net position of the OPEB Trust for the year then ended, and the related notes to financial statements, which collectively comprise the EUTF's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the enterprise fund of the Trust Fund, as well as the financial position of the OPEB Trust, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the EUTF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Relationship to the State of Hawaii

As discussed in Note 1, the financial statements of the EUTF are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the State of Hawaii that is attributable to the transactions of the EUTF. They do not purport to, and do not, present fairly the financial position of the State of Hawaii as of June 30, 2024, and the changes in its financial position, or, where applicable, its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the EUTF's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the EUTF's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the EUTF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of investment returns, and the ten-year loss development information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the EUTF's basic financial statements. The schedule of administrative operating expenses—enterprise fund (supplementary information) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024, on our consideration of the EUTF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the EUTF's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the EUTF's internal control over financial reporting and compliance.

KKDL Y LLC

Honolulu, Hawaii
November 26, 2024

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Management's Discussion and Analysis (Unaudited)

June 30, 2024

This section of the Hawaii Employer-Union Health Benefits Trust Fund of the State of Hawaii (the EUTF) financial report presents the reader with an introduction and overview of the EUTF's financial performance as of and for the year ended June 30, 2024. This discussion has been prepared by management and should be read in connection with the financial statements and the notes thereto, which follow this section.

The EUTF is the state agency that provides eligible State of Hawaii (the State) and county (Honolulu, Hawaii, Maui, and Kauai) employees and retirees and their eligible dependents with health and life insurance benefits at a cost affordable to both the public employers and participants beginning July 1, 2003.

Active employee healthcare benefits and other postemployment benefits (OPEB) retiree healthcare benefits (including their respective beneficiaries) are reported separately for accounting purposes. Accordingly, the EUTF reports the active employee healthcare benefits as risk financing in conformity with Governmental Accounting Standards Board (GASB) Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* (Statement No. 10), as amended, while the OPEB retiree healthcare benefits, which meets the requirements of a qualifying trust, are reported in conformity with GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (Statement No. 74).

The EUTF entered into contracts for medical, prescription drug, chiropractic, and supplemental health insurance with carriers and third-party administrators (TPA) for retirees and active employees effective January 1, 2021 and July 1, 2021, respectively, for two years with two one-year extensions through December 31, 2024 and June 30, 2025, respectively.

The EUTF entered into contracts for dental, vision, and life insurance plans with carriers for retirees and active employees effective January 1, 2023 and July 1, 2023, respectively, for two-years with two one-year extensions through December 31, 2026 and June 30, 2027, respectively.

The following plans are fully-insured with one-way risk sharing (rates are experience rated and are negotiated; surpluses [premiums exceed claims, administrative fees, and retention charged by the insurance carrier] are retained by the EUTF and the carrier is responsible for any shortfalls [claims, administrative fees, and retention charged by the insurance carrier exceed premiums], and risk is retained by the carrier): All Hawaii Medical Service Association (HMSA) medical plans (e.g., 90/10, 80/20, 75/25, and HMO); Hawaii Dental Service (HDS) dental plans; and Vision Service Plan (VSP) vision plans. For plans on the HMSA contract, surpluses are netted against shortfalls on all plans offered by HMSA and surpluses/shortfalls are settled at the end of the contract, including extensions exercised. However, surpluses and shortfalls are not netted between the active employee and retiree group contracts.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Management's Discussion and Analysis (Unaudited)

June 30, 2024

The following plans are fully-insured (rates are experience rated and are negotiated, surpluses and shortfalls are retained by the carrier, and risk is retained by the carrier): Kaiser medical and prescription drug standard and comprehensive plans; and Securian Financial life insurance plan.

The CVS Caremark and SilverScript prescription drug plans and Verdegard Administrators (formerly known as Hawaii-Mainland Administrators (HMA)) supplemental medical and prescription drug plan are self-insured (rates are experience rated and set by the Board, administrative fees and actual claims are paid to the TPA, surplus and shortfalls are retained by the EUTF and risk is retained by the EUTF).

The Federal Affordable Care Act (ACA) became effective July 1, 2011 for the EUTF's active employee medical and prescription drug plans. The following are the changes to the EUTF's active employee plans due to ACA: 1) The plan lost its grandfather status due to the increase in the employees' share of premiums; 2) The definition of dependent child was expanded to age 26 and requirements that the child be unmarried and a full time student were dropped for medical and prescription drug only (additional dependents were enrolled as a result); 3) Plans included coverage for women's preventive services in line with the guidelines developed by the Institute of Medicine and supported by the Health Resources and Services Administration (the HRSA), including providing services without a copayment, cost share or deductible when rendered by a participating provider; 4) The imposition of ACA fees (i.e., PCORI - Patient-Centered Outcomes Research Institute, and insurer fees); and 5) Effective July 1, 2014 elimination of the EUTF and HSTA VB HMSA supplemental plans and the bundling of the HMSA medical and CVS Caremark prescription drug plans.

Act 245, Session Laws of Hawaii 2005 (partially codified as Chapter 87D, Hawaii Revised Statutes (HRS)), temporarily authorized employee organizations to establish voluntary employees' beneficiary association (VEBA) trusts to provide health benefits to state and county employees in their bargaining units outside of the EUTF. It established a three-year pilot program to allow for the analysis of the costs and benefits of a VEBA trust against those of the EUTF. Effective March 1, 2006, the Hawaii State Teachers Association (HSTA) implemented the three-year pilot program. As a result, all active HSTA employees were enrolled in the VEBA trust and subsequently cancelled from the EUTF's health benefit plans. Act 245's sunset dates were amended three times: July 1, 2009, July 1, 2010, and December 31, 2010.

In addition, Chapter 87D, HRS, which authorized the establishment of the VEBA, also included the option for HSTA retirees to make a one-time choice to either remain with the EUTF or transfer to the HSTA VEBA benefit plans. The option period was from October through November 2006. As a result, approximately 1,400 HSTA retirees transferred to the HSTA VEBA. HSTA employees that retired on or after March 1, 2006 were required to be enrolled with the HSTA VEBA.

As a result of Act 245 sunset on December 31, 2010, effective January 1, 2011, approximately, 12,500 HSTA VEBA active employees and 2,500 retirees were transferred back to the EUTF. In December 2010, Judge Sakamoto (Kono, et al v Abercrombie, Civil No. 10-1-1966-09 KKS) ruled that HSTA VEBA members (actives and retirees) were entitled to the same standard of coverage in benefits when they were transitioned to the EUTF on January 1, 2011. As a result, the EUTF created new plans for the HSTA VEBA members (both active and retirees) that matched their HSTA VEBA benefits. The enrollment of HSTA VEBA members into the newly created health and other benefit plans was done by

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Management’s Discussion and Analysis (Unaudited)

June 30, 2024

the EUTF solely to comply with Judge Sakamoto’s ruling and does not create any constitutional or contractual right to the benefits under these plans. The State does not agree with Judge Sakamoto’s ruling. If Judge Sakamoto’s ruling is overturned, stayed, or modified, the EUTF reserves the right to move HSTA VEBA members into regular EUTF plans. See further discussion in Note 11 to the financial statements.

Overview of the Financial Statements

The financial statements of the EUTF include the following statements:

- Enterprise Fund - Active Employee Healthcare Benefits
 - Statement of net position - This statement summarizes the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of this enterprise fund.
 - Statement of revenues, expenses, and changes in net position - This statement summarizes the financial results of the operations for the year.
 - Statement of cash flows - This statement identifies the sources and uses of cash and cash equivalents.
- OPEB Trust - Retiree Healthcare Benefits
 - Statement of fiduciary net position - This statement summarizes the assets, liabilities, and net position of this fiduciary fund.
 - Statement of changes in fiduciary net position - This statement summarizes the financial results of the operations for the year.

Financial Highlights

For the years ended June 30, 2024 and 2023, contributions to the EUTF were as follows:

	<u>2024</u>	<u>2023</u>
Employer contributions	\$ 1,649,574,210	\$ 1,596,827,955
Employee contributions	202,855,840	215,867,374

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Management's Discussion and Analysis (Unaudited)

June 30, 2024

For the years ended June 30, 2024 and 2023, the EUTF incurred the following:

	2024	2023
Carrier payments - fully-insured plans	\$ 912,379,055	\$ 881,379,950
Benefit claims - self-insured	489,755,600	416,879,772
Medicare Part B reimbursements	120,899,638	118,361,890
Administrative operating expenses	8,928,034	8,708,327

Financial Analysis

Enterprise Fund

A summary of the EUTF's net position for active employees is shown below as of June 30, 2024 and 2023:

	2024	2023	Change	% Change
Assets:				
Current assets	\$ 258,655,492	\$ 269,390,737	\$ (10,735,245)	-4.0%
Capital assets, net	9,453,121	8,033,400	1,419,721	17.7%
Total assets	268,108,613	277,424,137	(9,315,524)	-3.4%
Deferred outflows of resources	2,513,691	1,603,909	909,782	56.7%
Liabilities:				
Current liabilities	61,839,233	66,775,102	(4,935,869)	-7.4%
Noncurrent liabilities	16,110,516	13,234,094	2,876,422	21.7%
Total liabilities	77,949,749	80,009,196	(2,059,447)	-2.6%
Deferred inflows of resources	1,554,046	1,984,095	(430,049)	-21.7%
Net position:				
Net investment in capital assets	5,736,397	7,126,118	(1,389,721)	-19.5%
Unrestricted	185,382,112	189,908,637	(4,526,525)	-2.4%
Total net position	\$ 191,118,509	\$ 197,034,755	\$ (5,916,246)	-3.0%

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Management's Discussion and Analysis (Unaudited)

June 30, 2024

The enterprise fund's total assets decreased by \$9.3 million or 3.4% during the year ended June 30, 2024. The overall decrease is due primarily to decreases in cash and cash equivalents of \$32.8 million and premiums receivable from participating employers of \$3.0 million offset by an increase in investments of \$13.6 million attributable to favorable investment results and increases in rebates and other receivables from insurance companies of \$13.2 million due to higher prescription drug rebates.

The enterprise fund's total net position decreased by \$5.9 million or 3.0% during the year ended June 30, 2024. This was attributable to an operating loss of \$22.0 million, offset by investment income of \$16.1 million for the year ended June 30, 2024.

A summary of changes in net position for the years ended June 30, 2024 and 2023, for active employees follows:

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Operating revenues	\$ 106,010,937	\$ 97,061,088	\$ 8,949,849	9.2%
Nonoperating revenues	16,125,246	6,776,439	9,348,807	138.0%
Total revenues	122,136,183	103,837,527	18,298,656	17.6%
Operating expenses	<u>128,052,429</u>	<u>104,188,974</u>	<u>23,863,455</u>	22.9%
Change in net position	(5,916,246)	(351,447)	(5,564,799)	-1583.4%
Net position at beginning of year	<u>197,034,755</u>	<u>197,386,202</u>	<u>(351,447)</u>	-0.2%
Net position at end of year	<u>\$ 191,118,509</u>	<u>\$ 197,034,755</u>	<u>\$ (5,916,246)</u>	-3.0%

The enterprise fund's total revenues increased by \$18.3 million and or 17.6% during the year ended June 30, 2024. The increase is primarily attributable to a \$12.8 million increase in experience refunds and a \$9.3 million increase in investment income, offset by a \$3.2 million decrease in other revenues, net resulting from a reduction in performance penalties.

The enterprise fund's operating expenses increased by \$23.9 million or 22.9% during the year ended June 30, 2024. The increase is due primarily to a \$22.5 million increase in benefits claims expense for self-insured plans and a \$1.0 million increase in depreciation and amortization.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Management's Discussion and Analysis (Unaudited)

June 30, 2024

OPEB Trust

A summary of the OPEB Trust's fiduciary net position as of June 30, 2024 and 2023 follows:

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Cash and cash equivalents	\$ 1,131,614,723	\$ 1,249,146,189	\$ (117,531,466)	-9.4%
Investments	7,258,636,710	5,924,176,011	1,334,460,699	22.5%
Invested securities lending collateral	25,652,787	37,247,085	(11,594,298)	-31.1%
Receivables:				
Rebates and other receivables from insurance companies	69,355,349	34,559,700	34,795,649	100.7%
Experience refunds due from insurance companies	54,881	3,731,418	(3,676,537)	-98.5%
Employer contributions	-	45,588	(45,588)	-100.0%
Premiums receivable from State of Hawaii and counties	-	20,495	(20,495)	-100.0%
Other receivables	156,295	55,765	100,530	180.3%
Deposits	8,165,204	8,165,204	-	0.0%
Total assets	<u>8,493,635,949</u>	<u>7,257,147,455</u>	<u>1,236,488,494</u>	<u>17.0%</u>
Liabilities:				
Premiums payable	64,753,047	53,254,423	11,498,624	21.6%
Benefit claims payable	27,989,610	28,574,078	(584,468)	-2.0%
Securities lending collateral	25,652,787	37,247,085	(11,594,298)	-31.1%
Other payables	2,502,023	2,460,984	41,039	1.7%
Total liabilities	<u>120,897,467</u>	<u>121,536,570</u>	<u>(639,103)</u>	<u>-0.5%</u>
Net position restricted for postemployment benefits other than pensions	<u>\$ 8,372,738,482</u>	<u>\$ 7,135,610,885</u>	<u>\$ 1,237,127,597</u>	<u>17.3%</u>

Cash and cash equivalents and investments had a net increase of \$1,216.9 million or 17.0% during the year ended June 30, 2024 primarily due to the increase in fiduciary net position of \$1,237.1 million.

Rebates and other receivables from insurance companies increased by \$34.8 million or 100.7% during the year ended June 30, 2024 primarily due to higher prescription drug rebates.

Experience refunds due from insurance companies decreased by \$3.7 million or 98.5% due to actual claims being closer to projections and surpluses being used to reduce the medical benefit cost rates under the fully-insured with risk sharing health benefits contracts.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Management's Discussion and Analysis (Unaudited)

June 30, 2024

A summary of the changes in the OPEB Trust's fiduciary net position for the years ended June 30, 2024 and 2023 follows:

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>% Change</u>
Additions:				
Employer contributions	\$ 1,145,052,767	\$ 1,141,075,000	\$ 3,977,767	0.3%
Net investment income	656,234,618	290,040,881	366,193,737	126.3%
Other revenues, net	204,611	1,517,994	(1,313,383)	-86.5%
Total additions	<u>1,801,491,996</u>	<u>1,432,633,875</u>	<u>368,858,121</u>	<u>25.7%</u>
Deductions:				
Benefits claims expense and carrier payments, net of retiree contributions	<u>564,364,399</u>	<u>582,892,691</u>	<u>(18,528,292)</u>	<u>-3.2%</u>
Change in fiduciary net position	<u>1,237,127,597</u>	<u>849,741,184</u>	<u>387,386,413</u>	<u>45.6%</u>
Net position restricted for postemployment benefits other than pensions:				
Beginning of year	<u>7,135,610,885</u>	<u>6,285,869,701</u>	<u>849,741,184</u>	<u>13.5%</u>
End of year	<u><u>\$ 8,372,738,482</u></u>	<u><u>\$ 7,135,610,885</u></u>	<u><u>\$ 1,237,127,597</u></u>	<u><u>17.3%</u></u>

During the year ended June 30, 2024, the net position restricted for postemployment benefits other than pensions of the OPEB Trust increased by \$1,237.1 million or 17.3% primarily attributable to a \$366.2 million increase in net investment income.

Net investment income increased by \$366.2 million or 126.3% primarily due to a higher annual money-weighted rate of return, net of investment expenses, during the year ended June 30, 2024.

Capital Assets

The EUTF's capital assets consist of office furniture, equipment, computer equipment, software, right-to-use lease assets, and right-to-use subscription assets.

Capital assets, net amounted to \$9.5 million and \$8.0 million as of June 30, 2024 and 2023, respectively. The increase in capital assets of \$1.4 million is primarily attributable to capital asset additions of \$4.0 million, offset by depreciation and amortization expense of \$2.6 million for the year ended June 30, 2024.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Management's Discussion and Analysis (Unaudited)

June 30, 2024

Economic Factors Affecting Next Fiscal Year

Factors Affecting Fiscal Year 2025

New retiree and active employee medical, prescription drug, chiropractic, and supplemental health insurance contracts will be implemented effective January 1, 2025 through December 31, 2027, and July 1, 2025 through June 30, 2027, respectively.

Request for Information

This financial report is designed to provide the Board of Trustees, the State Auditor, and our membership, with a general overview of the EUTF's finances and to account for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Hawaii Employer-Union Health Benefits Trust Fund
201 Merchant Street, Suite 1700
Honolulu, Hawaii 96813

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Statement of Net Position – Enterprise Fund

June 30, 2024

Assets:

Current assets:	
Cash and cash equivalents	\$ 3,325,937
Investments	177,607,131
Receivables:	
Premiums receivable from State of Hawaii and counties	39,566,435
Rebates and other receivables from insurance companies	32,127,031
Experience refunds due from insurance companies	978,541
Prepaid expenses and other current assets	29,143
Deposits	<u>5,021,274</u>
Total current assets	258,655,492
Capital assets, net	<u>9,453,121</u>
Total assets	<u>268,108,613</u>

Deferred Outflows of Resources:

Related to pension	1,368,251
Related to other postemployment benefits	<u>1,145,440</u>
Total deferred outflows of resources	<u>2,513,691</u>

Liabilities:

Current liabilities:	
Premiums payable	49,436,274
Benefit claims payable	7,296,006
Vouchers and contracts payable	1,503,884
Accrued wages and employee benefits payable	1,420,941
Due to employees, net	1,199,979
Due to State of Hawaii and counties	122,683
Subscription payable, current portion	514,609
Lease payable, current portion	190,969
Compensated absences, current portion	<u>153,888</u>
Total current liabilities	61,839,233
Noncurrent liabilities:	
Net pension liability	6,572,720
Net other postemployment benefits liability	6,064,088
Subscription payable, less current portion	2,478,495
Lease payable, less current portion	532,651
Compensated absences, less current portion	<u>462,562</u>
Total liabilities	<u>77,949,749</u>

Deferred Inflows of Resources:

Related to pension	433,695
Related to other postemployment benefits	<u>1,120,351</u>
Total deferred inflows of resources	<u>1,554,046</u>

Net Position:

Net investment in capital assets	5,736,397
Unrestricted	<u>185,382,112</u>
Total net position	<u>\$ 191,118,509</u>

See accompanying notes to financial statements.

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII

Statement of Revenues, Expenses, and Changes in Net Position – Enterprise Fund

Year Ended June 30, 2024

Operating revenues:

Premium revenues - self-insured	\$ 104,500,411
Experience refunds, net	1,201,459
Other revenues, net	<u>309,067</u>
Total operating revenues	<u>106,010,937</u>

Operating expenses:

Benefits claims expense - self-insured	116,053,903
Administrative operating expenses	8,928,034
Depreciation and amortization	2,554,762
Other expenses, net	<u>515,730</u>
Total operating expenses	<u>128,052,429</u>
Operating loss	(22,041,492)

Nonoperating revenues:

Investment income	<u>16,125,246</u>
Change in net position	(5,916,246)

Net position at beginning of year 197,034,755

Net position at end of year \$ 191,118,509

See accompanying notes to financial statements.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Statement of Cash Flows – Enterprise Fund

Year Ended June 30, 2024

Cash flows from operating activities:

Cash received from State of Hawaii, counties and individuals for premiums and benefits payments	\$ 685,568,067
Cash paid for premiums and benefit payments	(711,561,491)
Cash paid to employees	(6,393,369)
Cash paid to vendors	(1,742,787)
Net cash used in operating activities	<u>(34,129,580)</u>

Cash flows used in capital and related financing activities:

Principal repayments of subscription payable	(981,379)
Principal repayments of lease payable	(183,662)
Net cash used in capital and related financing activities	<u>(1,165,041)</u>

Cash flows from investing activities:

Purchase of investments, net	(4,798,476)
Interest and dividends	7,341,047
Net cash provided by investing activities	<u>2,542,571</u>

Net decrease in cash and cash equivalents (32,752,050)

Cash and cash equivalents at beginning of year 36,077,987

Cash and cash equivalents at end of year \$ 3,325,937

Noncash capital and related financing activities:

Subscription asset and related subscription payable	<u><u>\$ 3,974,483</u></u>
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See accompanying notes to financial statements.

(Continued)

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Statement of Cash Flows – Enterprise Fund (Continued)

Year Ended June 30, 2024

**Reconciliation of operating loss to net cash used in
operating activities:**

Operating loss	<u>\$ (22,041,492)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	2,554,762
Decrease (increase) in assets and deferred outflows of resources:	
Premiums receivable from State of Hawaii and counties	3,026,484
Rebates and other receivables from insurance companies	(13,240,252)
Experience refunds due from insurance companies	1,779,037
Prepaid expenses and other current assets	601
Deferred outflows of resources	(909,782)
Increase (decrease) in liabilities and deferred inflows of resources:	
Premiums payable	(7,546,864)
Benefit claims payable	(13,122)
Vouchers and contracts payable	558,591
Accrued wages and employee benefits payable	968,390
Due to employees, net	603,734
Due to State of Hawaii and counties	(43,745)
Compensated absences	43,420
Net pension liability	613,486
Net other postemployment benefits liability	(52,779)
Deferred inflows of resources	<u>(430,049)</u>
Total adjustments	<u>(12,088,088)</u>
Net cash used in operating activities	<u><u>\$ (34,129,580)</u></u>

See accompanying notes to financial statements.

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII

Hawaii Employer-Union Health Benefits Trust Fund
for Other Post-Employment Benefits

Statement of Fiduciary Net Position – OPEB Trust

June 30, 2024

Assets:

Cash and cash equivalents	\$ 1,131,614,723
Investments	<u>7,258,636,710</u>
Total cash and cash equivalents and investments	<u>8,390,251,433</u>
Invested securities lending collateral	<u>25,652,787</u>
Receivables:	
Rebates and other receivables from insurance companies	69,355,349
Experience refunds due from insurance companies	54,881
Other receivables	<u>156,295</u>
Total receivables	<u>69,566,525</u>
Deposits	<u>8,165,204</u>
Total assets	<u>8,493,635,949</u>

Liabilities:

Premiums payable	64,753,047
Benefit claims payable	27,989,610
Securities lending collateral	25,652,787
Other payables	<u>2,502,023</u>
Total liabilities	<u>120,897,467</u>

**Net position restricted for postemployment benefits
other than pensions**

\$ 8,372,738,482

See accompanying notes to financial statements.

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII

Hawaii Employer-Union Health Benefits Trust Fund
for Other Post-Employment Benefits

Statement of Changes in Fiduciary Net Position – OPEB Trust

Year Ended June 30, 2024

Additions:

Employer contributions	<u>\$ 1,145,052,767</u>
Investment income:	
From investing activities:	
Net appreciation in the fair value of investments	534,409,624
Interest and dividends	<u>132,114,638</u>
	666,524,262
Less: investment expenses	<u>10,946,648</u>
Net investment income from investing activities	<u>655,577,614</u>
From securities lending activities:	
Securities lending income	842,237
Securities lending expenses	<u>185,233</u>
Net investment income from securities lending activities	<u>657,004</u>
Total net investment income	<u>656,234,618</u>
Other revenues, net	<u>204,611</u>
Total additions	1,801,491,996

Deductions:

Benefits claims expense and carrier payments, net of retiree contributions	<u>564,364,399</u>
Change in fiduciary net position	1,237,127,597

Net position restricted for postemployment benefits other than pensions:

Beginning of year	<u>7,135,610,885</u>
End of year	<u><u>\$ 8,372,738,482</u></u>

See accompanying notes to financial statements.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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(1) Financial Reporting Entity

Chapter 87A, Hawaii Revised Statutes (HRS) established the Hawaii Employer-Union Health Benefits Trust Fund (the Trust Fund). The Trust Fund was established to design, provide, and administer health and other benefit plans for State of Hawaii (the State) and county (Honolulu, Hawaii, Maui, and Kauai) employees, retirees and their eligible dependents beginning July 1, 2003. Chapter 87, HRS that established the Hawaii Public Employees Health Fund (the Health Fund) was repealed and the net assets of the Health Fund were transferred to the Trust Fund.

Act 245, Session Laws of Hawaii (SLH) 2005, established a voluntary employees' beneficiary association (the VEBA) trust pilot program for the administration of the healthcare benefits for active employees and retirees, which the Hawaii State Teachers Association (the HSTA) implemented in March 2006. The program sunset date was December 31, 2010, and the VEBA trust was terminated. Effective January 1, 2011, all HSTA employees and retirees receiving benefits under the VEBA trust were enrolled in the benefit programs administered through the Trust Fund.

The Trust Fund is administered by a Board of Trustees (the Board) composed of 10 trustees appointed by the Governor of the State. The Board is responsible for determining the nature and scope of benefit plans offered by the Trust Fund, negotiating and entering into contracts with insurance carriers, establishing eligibility and management policies for the Trust Fund, and overseeing all Trust Fund activities. The Board relies on professional services provided by a salaried Administrator, the State Department of the Attorney General, a benefits consultant, and an investment consultant.

Chapter 87A, HRS was amended on July 9, 2012 to allow the Board to establish a separate trust fund for the purpose of receiving employer contributions that will pre-fund other post-employment benefits (OPEB) for retirees and their beneficiaries. Pursuant to this amendment, the Board executed an irrevocable declaration of trust establishing the Hawaii Employer-Union Health Benefits Trust Fund for Other Post-Employment Benefits (the OPEB Trust) effective June 30, 2013. The OPEB Trust is governed by the Board of the Trust Fund. Its assets are held for the exclusive purpose of providing other post-employment benefits and are legally protected from creditors. The OPEB Trust financial statements are included as part of the basic financial statements of the Trust Fund (collectively referred to as the EUTF).

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Act 268, SLH 2013 (Act 268), further amended Chapter 87A, HRS (codified as Chapter 87A-42). Effective July 1, 2018, annual employer contributions for retirees and their beneficiaries are equal to the amount of the annual required contribution as determined by an actuary and placed into the OPEB Trust. The annual required contribution is defined as the employer’s contribution that is sufficient to cover (1) the normal cost, which is the cost of other post-employment benefits attributable to the current year of service, and (2) an amortization payment, which is a catch-up payment for past service costs to fund the unfunded actuarial accrued liability over the next 30 years. Accordingly, all employer contributions for retirees and their beneficiaries are required to be placed in the OPEB Trust effective July 1, 2018.

The EUTF, an agent multiple-employer defined benefit OPEB plan, is administratively attached to the State Department of Budget and Finance. The EUTF’s financial statements reflect only its portion of the fund type categories. The State Comptroller maintains the central accounts for all State funds and publishes annual financial statements for the State, which includes the EUTF’s financial activities.

The EUTF currently provides medical, prescription drug, chiropractic, dental, vision, supplemental medical and prescription drug, and group life insurance benefits. The medical plans include a statewide preferred provider organization (PPO) benefit plan and a federally-qualified health maintenance organization (HMO) plan.

The employers’ share of benefit plan contributions for collectively bargained employees are negotiated by the State and counties with the exclusive representative of each employee bargaining unit. Employer contributions for retirees are prescribed by the HRS. Any remaining premium balance is paid by employees through payroll deductions or premium conversion plan reductions and paid by retirees directly, if applicable.

The EUTF provided insurance coverage to the following individuals as of June 30, 2024:

Active employees	63,439
Retirees	53,732
Dependents	<u>78,216</u>
Total	<u><u>195,387</u></u>

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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(2) Summary of Significant Accounting Policies

The financial statements of the EUTF have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The EUTF's significant accounting policies are described below.

Financial Statement Presentation, Measurement Focus, and Basis of Accounting

Financial Statement Presentation

The reporting of active and postemployment (including their respective beneficiaries) healthcare benefits provided through the same plan should separate the two benefits for accounting purposes between active and postemployment healthcare benefits. Accordingly, the EUTF reports the postemployment healthcare benefits in conformity with GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (Statement No. 74), and the active employee healthcare benefits as risk financing in conformity with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* (Statement No. 10), as amended.

Proprietary Fund (Enterprise Fund)

The accounting for the active employee healthcare benefits is reported as an enterprise fund. An enterprise fund is used to account for the acquisition, operation, and maintenance of government facilities and services that are entirely or predominantly supported by user charges. The enterprise fund operations are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows.

The enterprise fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services or goods in connection with the enterprise fund's ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues and operating expenses are premium revenues and benefit claims expenses, respectively, for self-insured plans. Investment income is reported as nonoperating revenues.

OPEB Trust

The EUTF accounts for the OPEB assets, liabilities, net position, and operations related to postemployment health benefits for retirees and their beneficiaries in the OPEB Trust, including cash and cash equivalents, investments, premium contributions and payments, investment income, employer OPEB contributions, and benefit claims expense and carrier payments.

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Cash Equivalents

All highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents.

Investments

Investments are reported at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date.

Unrealized gains and losses are recorded in the accompanying financial statements based on the difference between the fair value of assets at the beginning of the year, or at the time of purchase for assets purchased during the year, and the last day of the year.

Securities Lending

The EUTF receives cash and noncash collateral under securities lending agreements. The EUTF does not have the ability to pledge or sell collateral securities absent of borrower default, thus only cash received as collateral is reported on the financial statements. Cash collateral received under securities lending agreements are invested in a money market fund and are reported at fair value. Liabilities resulting from these transactions are also recorded. Additionally, costs associated with securities transactions, broker commissions paid, and lending agent management fees are reported as investment expenses from securities lending activities in the accompanying financial statements.

Receivables

Receivables consist primarily of amounts due from employers for health benefits premium contributions and experience refunds, rebates and other receivables from insurance companies. An allowance for employer receivables is not considered necessary based on past collection experience.

Capital Assets, Net

The EUTF's capital assets consist of office furniture, equipment, computer equipment, and software with estimated useful lives greater than one year and with an acquisition cost greater than \$5,000. Purchased capital assets are valued at cost. Donated capital assets are recorded at their fair value at the date of donation. Depreciation expense is determined using the straight-line method over the assets' estimated useful life of seven years.

Capital assets also include right-to-use lease assets (lease assets) and right-to-use subscription assets (subscription assets). Refer to *Leases* and *Subscription-Based Information Technology Arrangements* sections below for the EUTF's accounting policy for lease assets and subscription assets, and related amortization.

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Leases

The EUTF recognizes lease liabilities and lease assets for leases with an initial, individual value of \$100,000 or more for land and building leases and \$25,000 or more for equipment and others, with a lease term greater than one year. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

At the commencement of a lease, the EUTF initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the EUTF has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how the EUTF determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The EUTF uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the EUTF generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the EUTF is reasonably certain to exercise.

The EUTF monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported in capital assets (see Note 4) and lease liabilities are reported as lease payable (see Note 5) in the accompanying statement of net position – enterprise fund.

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Subscription-Based Information Technology Arrangements

The EUTF recognizes a subscription liability and a right-to-use subscription asset (subscription asset) in the financial statements for subscription liabilities with an initial, individual value of \$500,000 or more with a subscription term greater than one year. Variable payments based on future performance of the EUTF, usage of the underlying information technology (IT) asset, or number of user seats are not included in the measurement of the subscription liability, rather, those variable payments are recognized as outflows of resources (expenses) in the period the obligation for those payments is incurred.

At the commencement of a subscription-based information technology arrangement (SBITA), the EUTF initially measures the subscription liability at the present value of payments expected to make during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

Subscription assets are recorded at the amount of the initial measurement of the subscription liabilities, plus any payments made to the SBITA vendor before the commencement of the subscription term and capitalizable initial implementation cost, less any incentives received from the SBITA vendor at or before the commencement of the subscription term.

Costs associated with a SBITA, other than the subscription payments, are accounted for as follows:

- *Preliminary project stage* – Outlays are expensed as incurred.
- *Initial implementation stage* – Outlays are capitalized as an addition to the subscription asset.
- *Operation and additional implementation stage* – Outlays are expensed as incurred unless they meet specific capitalization criteria.

Subscription assets are reported in capital assets (see Note 4) and subscription liabilities are reported as subscription payable (see Note 6) in the accompanying statement of net position – enterprise fund.

Subscription assets are amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT asset, unless the subscription contains a purchase option that the EUTF has determined is reasonably certain of being exercised. In this case, the subscription asset is amortized over the useful life of the underlying IT asset.

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Key estimates and judgements related to the SBITA include how the EUTF determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The EUTF uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the EUTF generally uses its estimated incremental borrowing rate as the discount rate for the SBITA.
- The subscription term includes the noncancelable period of the SBITA. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the EUTF is reasonably certain to exercise.
- The EUTF monitors changes in circumstances that would require a remeasurement of its subscription.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows (inflows) of resources represent a consumption of (acquisition of) net assets that applies to a future period.

The deferred outflows of resources related to pension and OPEB resulted from the differences between expected and actual experience, changes in proportion and differences between contributions and proportionate share of contributions, changes in assumptions, and the net difference between projected and actual earnings on pension and OPEB plan investments, which will be amortized over five years, and the EUTF's contributions to the pension and OPEB plans subsequent to the measurement date of the actuarial valuations for the pension and OPEB plans, which will be recognized as a reduction of the net pension liability and net OPEB liability in the subsequent year.

The deferred inflows of resources related to pension and OPEB resulted from differences between expected and actual experience, changes in proportion and differences between contributions and proportionate share of contributions, and changes in assumptions, which will be amortized over five years.

The EUTF's deferred outflows/inflows of resources related to pension and OPEB are detailed in Note 10.

Compensated Absences

All employees earn vacation at the rate of one and three-quarters working days for each month of service. Vacation days may be accumulated to a maximum of 90 days. Employees are entitled to receive cash payment for accumulated vacation upon termination. The accompanying enterprise fund financial statements present the cost of accumulated unpaid vacation as a liability.

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A reconciliation of changes in compensated absences liabilities for accumulated vacation is as follows for the year ended June 30, 2024:

Balance at beginning of year	\$ 573,030
Additions	310,408
Reductions	<u>(266,988)</u>
Balance at end of year	616,450
Less current portion	<u>(153,888)</u>
Noncurrent portion	<u><u>\$ 462,562</u></u>

All employees earn sick leave credits at the rate of one and three-quarters working days for each month of service. Sick leave credits may be accumulated without limit. Sick leave can be taken only in the event of illness and is not convertible to pay upon termination of employment. Accordingly, no liability for unpaid sick leave credits is reported in the accompanying enterprise fund financial statements. However, an EUTF employee who retires or leaves government service in good standing with sixty days or more of unused sick leave is entitled to additional service credit in the Employees' Retirement System of the State of Hawaii (the ERS) at the rate of one additional month of service for each 20 days of unused sick leave. Accumulated sick leave as of June 30, 2024 amounted to approximately \$1,685,000.

Risk Management

The EUTF is exposed to various risks for losses related to torts; theft of, damage to, or destruction of assets; errors or omissions; workers' compensation; and acts of terrorism. A liability for a claim for a risk of loss is established if information indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss is reasonably estimable.

Benefits Claims Expense and Carrier Payments

The benefits claims expense for self-insured prescription drug plans and the supplemental medical and drug plan includes the ultimate net cost of all reported claims incurred through the end of the fiscal year for healthcare benefits. The benefits claims expense also includes an additional estimate for unreported claims that have been incurred as of fiscal year-end.

Management has made certain assumptions based on currently available information and industry statistics in determining the benefits claims expense. Accordingly, the ultimate costs may vary significantly from the estimated amounts reported in the financial statements. Management believes that, given the inherent variability in benefits claims expense, such aggregate liabilities are within a reasonable range of adequacy. Such estimates are based on estimated claims cost reported

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prior to fiscal year-end, and estimates (based on actuarial projections of historical loss development) of claims cost incurred but not reported. Reserves are continually reviewed and adjusted as experience develops or new information becomes known. Rebates receivable are generally recorded in the period that the claim is paid and is netted against the cost of the claim.

Management recorded its best estimate for the obligation of unpaid claims of \$7,296,006 for active employees and \$27,989,610 for retirees as of June 30, 2024, based on the EUTF's benefits consultant's estimate for the liability for unpaid claims. These amounts include administrative fees payable to the third party administrator for services provided and for benefits claims incurred as of June 30, 2024.

Benefits claims expense for active employees are reported in the enterprise fund. In accordance with Statement No. 10, only benefits claims expense (and related premium revenue) for self-insured plans, where the risk of loss for these self-insured plans are retained by the EUTF, are reported in the accompanying statement of revenues, expenses, and changes in net position – enterprise fund. Premiums paid to carriers for fully-insured plans (and related required premiums from employers) for active employees are included as components of premiums receivable from State of Hawaii and counties in the statement of net position – enterprise fund.

For retirees, benefits claims expense for self-insured plans and premiums paid to carriers for fully-insured plans (and related contributions from employers) are reported in the accompanying statement of changes in the fiduciary net position – OPEB Trust in accordance with Statement No. 74. Retiree contributions reduce reported benefits claims expense and carrier payments.

Carrier Payment Methodology

Premiums paid to the carriers are calculated on a monthly basis by multiplying the total number of active employees and retirees enrolled in the various plans on the last day of the month by the premium rates set forth in the contract agreements, whereas employer and employee billings are calculated on a semi-monthly basis. As a result, the EUTF recognizes a gain or loss between the total premiums actually collected from the employers and employees and the total premiums actually paid to the carriers. For the year ended June 30, 2024, the EUTF recognized losses of \$337,831 related to active employees and \$288,761 related to retirees.

Chapter 87A, HRS states that employer contributions are irrevocable. In addition, Chapter 87A, HRS does not require the EUTF to return insurance carrier refunds, rate credits and other earnings, as authorized by the Board, to identifiable employees who participated in ascertainable years that created the refund or credit. Accordingly, the EUTF recognizes the gains as increases in experience refunds and the related receivable as experience refunds due from insurance companies.

Premium Revenues - Self-insured

Premium revenues - self-insured are recognized over the coverage period.

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Experience Refunds

For fully-insured with risk sharing health benefit contracts, the EUTF recognizes estimated experience refunds. Management has made certain assumptions based on currently available information in determining the estimated experience refunds. Accordingly, the ultimate gains may vary significantly from the estimated amounts reported in the accompanying financial statements.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the EUTF's participation in the ERS and additions to/deductions from the ERS' fiduciary net position have been determined on the same basis as they are reported by the ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. The ERS' investments are reported at fair value.

Postemployment Benefits Other Than Pension

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the EUTF's participation in the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the EUTF. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. The EUTF's investments are reported at fair value.

Use of Estimates

In preparing financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncement

GASB Statement No. 99

The GASB issued Statement No. 99, *Omnibus*. The primary objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this statement were effective immediately while other requirements are effective for reporting periods beginning after June 15, 2022 and June 15, 2023, respectively. The requirements of this statement did not have a material impact on the EUTF's financial statements.

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GASB Statement No. 100

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement were effective for the fiscal year ended June 30, 2024 and did not have a material effect on the EUTF's financial statements.

GASB Statement No. 101

The GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this statement are effective for reporting periods beginning after December 15, 2023. The EUTF is currently evaluating the impact that this statement will have on its financial statements.

GASB Statement No. 102

The GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of the statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The requirements of this statement are effective for reporting periods beginning after June 15, 2024. The EUTF is currently evaluating the impact that this statement will have on its financial statements.

GASB Statement No. 103

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The primary objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for reporting periods beginning after June 15, 2025. The EUTF is currently evaluating the impact that this statement will have on its financial statements.

GASB Statement No. 104

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The primary objective of this statement is to improve users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025. The EUTF is currently evaluating the impact that this statement will have on its financial statements.

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(3) Cash and Cash Equivalents and Investments

As of June 30, 2024, the EUTF's cash and cash equivalents and investments are reported in the financial statements as follows:

	Enterprise Fund	OPEB Trust	Total
Cash and cash equivalents	\$ 3,325,937	\$ 1,131,614,723	\$ 1,134,940,660
Investments	177,607,131	7,258,636,710	7,436,243,841
Total	\$ 180,933,068	\$ 8,390,251,433	\$ 8,571,184,501
Invested securities lending collateral	\$ -	\$ 25,652,787	\$ 25,652,787

Cash and Cash Equivalents

The EUTF maintains bank accounts at a major financial institution located in Hawaii and a cash management account with a broker-dealer. As of June 30, 2024, the carrying amount of these accounts were \$1,134,940,660 and the related bank balances were \$1,135,385,642.

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Investments

EUTF Investment Pool

The EUTF's investment pool, at fair value, consists of the following investments as of June 30, 2024:

Equity securities:	
Commingled funds - domestic	\$ 1,516,861,361
Commingled funds - international	1,042,932,832
Common stocks - domestic	374,993,337
Common stocks - international	20,027,091
Preferred stock - domestic	778,277
Fixed income securities:	
U.S. treasury and government agency bonds	463,995,875
Commingled funds - domestic inflation - linked	391,982,799
Mutual fund - domestic	233,648,765
Alternative investments	2,917,549,845
Real estate	476,838,079
Derivatives - equity options	(3,364,420)
Total investments	<u><u>\$ 7,436,243,841</u></u>

Invested Securities Lending Collateral

Cash received under the EUTF's securities lending program is invested in a money market fund and reported at fair value as of June 30, 2024 as follows:

Money market fund	<u><u>\$ 25,652,787</u></u>
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Commingled Funds

Domestic equity - Northern Trust Russell 3000 Index Fund - Lending - primary objective is to approximate the risk and return characteristics of the Russell 3000 Index. This index is commonly used to represent the broad U.S. equity market.

International equity – Northern Trust Common All Country World Index EX-US Fund - Lending - primary objective is to provide investment results that approximate the overall performance of the MSCI All Country World EX-US Index.

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Domestic inflation-linked fixed income - BlackRock U.S. Inflation-Linked Bond Fund B - primary objective is to maximize real return by investing in inflation-linked fixed income securities issued by the U.S. government.

Mutual Fund

Fixed income - domestic - Vanguard Short-Term Corporate Bond Index Fund - seeks to track the performance of a market-weighted corporate bond index with a short-term dollar-weighted average maturity. This index includes U.S. dollar-denominated, investment-grade, fixed-rate, taxable securities issued by industrial, utility, and financial companies, with maturities between one and five years.

Money Market Fund

The money market fund seeks to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity by investing exclusively in high quality money market investments.

Investments Authorized

The Board is responsible for safekeeping these monies and has appointed an Investment Committee responsible for making recommendations to the Board related to investing EUTF assets in compliance with applicable HRS and with the foremost intention of preserving capital and then providing sufficient investment appreciation to meet the current and future retiree healthcare benefit payments. The Investment Committee's duties include making recommendations to the Board related to investment policies for the EUTF and periodically reviewing their appropriateness in light of changes in the EUTF expected cash flows, market conditions, actuarial variables, or other pertinent developments. Money is invested in accordance with the EUTF's Investment Policy Statement (the Investment Policy).

Section 87A-24(2) of the HRS empowers the Board to invest monies "in the same manner specified in section 88-119." Permissible investments under section 88-119 "Investments" are as follows:

- (1) Real estate loans and mortgages. Obligations (as defined in section 431:6-101) of any of the following classes:
 - (a) Obligations secured by mortgages of nonprofit corporations desiring to build multi-rental units (ten units or more) subject to control of the government for occupancy by families displaced as a result of government action;
 - (b) Obligations secured by mortgages insured by the Federal Housing Administration;
 - (c) Obligations for the repayment of home loans made under the Servicemen's Readjustment Act of 1944 or under Title II of the National Housing Act;

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- (d) Other obligations secured by first mortgages on unencumbered improved real estate owned in fee simple; provided that the amount of the obligation at the time investment is made therein shall not exceed eighty percent of the value of the real estate and improvements mortgaged to secure it, and except that the amount of the obligation at the time investment is made therein may exceed eighty percent but no more than ninety percent of the value of the real estate and improvements mortgaged to secure it; provided further that the obligation is insured or guaranteed against default or loss under a mortgage insurance policy issued by a casualty insurance company licensed to do business in the State. The coverage provided by the insurer shall be sufficient to reduce the EUTF's exposure to not more than eighty percent of the value of the real estate and improvements mortgaged to secure it. The insurance coverage shall remain in force until the principal amount of the obligation is reduced to eighty percent of the market value of the real estate and improvements mortgaged to secure it, at which time the coverage shall be subject to cancellation solely at the option of the Board. Real estate shall not be deemed to be encumbered within the meaning of this subparagraph by reason of the existence of any of the restrictions, charges, or claims described in section 431:6-308;

- (e) Other obligations secured by first mortgages of leasehold interests in improved real estate; provided that:
 - (i) Each leasehold interest at the time shall have a current term extending at least two years beyond the stated maturity of the obligation it secures; and

 - (ii) The amount of the obligation at the time investment is made therein shall not exceed eighty percent of the value of the respective leasehold interest and improvements, and except that the amount of the obligation at the time investment is made therein may exceed eighty percent but no more than ninety percent of the value of the leasehold interest and improvements mortgaged to secure it; provided further that the obligation is insured or guaranteed against default or loss under a mortgage insurance policy issued by a casualty insurance company licensed to do business in the State. The coverage provided by the insurer shall be sufficient to reduce the EUTF's exposure to not more than eighty percent of the value of the leasehold interest and improvements mortgaged to secure it. The insurance coverage shall remain in force until the principal amount of the obligation is reduced to eighty percent of the market value of the leasehold interest and improvements mortgaged to secure it, at which time the coverage shall be subject to cancellation solely at the option of the Board;

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- (f) Obligations for the repayment of home loans guaranteed by the Department of Hawaiian Home Lands pursuant to section 214(b) of the Hawaiian Homes Commission Act, 1920; and
- (g) Obligations secured by second mortgages on improved real estate for which the mortgagor procures a second mortgage on the improved real estate for the purpose of acquiring the leaseholder's fee simple interest in the improved real estate; provided that any prior mortgage shall not contain provisions that might jeopardize the security position of the EUTF or the borrower's ability to repay the mortgage loan.

The Board may retain the real estate, including leasehold interests therein, as it may acquire by foreclosure of mortgages or in enforcement of security, or as may be conveyed to it in satisfaction of debts previously contracted; provided that all the real estate, other than leasehold interests, shall be sold within five years after acquiring the same, subject to extension by the governor for additional periods not exceeding five years each, and that all the leasehold interests shall be sold within one year after acquiring the same, subject to extension by the governor for additional periods not exceeding one year each;

- (2) Government obligations, etc. Obligations of any of the following classes:
 - (a) Obligations issued or guaranteed as to principal and interest by the United States or by any state thereof or by any municipal or political subdivision or school district of any of the foregoing; provided that principal of and interest on the obligations are payable in currency of the United States; or sovereign debt instruments issued by agencies of, or guaranteed by foreign governments;
 - (b) Revenue bonds, whether or not permitted by any other provision hereof, of the State or any municipal or political subdivision thereof, including the Board of Water Supply of the City and County of Honolulu, and street or improvement district bonds of any district or project in the State; and
 - (c) Obligations issued or guaranteed by any federal home loan bank, including consolidated federal home loan bank obligations, the Home Owner's Loan Corporation, the Federal National Mortgage Association, or the Small Business Administration;
- (3) Corporate obligations. Below investment grade or nonrated debt instruments, foreign or domestic, in accordance with investment guidelines adopted by the Board;
- (4) Preferred and common stocks. Shares of preferred or common stock of any corporation created or existing under the laws of the United States or of any state or district thereof or of any country;
- (5) Obligations eligible by law for purchase in the open market by Federal Reserve banks;

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- (6) Obligations issued or guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, or the African Development Bank;
- (7) Obligations secured by collateral consisting of any of the securities or stock listed above and worth at the time the investment is made at least fifteen percent more than the amount of the respective obligations;
- (8) Insurance company obligations. Contracts and agreements supplemental thereto providing for participation in one or more accounts of a life insurance company authorized to do business in Hawaii, including its separate accounts, and whether the investments allocated thereto are comprised of stocks or other securities or of real or personal property or interests therein;
- (9) Interests in real property. Interests in improved or productive real property in which, in the informed opinion of the Board, it is prudent to invest funds of the EUTF. For purposes of this paragraph, "real property" includes any property treated as real property either by local law or for federal income tax purposes. Investments in improved or productive real property may be made directly or through pooled funds, including common or collective trust funds of banks and trust companies, group or unit trusts, limited partnerships, limited liability companies, investment trusts, title-holding corporations recognized under section 501(c) of the Internal Revenue Code of 1986, as amended, similar entities that would protect the EUTF's interest, and other pooled funds invested on behalf of the EUTF by investment managers retained by the EUTF;
- (10) Other securities and futures contracts. Securities and futures contracts in which in the informed opinion of the Board, it is prudent to invest funds of the EUTF, including currency, interest rate, bond, and stock index futures contracts and options on the contracts to hedge against anticipated changes in currencies, interest rates, and bond and stock prices that might otherwise have an adverse effect upon the value of the EUTF's securities portfolios; covered put and call options on securities; and stock; whether or not the securities, stock, futures contracts, or options on futures are expressly authorized by or qualify under the foregoing paragraphs, and notwithstanding any limitation of any of the foregoing paragraphs (including paragraph (4)); and
- (11) Private placements. Investments in institutional blind pool limited partnerships, limited liability companies, or direct investments that make private debt and equity investments in privately held companies, including but not limited to investments in Hawaii high technology businesses or venture capital investments that, in the informed opinion of the Board, are appropriate to invest funds of the EUTF. In evaluating venture capital investments, the Board shall consider, among other things, the impact an investment may have on job creation in Hawaii and on the state economy. The Board shall report annually to the legislature on any Hawaii venture capital investments it has made; provided that if the Board determines it is not prudent to invest in any Hawaii venture capital investments the Board shall report the rationale for the decision. The Board, by January 1, 2008, shall develop criteria to determine the amount of funds that may be prudently invested in Hawaii private placement investments.

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Strategic Allocation

Strategic allocation refers to the strategic deployment of assets among the major classes of investments permitted under the HRS. It is the primary determinant of success in meeting long-term investment objectives. The EUTF's strategic allocation is established by the Board with input from the Investment Committee, the general consultant, and staff, and is a function of the Board's expectations of current and future liquidity and income needs, eligible investment types under the HRS, expectations of strategic class investment performance likely to be achieved over the long-term, and risk tolerance.

The Board implements its strategic allocation policy through the use of full discretion investment managers who invest the assets of the portfolios assigned to them, subject to specific investment guidelines provided by the Board or provided by the fund's governing documents.

In November 2022, the EUTF Board approved new OPEB Trust long-term strategic allocation targets. The high-level risk-based allocation targets are as follows:

<u>Approved Long-term High-level Class Targets</u>	
Aggressive growth	18.00%
Traditional growth	27.50%
Stabilized growth	22.00%
Diversifying strategies	32.50%
	<u>100.00%</u>

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To prudently transition to the long-term policy mix an evolving policy plan was approved by the Board. As of June 30, 2024 the evolving policy plan for the OPEB Trust is as follows:

Asset Class/Strategy	Stage 1	Stage 2	Stage 3	Long-term Policy
<i>Expected Completion Date</i>	4/1/23	1/1/24	1/1/25	1/1/26
Private equity	10.00%	12.00%	14.00%	15.00%
U.S. microcap	5.50%	4.50%	3.50%	3.00%
Global equity	29.00%	28.50%	28.00%	27.50%
U.S. REITs	0.00%	0.00%	0.00%	0.00%
Global options	5.50%	3.50%	1.50%	0.00%
Private credit	7.00%	8.00%	9.00%	10.00%
Real assets	10.50%	11.00%	11.50%	12.00%
Core fixed income	0.00%	0.00%	0.00%	0.00%
US TIPs	5.00%	5.00%	5.00%	5.00%
ILS/Reinsurance	5.00%	5.00%	5.00%	5.00%
Long treasuries	5.50%	5.50%	5.50%	5.50%
Alternative risk premia	5.00%	5.00%	5.00%	5.00%
Systematic trend following	10.00%	10.00%	10.00%	10.00%
Tail risk	0.25%	0.25%	0.25%	0.25%
Long volatility	1.75%	1.75%	1.75%	1.75%
	100.00%	100.00%	100.00%	100.00%

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The portfolio policy plan for the EUTF's short-term liquidity/operating asset pool as of June 30, 2024 is as follows:

Strategic Classification	Target
Short-term investment:	
Cash and cash equivalents and short-term fixed income	100.00%
Long-term investment:	
Global equity	50.00%
Long treasuries	13.00%
Alternative risk premia	6.75%
Long-term fixed income	6.75%
Systematic trend following	23.50%
	100.00%

Asset Class Ranges

The Board will utilize the following asset class ranges/bounds in managing the OPEB Trust long-term investment portfolio. These ranges apply to the prevailing evolving policy allocation that is in effect. Considering the inherent characteristics of private markets classes, such classes do not have ranges but will be managed in-line with approved pacing models/schedules.

Asset Classification	Range
Private equity/non-core RE	---
U.S. microcap	±2%
U.S. equity	±3%
Non-U.S. equity	±3%
Global options	±2%
Private credit	---
Real assets	---
Core fixed income	±2%
US TIPs	±2%
Reinsurance	±2%
Long treasuries	±2%
Alternative risk premia	±2%
Systematic trend following	±2%
Tail risk/Long vol	±1%

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These ranges apply to the prevailing evolving policy allocation of the short-term liquidity/operating asset pool portfolio.

<u>Asset Classification</u>	<u>Range</u>
Global equity	±4%
Long treasuries	±3%
Alternative risk premia	±2%
Long-term fixed income	±2%
Systematic trend following	±2%

Rebalancing

The Board has a policy of rebalancing the portfolio when actual strategic allocations fall outside of the strategic class ranges. Subject to market conditions, portfolio rebalancing will be executed by staff on a systematic basis when strategic allocations fall outside of the strategic class ranges. In order to minimize transaction costs and operational risks, EUTF cash flows, such as contributions received or benefits paid, will be the primary mechanism used to achieve rebalancing objectives when strategic allocations are not at the targets but are not outside the strategic class ranges. Staff will have the authority to rebalance towards strategic allocation targets without cash flows and when actual allocations are not outside of the strategic class ranges if the intent is to reduce overall portfolio risk.

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expenses, for the OPEB Trust was 11.28%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fair Value Hierarchy

The EUTF's investments are measured at fair value. The EUTF categorizes its fair value measurement within the fair value hierarchy established by GAAP. Fair value is a market-based measurement of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that a transaction to sell an asset or transfer a liability takes place in either the principal market or most advantageous market.

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The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value of the assets into three levels. Level 1 inputs are unadjusted quoted prices in active markets for identical assets; Level 2 are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable; and Level 3 inputs are valuations derived from valuation techniques in which significant inputs are unobservable.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

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The following is a summary of the EUTF's fair value measurements as of June 30, 2024:

	<u>Total</u>	<u>Fair Value Measurements Using</u>	
		<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Investments by fair value level:			
Equity securities:			
Common stocks - domestic	\$ 374,993,337	\$ 374,993,337	\$ -
Common stocks - international	20,027,091	20,027,091	-
Preferred stock - domestic	778,277	778,277	-
Fixed income securities:			
U.S. treasury and government agency bonds	463,995,875	-	463,995,875
Mutual fund - domestic	233,648,765	233,648,765	-
Derivatives - equity options	(3,364,420)	-	(3,364,420)
Total investments measured by fair value levels	<u>1,090,078,925</u>	<u>\$ 629,447,470</u>	<u>\$ 460,631,455</u>
Investments measured at net asset value (NAV):			
Commingled funds:			
Domestic equity	1,516,861,361		
International equity	1,042,932,832		
Domestic inflation - linked fixed income	391,982,799		
Alternative investments	2,917,549,845		
Real estate	<u>476,838,079</u>		
Total investments measured at NAV	<u>6,346,164,916</u>		
Total investments measured at fair value	<u>\$ 7,436,243,841</u>		
Invested securities lending collateral - money market fund - measured at NAV	<u>\$ 25,652,787</u>		

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Investments in common and preferred stocks and a mutual fund are valued at the daily closing price as reported by the fund. The mutual fund held by the EUTF is an open-end fund that is registered with the SEC. The funds are required to publish their daily NAV and to transact at that price.

Investments in U.S. government securities, including U.S. treasury and government agency bonds, are based on quoted market prices or pricing models maximizing the use of observable inputs for similar securities.

The fair value of futures is determined using the market approach based upon quoted market prices. For exchange-traded securities, such as futures and options, closing prices from the securities exchanges are used.

Investments in commingled funds are valued at NAV. Investments in a money market fund are valued at the NAV of the custodian bank liquid asset portfolio. In addition, real estate and alternative investments held in limited partnerships and limited liability companies (as described in the *Derivatives* section) are measured at their respective NAV and are generally audited annually. The NAV is based on the fair value of the underlying assets held by the fund less its liabilities.

There have been no changes in the methodologies used at June 30, 2024. The preceding measurements described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The market volatility of equity-based investments is expected to substantially impact the value of such investments at any given time. It is likely that the value of the EUTF's investments has fluctuated since June 30, 2024.

<u>Investments Measured at NAV</u>	<u>Fair Value June 30, 2024</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Commingled funds:				
Domestic equity	\$ 1,516,861,361	\$ -	Daily	Same as trade date
International equity	1,042,932,832	-	Daily	Same as trade date
Domestic inflation - linked fixed income	391,982,799	-	Daily	Trade date - 2
Alternative investments	2,917,549,845	1,465,401,185	Monthly/ Quarterly/Semi- Annually/ Annually	Various up to trade date - 90
Real estate	476,838,079	279,224,424	Quarterly	Various up to trade date - 90
Total investments measured at NAV	<u>\$ 6,346,164,916</u>	<u>\$ 1,744,625,609</u>		
Invested securities lending				
collateral - money market				
mutual fund - measured at NAV	<u>\$ 25,652,787</u>			Same as trade date

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Interest Rate Risk

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The EUTF has not adopted a formal policy that limits investment maturities as a means of managing its exposure to fair value changes arising from changing interest rates. External investment managers are given full discretion within their operational guidelines and are expected to maintain a diversified portfolio between and within sectors, quality, and maturity.

Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. The table below shows fixed income investment securities by investment type, amount, and the effective weighted duration for the EUTF's total portfolio as of June 30, 2024:

Debt Security Type	Fair Value	Effective Weighted Duration (Years)	Percent of Debt Securities
Fixed income securities:			
U.S. treasury bonds	\$ 463,153,925	15.00	42.51%
Commingled funds - domestic inflation - linked	391,982,799	6.51	35.97%
Mutual fund - domestic	233,648,765	2.60	21.44%
U.S. government agency bonds	841,950	9.16	0.08%
Total	<u>\$ 1,089,627,439</u>		<u>100.00%</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. Information regarding the EUTF's credit risk on derivative investments is discussed below in the derivative disclosures, while policies related to credit risk for the securities lending program is discussed below in the securities lending disclosures.

Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization, Standard and Poor's. At June 30, 2024, the EUTF investments include one fixed income oriented commingled fund and one fixed income oriented mutual fund: the BlackRock U.S. Inflation- Linked Bond Fund and the Vanguard Short-Term Corporate Bond Index Fund I with ratings ranging from AAA to NR. The EUTF's direct holdings in U.S. treasury and government agency bonds have an AAA rating.

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Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the EUTF will not be able to recover the value of its investments residing at its custodian bank or collateral securities that are lent by the custodian bank to outside party(ies). The EUTF's investments are held at custodian banks. The EUTF's custodians are Northern Trust Corporation (Northern Trust) and Bank of Hawaii (BOH). Northern Trust and BOH are "Qualified Custodians" as defined within Rule 206(4)-2 of the Investment Advisers Act of 1940 for which funds or securities are held separate from bank assets. The EUTF did not have custodial credit risk related to its equity and fixed income securities, including commingled funds, common stocks, preferred stock, U.S. treasury and government agency bonds, a mutual fund, and securities lending activities.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the EUTF will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The EUTF's Investment Policy or the HRS do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits. At times and as of June 30, 2024, the EUTF had deposits in excess of Federal Deposit Insurance Corporation and SIPC limits.

Concentration of Credit Risk

The EUTF provides guidelines regarding portfolio diversification by placing limits on the amount it may invest in any one issuer, types of investment instruments, and position limits per issue of an investment instrument.

Other than U.S. government securities, the EUTF does not have investments in any single issuer that represent 5 percent or more of fiduciary net position or total investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The EUTF's asset allocation and investment policy allows for active and passive investments in international securities. The foreign currency risk exposure to the EUTF arises from the international equity investment holdings, including commingled funds and common stocks.

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The following table summarizes the EUTF's exposure to foreign currency risk in U.S. dollars as of June 30, 2024:

Currencies	Cash and Cash Equivalents	Derivatives	Total
Australian dollar	\$ 215,001	\$ (43,150)	\$ 171,851
British pound sterling	(580,039)	62,319,439	61,739,400
Canadian dollar	(868,965)	97,114,539	96,245,574
Euro	(273,575)	(17,073,706)	(17,347,281)
Hong Kong dollar	1,424	-	1,424
Japanese yen	110,344	(85,763,335)	(85,652,991)
Swiss franc	39,772	(6,009)	33,763
	<u>\$ (1,356,038)</u>	<u>\$ 56,547,778</u>	<u>\$ 55,191,740</u>

Securities Lending

The EUTF participates in a securities lending program administered by its custodian bank, Northern Trust. Under this program, which is permissible by State statutes and the EUTF's Investment Policy, certain equity securities are lent to participating broker-dealers and banks (borrowers). In return, the EUTF receives cash, securities, and/or letters of credit as collateral at 102% to 105% of the principal plus accrued interest for reinvestment. The collateral is marked to market daily. If the market value of the collateral falls below the minimum collateral requirements, additional collateral is provided. Accordingly, management believes that the EUTF had no credit risk exposure to borrowers because the amounts the EUTF owed the borrowers equaled or exceeded the amounts the borrowers owed the EUTF. The contract with the EUTF requires the custodian bank to indemnify the EUTF. In the situation when a borrower goes into default, the custodian bank will liquidate the collateral to purchase replacement securities. Any shortfall between the replacement securities cost and the collateral value is covered by the custodian bank. All securities loans can be terminated on demand within a period specified in each agreement by either the EUTF or the borrowers.

Cash collateral is invested in a separate account by the custodian bank using approved lender's investment guidelines. As such, maturities of the investments made with cash collateral generally do not match the maturities of the securities loans. The EUTF does not impose any restrictions on the amount of loans the bank custodian makes on behalf of the EUTF. The securities lending program in which the EUTF participates only allows pledging or selling securities in the case of borrower default.

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At June 30, 2024, the total securities lent for collateral amounted to \$211,640,827. At June 30, 2024, the total cash and noncash collateral received amounted to \$25,652,787 and \$193,634,897, respectively. All three of the commingled funds held in the EUTF investment pool participate in securities lending.

Derivatives

The EUTF holds investments in options and futures. The EUTF enters into various derivative investment contracts to hedge, minimize transaction costs, and to implement value added strategies to enhance returns as authorized by the EUTF's Investment Policy.

Generally, derivatives are subject both to market risk and counterparty risk. The derivatives utilized by the EUTF typically have no greater risk than their physical counterparts, and in many cases are offset by exposures elsewhere in the portfolio. Counterparty risk, the risk that the "other party" to a contract will default, is managed by utilization of exchange-traded futures and options where practicable (in which case the futures exchange is the counterparty and guarantees performance) and by careful screening of counterparties where use of exchange-traded products is impractical or uneconomical. The EUTF investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, posting collateral, and exposure monitoring procedures. The EUTF anticipates that counterparties will be able to satisfy their obligations under the contracts.

Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified price. Futures contracts are traded on organized exchanges thereby minimizing the EUTF's credit risk. The net change in the futures contract value is settled daily in cash with the exchanges. Net gains or losses arising from the daily settlements are included in net appreciation in the fair value of investments in the accompanying statement of changes in fiduciary net position – OPEB Trust. The notional amount is the nominal or the underlying face amount that is used to calculate payments made on that instrument or contract. At June 30, 2024, the net notional value of futures contracts was \$77,181,814.

Options represent or give the buyers the right, but not the obligation, to buy or sell an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, the EUTF receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, the EUTF pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable instrument underlying the option.

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The following table summarizes the EUTF's investments in derivative securities and contracts held at June 30, 2024 with the related maturity information:

<u>Derivatives (by type)</u>	<u>Notional Value</u>	<u>Market Value</u>	<u>Maturity (range from)</u>
Futures:			
Equity futures long	\$ 198,530,632	\$ -	.2 year
Commodity futures long	46,170,033	-	.2 to .5 year
Commodity futures short	(104,426,776)	-	.1 to .5 year
Foreign exchange contracts long	110,924,839	-	.2 year
Foreign exchange contracts short	(152,334,181)	-	.2 year
Interest rate contracts long	135,436,345	-	.2 year
Interest rate contracts shorts	(157,119,078)	-	.2 year
Futures total	77,181,814	-	
Options:			
Equity options written	-	(10,452,829)	under .2 year
Grand total	<u>\$ 77,181,814</u>	<u>\$ (10,452,829)</u>	

In addition, the EUTF holds investments in 44 limited partnerships and two limited liability companies. The three largest limited partnerships consist of investments in: 1) Adaptive Trend Fund, LP managed by AlphaSimplex, 2) Pillar ENSO Fund managed by Pillar Capital Management Limited, and 3) Kepos Alternative Risk Premia Fund, LP managed by Kepos. AlphaSimplex uses a systematic trend following strategy that captures price trends by trading across four major futures market segments (equities, commodities, currencies, and fixed income) in more than 70 markets. Pillar Capital Management Limited is an actively managed portfolio that invests in various forms of insurance-linked securities (e.g., catastrophe bonds, collateralized reinsurance, etc.) where returns/premiums are generally sourced from natural catastrophe insurance policies or derivatives thereof. Kepos utilizes a risk-balanced approach to harvest value, carry, and momentum risk premia across broad asset classes (e.g., equity, fixed income, currencies, and commodities). The fund targets a 10% long-term volatility level. The limited liability companies consist of 1) the Prime Property Fund, LLC managed by Morgan Stanley and 2) the PIMCO Private Income Fund managed by Pacific Investment Management Company. Morgan Stanley invests in core real estate properties and uses a strategy investing in existing, high quality, well-leased properties in major metropolitan markets and submarkets across the United States and diversified across sectors. Pacific Investment Management Company implements an opportunistic income-oriented strategy with the flexibility to invest across residential mortgage, commercial real estate, corporate credit, and specialty lending.

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(4) Capital Assets

The enterprise fund's capital asset activity for the year ended June 30, 2024 was as follows:

	Balance at July 1, 2023	Additions	Disposals	Balance at June 30, 2024
Capital assets being depreciated:				
Office furniture and equipment	\$ 982,870	\$ -	\$ -	\$ 982,870
Computer equipment and software	18,193,085	-	-	18,193,085
Less accumulated depreciation	<u>(12,046,112)</u>	<u>(1,276,125)</u>	<u>-</u>	<u>(13,322,237)</u>
	<u>7,129,843</u>	<u>(1,276,125)</u>	<u>-</u>	<u>5,853,718</u>
Lease assets:				
Building and improvements	881,261	-	-	881,261
Equipment	85,488	-	-	85,488
Less accumulated amortization	<u>(63,192)</u>	<u>(196,327)</u>	<u>-</u>	<u>(259,519)</u>
	<u>903,557</u>	<u>(196,327)</u>	<u>-</u>	<u>707,230</u>
Subscription asset:				
Subscription asset	-	3,974,483	-	3,974,483
Less accumulated amortization	<u>-</u>	<u>(1,082,310)</u>	<u>-</u>	<u>(1,082,310)</u>
	<u>-</u>	<u>2,892,173</u>	<u>-</u>	<u>2,892,173</u>
Total capital assets, net	<u>\$ 8,033,400</u>	<u>\$ 1,419,721</u>	<u>\$ -</u>	<u>\$ 9,453,121</u>

(5) Lease Payable

The EUTF has entered into leases for building space and equipment use (see Note 13). The terms of the agreements are 5 years. The calculated interest rates used ranged from 2.87% to 3.93%.

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Principal and interest payments to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 190,969	\$ 24,645	\$ 215,614
2026	198,479	17,131	215,610
2027	201,593	9,357	210,950
2028	132,579	1,910	134,489
Total	<u>\$ 723,620</u>	<u>\$ 53,043</u>	<u>\$ 776,663</u>

A reconciliation of changes in lease payable is as follows for the year ended June 30, 2024:

Balance at beginning of year	\$ 907,282
Reductions	<u>(183,662)</u>
Balance at end of year	723,620
Less current portion	<u>(190,969)</u>
Noncurrent portion	<u>\$ 532,651</u>

(6) Subscription Payable

The EUTF has entered into a SBITA for licensing, hosting, and software of the benefits administration system. The term of the SBITA agreement is through November 2029. The calculated interest rate used was 3.93%.

Principal and interest payments to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 514,609	\$ 106,999	\$ 621,608
2026	535,189	86,363	621,552
2027	556,593	64,902	621,495
2028	578,743	42,692	621,435
2029	601,998	19,375	621,373
Thereafter	205,972	1,139	207,111
Total	<u>\$ 2,993,104</u>	<u>\$ 321,470</u>	<u>\$ 3,314,574</u>

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A reconciliation of changes in subscription payable is as follows for the year ended June 30, 2024.

Balance at beginning of year	\$ -
Additions	3,974,483
Reductions	<u>(981,379)</u>
Balance at end of year	2,993,104
Less current portion	<u>(514,609)</u>
Noncurrent portion	<u><u>\$ 2,478,495</u></u>

(7) Health and Life Insurance Benefit Contracts

The EUTF's primary purpose is to provide active employees, retirees, and dependent-beneficiaries with health benefit plans and group life insurance. To effectuate this purpose, the EUTF enters in multi-year health benefit and life insurance contracts with carriers and third-party administrators (the TPA). The active employee and retiree contracts are on a fiscal year and calendar year, respectively.

The health benefit and life insurance contracts utilize three different financial arrangements:

Self-insured

Rates are experience rated and are set by the Board acting on the advice of the benefits consultant. Due to the size of the pool, there is no stop loss insurance associated with these plans. The EUTF pays administrative fees to the TPA and pays actual claims. If claims are less than the premium collections from the employers, employees, and retirees (the surplus), the surplus funds are retained by the EUTF. However, if claims are greater than the premium collections (the shortfall), the EUTF is responsible for the shortfall.

Fully-insured

Rates are experience rated and are negotiated. Surpluses are retained by the insurance carrier and the insurance carrier is responsible for any shortfalls. Risk is retained by the insurance carrier.

Fully-insured with One-Way Risk Sharing

Rates are experience rated and are negotiated. Surpluses (premiums in excess of claims and administrative fees and retention charged by the insurance carrier) are retained by the EUTF, while the insurance carrier is responsible for any shortfalls.

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The following is a summary of the insurance carriers and TPA and the funding arrangements for the medical, chiropractic, prescription drug, dental, vision, and life insurance:

Medical and Chiropractic

Hawaii Medical Service Association (HMSA) - *Fully-insured with one-way risk sharing*

- PPO plans - EUTF active employees 90/10, 80/20, and 75/25, and HSTA VB active employees 90/10 and 80/20
- HMO plan - EUTF active employees
- Retiree PPO plans – EUTF (excluding chiropractic) and HSTA VB retirees 90/10

Medical, Chiropractic, and Prescription Drug

Kaiser Permanente (Kaiser) - *Fully-insured*

- Comprehensive HMO plans - EUTF and HSTA VB active employees
- Standard HMO plan - EUTF active employees
- Retiree Comprehensive HMO plans – EUTF (excluding chiropractic) and HSTA VB retirees (non-Medicare and Senior Advantage Medicare)

Medical

Humana - *Fully-insured*

- Medical Advantage Plan - EUTF Medicare retirees

Prescription Drug

CVS Caremark - *Self-insured*

- Prescription drug coverage for HMSA PPO and HMO plans - EUTF and HSTA VB active employees and non-Medicare retirees

SilverScript - *Self-insured*

- Prescription drug coverage through an employer group waiver plan for non-Kaiser retirees - EUTF and HSTA VB Medicare retirees

Dental

Hawaii Dental Service (HDS) - *Fully-insured with one-way risk sharing*

- EUTF and HSTA VB active employees and retirees
- Supplemental plan for HSTA VB active employees

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Vision

Vision Service Plan (VSP) - *Fully-insured with one-way risk sharing*

- EUTF and HSTA VB active employees and retirees

Life Insurance

Securian Financial - *Fully-insured*

- Term life insurance - EUTF and HSTA VB active employees and retirees

Supplemental Medical and Prescription Drug

Verdegard Administrators - *Self-insured*

- EUTF active employees

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All Contracts

The following is a summary of the experience refunds due from insurance companies, rebates and other receivables from insurance companies, and premiums payable balances by insurance company at June 30, 2024:

	Active Employees	Retirees
Experience refunds due from insurance companies:		
HDS	\$ 950,446	\$ 54,881
VSP	28,095	-
	\$ 978,541	\$ 54,881
Rebates and other receivables from insurance companies:		
Rebates receivable from CVS	\$ 31,548,167	\$ 10,382,340
Other receivables from CVS	410,326	-
Other receivables from HMSA	147,396	166,212
Other receivables from VSP	2,574	2,552
Other receivables from Humana	343	-
Other receivables from HDS	4,225	3,980
Other receivables from Kaiser	14,000	8,530
Rebates and coverage gap discount receivable from Silverscript	-	58,791,736
	\$ 32,127,031	\$ 69,355,349
Premiums payable:		
HDS	\$ 3,150,421	\$ 2,981,778
HDS - HSTA VB	264,723	159,424
HMSA	28,369,816	52,869,485
HMSA - HSTA VB	2,658,357	2,506,279
Humana	-	3,943
Kaiser Hawaii	13,566,481	5,648,183
Kaiser Hawaii - HSTA VB	845,249	131,453
Minnesota Life	237,555	186,529
Minnesota Life - HSTA VB	16,130	8,842
VSP	304,648	246,054
VSP - HSTA VB	22,894	11,077
	\$ 49,436,274	\$ 64,753,047

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(8) Benefits Claims Expense

The EUTF is self-insured for the prescription drug plans and the supplemental medical and prescription drug plan. Under the self-insured arrangement, the TPA provides the EUTF with provider networks, claims processing, cost containment, and other services. Instead of premiums, the EUTF pays administrative fees to the TPA for the services rendered and reimburses the TPA for claims paid.

Activity in the liability for unpaid benefits claims expense related to the self-insured supplemental medical and prescription drug plans is as follows for the year ended June 30, 2024:

	<u>Active Employees</u>	<u>Retirees</u>	<u>Total</u>
Balance at June 30, 2023	\$ 7,309,128	\$ 28,574,078	\$ 35,883,206
Claims and changes in estimates	167,747,894	316,680,532	484,428,426
Contractor processing administrative fees	942,094	4,385,079	5,327,173
Paid (including rebates) during the year	<u>(168,703,110)</u>	<u>(321,650,079)</u>	<u>(490,353,189)</u>
Balance at June 30, 2024	<u>\$ 7,296,006</u>	<u>\$ 27,989,610</u>	<u>\$ 35,285,616</u>

Below is a summary of benefit claims payable by TPA at June 30, 2024:

	<u>Active Employees</u>	<u>Retirees</u>	<u>Total</u>
Benefit claims - CVS	\$ 6,944,262	\$ 3,139,072	\$ 10,083,334
Benefit claims - Verdegard	26,127	369	26,496
Benefit claims - SilverScript	-	23,989,642	23,989,642
IBNR for self-insured plans	247,200	492,900	740,100
Admin fee - CVS	69,242	10,719	79,961
Admin fee - Verdegard	9,175	-	9,175
Admin fee - SilverScript	-	356,908	356,908
	<u>\$ 7,296,006</u>	<u>\$ 27,989,610</u>	<u>\$ 35,285,616</u>

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According to the terms of contracts with TPA's, the EUTF was required to make a deposit to cover estimated claims costs for the self-insured prescription drug plans. The deposits held by the TPAs for the self-insured prescription drug plans as of June 30, 2024 are as follows:

	Active Employees	Retirees	Total
CVS - drug contract	\$ 4,958,000	\$ 1,742,000	\$ 6,700,000
SilverScript - drug contract	-	6,423,204	6,423,204
Verdegard - drug contract	63,274	-	63,274
	<u>\$ 5,021,274</u>	<u>\$ 8,165,204</u>	<u>\$ 13,186,478</u>

(9) Summary of Required Premium Contributions and OPEB Trust Annual Required Contributions

The employer and employee required premium contributions for active employees and OPEB Trust annual required contributions for retirees for the year ended June 30, 2024, are as follows:

	Active Employees	Retirees	Total
Employer contributions:			
State of Hawaii	\$ 368,511,026	\$ 821,984,000	\$ 1,190,495,026
City & County of Honolulu	73,070,840	191,348,000	264,418,840
County of Hawaii	23,479,075	44,136,000	67,615,075
County of Maui	22,855,783	58,627,767	81,483,550
County of Kauai, including Department of Water Supply	10,868,943	18,627,000	29,495,943
Board of Water Supply - Honolulu	4,398,346	8,303,000	12,701,346
County of Hawaii - Department of Water Supply	1,337,430	2,027,000	3,364,430
	<u>504,521,443</u>	<u>1,145,052,767</u>	<u>1,649,574,210</u>
Active employee and retiree contributions	195,982,714	6,873,126	202,855,840
	<u>\$ 700,504,157</u>	<u>\$ 1,151,925,893</u>	<u>\$ 1,852,430,050</u>

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The required premium contributions for active employees include both contributions for self-insured and fully-insured plans. The self-insured contributions amounting to \$104,500,411 for the year ended June 30, 2024, are reported as operating revenues in the accompanying statement of revenues, expenses, and changes in net position of the enterprise fund. The contributions related to the fully-insured plans are included as a component of the premiums receivable from State of Hawaii and counties in the accompanying statement of net position of the enterprise fund. Contributions related to the fully-insured plans for the year ended June 30, 2024 reported in the enterprise fund amounted to \$596,003,746.

OPEB Trust annual required contributions for retirees are reported as additions in the accompanying statement of changes in fiduciary net position – OPEB Trust and amounted to \$1,145,052,767 for the year ended June 30, 2024. Retiree contributions reduce benefit claims expense and carrier payments in the accompanying statement of changes in fiduciary net position – OPEB Trust and amounted to \$6,873,126 for the year ended June 30, 2024.

For the year ended June 30, 2024, the OPEB Trust annual required contribution rate for the State (primary government), which includes the EUTF, was 27.15% of covered-employee payroll.

(10) Retirement Benefits

Pension Plan

Plan Description

Generally, all full-time employees of the State and counties, which includes the EUTF, are required to be members of the ERS, a cost-sharing multiple-employer defined benefit pension plan that administers the State's pension benefits program. Benefits, eligibility, and contribution requirements are governed by Chapter 88, HRS and can be amended through legislation.

Benefits Provided

The ERS Pension Trust is comprised of three pension classes for membership purposes and considered to be a single plan for accounting purposes since all assets of the ERS may legally be used to pay the benefits of any of the ERS members or beneficiaries. The ERS provides retirement, disability, and death benefits with three membership classes known as the noncontributory, contributory, and hybrid retirement classes. The three classes provide a monthly retirement allowance equal to the benefit multiplier (generally 1.25% to 2.25%) multiplied by the average final compensation multiplied by years of credited service. Average final compensation for members hired prior to July 1, 2012 is an average of the highest salaries during any three years of credited service, excluding any salary paid in lieu of vacation for members hired January 1, 1971 or later and the average of the highest salaries during any five years of credited service including any salary paid in lieu of vacation for members hired prior to January 1, 1971. For members hired after June 30, 2012, average final compensation is an average of the highest salaries during any five years of credited service excluding any salary paid in lieu of vacation.

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Each retiree's original retirement allowance is increased on each July 1 beginning the calendar year after retirement. Retirees first hired as members prior to July 1, 2012 receive a 2.5% increase each year of their original retirement allowance without a ceiling. Retirees first hired as members after June 30, 2012 receive a 1.5% increase each year of their original retirement allowance without a ceiling. The annual increase is not compounded.

The following summarizes the provisions relevant to the largest employee groups of the respective membership class. Retirement benefits for certain groups, such as police officers, firefighters, some investigators, sewer workers, judges, and elected officials, vary from general employees.

Noncontributory Class

Retirement Benefits

General employees' retirement benefits are determined as 1.25% of average final compensation multiplied by the years of credited service. Employees with 10 years of credited service are eligible to retire at age 62. Employees with 30 years of credited service are eligible to retire at age 55.

Disability Benefits

Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation. 10 years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.5% of average final compensation.

Death Benefits

For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. Additional benefits are payable to surviving dependent children up to age 18. If there is no spouse/reciprocal beneficiary or surviving dependent children, no benefit is payable.

Ordinary death benefits are available to employees who were active at time of death with at least 10 years of credited service. The surviving spouse/reciprocal beneficiary (until remarriage/reentry into a new reciprocal beneficiary relationship) and surviving dependent children (up to age 18) receive a benefit equal to a percentage of member's accrued maximum allowance unreduced for age or, if the member was eligible for retirement at the time of death, the surviving spouse/reciprocal beneficiary receives 100% joint and survivor lifetime pension and the surviving dependent children receive a percentage of the member's accrued maximum allowance unreduced for age.

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Contributory Class for Members Hired Prior to July 1, 2012

Retirement Benefits

General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 55.

Police officers and firefighters' retirement benefits are determined using the benefit multiplier of 2.5% for qualified service, up to a maximum of 80% of average final compensation. Police officers and firefighters with five years of credited service are eligible to retire at age 55. Police officers and firefighters with 25 years of credited service are eligible to retire at any age, provided the last five years is service credited in these occupations.

Disability Benefits

Members are eligible for service-related disability benefits regardless of length of service and receive a one-time payment of the member's contributions and accrued interest plus a lifetime pension of 50% of their average final compensation. 10 years of credited service is required for ordinary disability. Ordinary disability benefits are determined as 1.75% of average final compensation multiplied by the years of credited service but are payable immediately, without an actuarial reduction, and at a minimum of 30% of average final compensation.

Death Benefits

For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or surviving dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least one year of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage of the salary earned in the 12 months preceding death, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least 10 years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

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Contributory Class for Members Hired After June 30, 2012

Retirement Benefits

General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with 10 years of credited service are eligible to retire at age 60.

Police officers and firefighters' retirement benefits are determined using the benefit multiplier of 2.25% for qualified service, up to a maximum of 80% of average final compensation. Police officers and firefighters with 10 years of credited service are eligible to retire at age 60. Police officers and firefighters with 25 years of credited service are eligible to retire at age 55, provided the last five years is service credited in these occupations.

Disability and Death Benefits

Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50% of their average final compensation plus refund of contributions and accrued interest. 10 years of credited service is required for ordinary disability.

For police officers and firefighters, ordinary disability benefits are 1.75% of average final compensation for each year of service and are payable immediately, without an actuarial reduction, at a minimum of 30% of average final compensation.

Death benefits for contributory members hired after June 30, 2012 are generally the same as those for contributory members hired June 30, 2012 and prior.

Hybrid Class for Members Hired Prior to July 1, 2012

Retirement Benefits

General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 62. General employees with 30 years of credited service are eligible to retire at age 55.

Disability Benefits

Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation plus refund of their contributions and accrued interest. 10 years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25% of average final compensation.

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Death Benefits

For service-connected deaths, the designated surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or surviving dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least five years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage multiplied by 150%, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least 10 years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Hybrid Class for Members Hired After June 30, 2012

Retirement Benefits

General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with 10 years of credited service are eligible to retire at age 65. Employees with 30 years of credited service are eligible to retire at age 60. Sewer workers, water safety officers, and emergency medical technicians may retire with 25 years of credited service at age 55.

Disability and Death Benefits

Provisions for disability and death benefits generally remain the same except for ordinary death benefits. Ordinary death benefits are available to employees who were active at time of death with at least 10 years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least 10 years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

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Contributions

Contributions are governed by Chapter 88, HRS and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every five years. Since July 1, 2005, the employer contribution rate is a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The contribution rates for fiscal year 2024 were 41%, for police officers and firefighters, and 24% for all other employees. Contributions to the pension plan from the EUTF were \$901,478 for the year ended June 30, 2024.

The employer is required to make all contributions for noncontributory members. Contributory members hired prior to July 1, 2012 are required to contribute 7.8% of their salary, except for police officers and firefighters who are required to contribute 12.2% of their salary. Contributory members hired after June 30, 2012, are required to contribute 9.8% of their salary, except for police officers and firefighters who are required to contribute 14.2% of their salary. Hybrid members hired prior to July 1, 2012 are required to contribute 6.0% of their salary. Hybrid members hired after June 30, 2012 are required to contribute 8.0% of their salary.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Measurement of the actuarial valuation of the pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pension is made for the State as a whole and is not separately computed for the individual state departments and agencies such as the EUTF. The State allocates the pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pension to the various departments and agencies based upon a systematic methodology. Additional disclosures and required supplementary information stipulated by GASB Statement Nos. 68 and 71 pertaining to the State's net pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pension can be found in the State's Annual Comprehensive Financial Report (ACFR).

At June 30, 2024, the EUTF reported a net pension liability of \$6,572,720 for its proportionate share of the State's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

At June 30, 2024, the EUTF's proportionate share of the State's (primary government) net pension liability was .09%.

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For the year ended June 30, 2024, the EUTF recognized pension expense of \$855,296. At June 30, 2024, the EUTF reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 901,478	\$ -
Differences between expected and actual experience	127,876	(82,990)
Changes in proportion and differences between contributions and proportionate share of contributions	52,033	(13,627)
Changes in assumptions	-	(337,078)
Net difference between projected and actual earnings on pension plan investments	286,864	-
	\$ 1,368,251	\$ (433,695)

The \$901,478 reported as deferred outflows of resources related to pension at June 30, 2024 resulting from the EUTF's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at June 30, 2024 will be recognized in pension expense as follows:

Year Ending June 30:

2025	\$	(8,938)
2026		(37,402)
2027		54,889
2028		23,761
2029		768
		\$ 33,078

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Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions adopted by the ERS' Board of Trustees on August 8, 2022, based on the 2021 experience study for the five-year period from July 1, 2016 through June 30, 2021:

Inflation	2.50%
Payroll growth rate	3.50%
Investment rate of return	7.00% per year, compounded annually including inflation

There were no changes to ad hoc postemployment benefits including cost of living allowances.

Post-retirement mortality rates are based on the 2022 Public Retirees of Hawaii mortality tables with full generational projections in future years. Pre-retirement mortality rates are based on multiples of the Pub-2010 mortality table based on the occupation of the member.

There have been no changes in benefit terms or actuarial assumptions since the last valuation.

The long-term expected rate of return on pension plan investments was determined using a "top down approach" of the Client-Constrained Simulation-based Optimization Model (a statistical technique known as "resampling with replacement" that directly keys in on specific plan-level risk factors as stipulated by the ERS' Board of Trustees) in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are then combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return (real returns + inflation) by the target asset allocation percentage.

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The rate of returns based on ERS' investment consultant as of June 30, 2023, are summarized in the following table:

<u>Classes</u>	<u>Strategic Class Weights</u>	<u>Long-Term Expected Geometric Rate of Return</u>
Broad growth:		
Private equity	13.5%	10.0%
Global equity	20.0%	7.9%
Low volatility equity	4.0%	7.1%
Global options	4.0%	5.8%
Credit	6.0%	8.0%
Core real estate	6.0%	6.0%
Non-core real estate	4.5%	7.9%
Timber/agriculture/infrastructure	5.0%	7.2%
Diversifying strategies:		
TIPS	2.0%	3.2%
Global macro	4.0%	6.0%
Reinsurance	4.0%	7.0%
Alternative risk premia	8.0%	5.0%
Long treasuries	5.0%	3.8%
Intermediate government	4.0%	3.2%
Systematic trend following	10.0%	4.7%
Total investments	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the net pension liability was 7.00%, consistent with the rate used at the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the State, which includes the EUTF, will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the EUTF's Proportionate Share of the State's Net Pension Liability to Changes in the Discount Rate

The following presents the EUTF's proportionate share of the State's net pension liability calculated using the discount rate of 7.00%, as well as what the EUTF's proportionate share of the State's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
EUTF's proportionate share of the State's net pension liability	\$ 8,750,242	\$ 6,572,720	\$ 4,769,357

Pension Plan Fiduciary Net Position

The pension plan's fiduciary net position is determined on the same basis used by the pension plan. The ERS' financial statements are prepared using the accrual basis of accounting under which expenses are recorded when the liability is incurred, and revenues are recorded in the accounting period in which they are earned and become measurable. Employer and member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded as of their trade date. Administrative expenses are financed exclusively with investment income.

There were no significant changes after the report measurement date. Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report. The ERS' complete financial statements are available at <http://www.ers.ehawaii.gov/resources/financials>.

Payables to the Pension Plan

The State's employer contributions payable to the ERS, which includes the EUTF, was paid by June 30, 2024. Excess payments will be applied to amounts due in fiscal year 2025.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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Postemployment Health Care and Life Insurance Benefits

Plan Description

The EUTF provides a single delivery system of health care and life insurance benefits for all qualified state and county workers, retirees, and their dependents.

For employees hired before July 1, 1996, the State pays the entire base monthly contribution for employees retiring with 10 years or more of credited service, and 50% of the base monthly contribution for employees retiring with fewer than 10 years of credited service. A retiree can elect a family plan to cover dependents.

For employees hired after June 30, 1996, but before July 1, 2001, and who retire with less than 10 years of service, the State makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the State pays 50% of the base monthly contribution. For employees retiring with at least 15 years but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% of the base monthly contribution. Retirees in this category can elect a family plan to cover dependents.

For employees hired on or after July 1, 2001, and who retire with less than 10 years of service, the State makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the State pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% of the base monthly contribution. Only single plan coverage is provided for retirees in this category. Retirees can elect family coverage but must pay the difference.

Members Covered by Benefit Terms

At July 1, 2023, the State's plan members covered by benefit terms consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	40,136
Inactive plan members entitled to but not yet receiving benefits	7,520
Active plan members	48,709
Total plan members	<u><u>96,365</u></u>

Contributions

Contributions are governed by Chapter 87A, HRS and may be amended through legislation. Contributions to the OPEB plan from the EUTF were \$855,281 for the year ended June 30, 2024. The EUTF is required to make all contributions for their members.

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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Measurement of the actuarial valuation of the OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB is made for the State as a whole and is not separately computed for the individual state departments and agencies such as the EUTF. The State allocates the OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB to the various departments and agencies based upon a systematic methodology. Additional disclosures and required supplementary information stipulated by GASB Statement No. 75 pertaining to the State's net OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB can be found in the State's ACFR.

At June 30, 2024, the EUTF reported a net OPEB liability of \$6,064,088 for its proportionate share of the State's net OPEB liability. The net OPEB liability was measured as of July 1, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

At June 30, 2024, the EUTF's proportionate share of the State's (primary government) net OPEB liability was .13%.

There were no changes between the measurement date, July 1, 2023, and the reporting date, June 30, 2024, that are expected to have a significant effect on the EUTF's proportionate share of the State's net OPEB liability.

For the year ended June 30, 2024, the EUTF recognized OPEB expense of \$122,340. At June 30, 2024, the EUTF reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 855,281	\$ -
Net difference between projected and actual earnings on OPEB plan investments	250,042	-
Changes in assumptions	40,117	(160,374)
Differences between expected and actual experience	-	(959,977)
	\$ 1,145,440	\$ (1,120,351)

The \$855,281 reported as deferred outflows of resources related to OPEB at June 30, 2024 resulting from the EUTF's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2024 will be recognized in OPEB expense as follows:

Year Ending June 30:

2025	\$ (262,880)
2026	(282,835)
2027	(136,753)
2028	(138,867)
2029	(8,857)
	<u> </u>
	<u><u>\$ (830,192)</u></u>

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions adopted by the EUTF's Board of Trustees on January 9, 2023, based on the 2022 experience study as conducted June 30, 2021 for the ERS:

Inflation	2.50%
Salary increases	3.75% to 6.75%, including inflation
Investment rate of return	7.00%

Healthcare cost trend rates:

PPO*	Initial rate of 6.30%; declining to a rate of 4.25% after 21 years
HMO**	Initial rate of 6.30%; declining to a rate of 4.25% after 21 years
Part B & Base Monthly Contribution (BMC)	Initial rate of 5.00%; declining to a rate of 4.25% after 21 years
Dental	4.00%
Vision	2.50%
Life insurance	0.00%

* Blended rates for medical and prescription drug.

** Includes prescription drug assumptions.

Mortality rates are based on system-specific mortality tables utilizing ultimate scale MP2021 to project generational mortality improvement.

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The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	27.50%	7.60%
Private equity	15.00%	10.00%
Real assets	12.00%	4.30%
Private credit	10.00%	7.80%
Trend following	10.00%	2.40%
Long treasuries	5.50%	2.40%
TIPS	5.00%	2.00%
Reinsurance	5.00%	3.40%
Alternative risk premia	5.00%	3.30%
U.S. microcap	3.00%	8.70%
Tail risk/Long volatility	2.00%	-1.10%
Global options	0.00%	4.90%
	100.00%	

Single Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%, based on the expected rate of return on OPEB plan investments of 7.00%. The State's funding policy is to pay the recommended actuarially determined contribution, which is based on layered, closed amortization periods. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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Assumption Changes

There were no assumption changes during the current measurement period.

OPEB Plan Fiduciary Net Position

The OPEB plan's fiduciary net position has been determined on the same basis used by the OPEB plan. The EUTF's financial statements are prepared using the accrual basis of accounting under which revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the cash flows. Employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade-date basis. Administrative expenses are financed exclusively with investment income.

There were no significant changes after the report measurement date.

Changes in the EUTF's Proportionate Share of the State's Net OPEB Liability

The following table represents a schedule of changes in the EUTF's proportionate share of the State's net OPEB liability. The ending balances are as of the measurement date, July 1, 2023.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balance	\$ 8,577,981	\$ 2,461,114	\$ 6,116,867
Service cost	96,711	-	96,711
Interest on the total OPEB liability	331,133	-	331,133
Difference between expected and actual experience	(32,577)	-	(32,577)
Employer contributions	-	367,405	(367,405)
Net investment income	-	80,423	(80,423)
Benefit payments	(184,162)	(184,162)	-
Administrative expense	-	(114)	114
Other	-	332	(332)
Net changes	211,105	263,884	(52,779)
Ending balance	\$ 8,789,086	\$ 2,724,998	\$ 6,064,088

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Sensitivity of the EUTF's Proportionate Share of the State's Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following table presents the EUTF's proportionate share of the State's net OPEB liability calculated using the discount rate of 7.00%, as well as what the EUTF's proportionate share of the State's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
EUTF's proportionate share of the State's net OPEB liability	\$ 7,583,034	\$ 6,064,088	\$ 4,851,710

The following table represents the EUTF's proportionate share of the State's net OPEB liability calculated using the assumed healthcare cost trend rate, as well as what the EUTF's proportionate share of the State's net OPEB liability would be if it were calculated using the trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
EUTF's proportionate share of the State's net OPEB liability	\$ 4,708,148	\$ 6,064,088	\$ 7,799,643

Payables to the OPEB Plan

There were no contributions payable from the State to the EUTF as of June 30, 2024.

Deferred Compensation Plan

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all State employees, permits employees to defer a portion of their compensation until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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All plan assets are held in a trust fund to protect them from claims of general creditors. The State has no responsibility for loss due to the investment or failure of investment of funds and assets in the plan, but does have the duty of due care that would be required of an ordinary prudent investor. Accordingly, the assets and liabilities of the State's deferred compensation plan are not reported in the accompanying basic financial statements.

(11) Commitments and Contingencies

Litigation

Dannenberg, et al. v. State of Hawaii, Civil No.: 06-1-1141 JPC

This class action was originally filed in June 2006 as Marion Everson, et al. v. State of Hawaii, et al. In this action, several State and County retirees filed a Complaint in the State of Hawaii Circuit Court of the First Circuit (the Circuit Court) against the EUTF, the Board, and the State of Hawaii (collectively, the Defendants), as well as various county governments that participate in the EUTF's health benefits plans. The plaintiffs allege various claims based on an argument that the EUTF is constitutionally, statutorily, and contractually required to provide health benefit plans that provide retirees and their dependents with benefits that are substantially equal to those provided to active employees and their dependents. The plaintiffs seek declaratory and injunctive relief, damages, and attorneys' fees and costs.

On December 10, 2012, the plaintiffs filed a motion for partial summary judgment seeking judgment in their favor on the liability issues in the lawsuit, i.e., that the plaintiffs be granted their requested declaratory and injunctive relief, and that the Defendants be found liable for monetary damages in an amount to be determined later. On July 25, 2013, the Defendants filed their motion for partial summary judgment seeking judgment in its favor on all of the plaintiffs' claims that are based on the allegations that: (1) the Defendants violated the constitutional, contractual, and statutory rights of the plaintiffs by not providing healthcare benefits for retirees and their dependents that were equivalent to those provided to active employees and their dependents; (2) the Defendants violated the constitutional and contractual rights of the plaintiffs by not providing healthcare benefits to retirees and their dependents that are equivalent to those provided to other employee-beneficiaries and dependent-beneficiaries, regardless of age; and; (3) the Defendants were negligent in providing health benefits to retirees and their dependents. Both motions were heard by the Circuit Court on October 30, 2013.

On August 29, 2013, the First Circuit Court entered an order granting plaintiff's Motion for Class Action Certification. The class certified is for all employees (and their dependent beneficiaries) who began working for the Territory of Hawaii, State of Hawaii or any political subdivision thereof, before July 1, 2003, and who have accrued or will accrue a right to postretirement health benefits as a retiree or dependent-beneficiary of such a retiree.

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On October 16, 2014, the Circuit Court ruled that the plaintiff's accrued health benefits have not been reduced, diminished, or impaired as the health benefits that retirees receive under the EUTF are the same or substantially the same as the health benefits retirees received under the Hawaii Public Employees Health Fund. The plaintiffs filed a motion for reconsideration of the order or alternatively for an interlocutory appeal.

The Circuit Court denied the motion. Plaintiffs subsequently stipulated to dismiss their claims premised on the contribution cap, which readied the case for final judgment. Plaintiffs appealed to the Intermediate Court of Appeals. On Defendant's request, the Hawaii Supreme Court accepted the case on transfer. Briefing on the appeal and cross-appeal was completed in October 2015. In May 2016, the case was argued before the Hawaii Supreme Court. In October 2016, the Hawaii Supreme Court issued an opinion affirming the Circuit Court's decision in the Defendant's favor to a large extent, but also ruling that the Defendant's were not entitled to judgment as a matter of law, and remanded the case to the trial court.

Plaintiffs filed a Third Amended Complaint on December 28, 2017. Since that time, the parties have conducted discovery and have filed several motions, including motions related to the purported class of plaintiffs. The State's motion to decertify the class was granted. On December 3, 2018, the plaintiffs filed motions to recertify the class and to certify a damages subclass. On February 6, 2019, the court granted the plaintiffs' motion to recertify and an order granting the plaintiffs' motion for recertification was filed on June 21, 2019.

Trial commenced on November 3, 2021 and was completed on November 30, 2021. Proposed findings of fact and conclusions of law were submitted by the parties in January 2022 and the court issued its findings of fact and conclusions of law in March 2023. The trial reconvened in May 2023. The presentation of evidence through witnesses was completed on October 25, 2023. The parties submitted their proposed findings of facts and conclusions of law during November on a schedule approved by the court. The court heard closing arguments from all parties on December 11, 2023, and took the matter under advisement. On January 30, 2024, the court entered final judgement in favor of all defendants and against the plaintiffs on all claims. This is a final judgement entered pursuant to Rule 58, Hawaii Rules of Civil Procedure, and is based on the court's express determination that there are no remaining claims, that there is no reason for delay, and the court's express direction for the entry of judgement. There are no remaining parties and/or issues and the final judgement herein is a complete resolution of this matter.

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On February 28, 2024, plaintiffs filed a notice of appeal. The State Defendants will continue to defend against plaintiffs' claims at the appellate level.

In addition, an action for declaratory relief was filed on August 31, 2022, and a first amended complaint was filed on October 3, 2022 by various insurers that have provided a defense for the lawsuit. Insurance coverage counsel has been retained to defend the State in this action. The insurer plaintiffs are seeking a declaration that they have no duty to defend the State under various insurance policies with respect to the lawsuit. The insurer plaintiffs have also requested that the Court find that the insurer plaintiffs are entitled to reimbursement of defense costs incurred, the amount of which was not specified but may be in excess of the initial policy of insurance that has been exhausted.

The insurers and the State Defendants have filed motions for partial summary judgement. The motions were heard on October 9, 2024, and the court has taken them under advisement and has not yet ruled. The case has not been set for trial.

The State intends to continue its vigorous defense against claims brought against the State, the EUTF, and the EUTF Board in both these cases. At this time, the outcome of this lawsuit cannot be determined and no amount has been recorded in the financial statements as of or for the year ended June 30, 2024. Management believes that an unfavorable outcome, if any, will not have a material adverse effect on the EUTF's financial position.

Kono, et al. v. Abercrombie, Civil No. 10-1-1966-09 KKS

On September 14, 2010, the trustees of the Hawaii State Teachers Association Voluntary Employees' Beneficiary Association Trust (the VEBA Trust) and certain individuals who allegedly participated in health and other benefit plans provided by the VEBA Trust health plans filed a complaint in the Circuit Court against the State alleging: (1) the State diminished and impaired accrued health benefits for the active and retired teachers participating in the VEBA Trust health plans in violation of Article XVI, Section 2 of the Hawaii Constitution, by enacting Act 106, SLH 2010 (Act 106) and transferring the VEBA members to the EUTF and/or reassigning the administration of the VEBA Trust health benefit plans from the VEBA Trust to the EUTF; and (2) the State had taken \$3.96 million in surplus funds from the VEBA Trust and this similarly diminished or impaired the VEBA Trust members' accrued health benefits in violation of Article XVI, Section 2.

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The State filed a motion for judgment on the pleadings seeking dismissal of the lawsuit. The plaintiffs filed a motion for preliminary injunction seeking to prevent the transfer of VEBA Trust participants to the EUTF health plans under Act 106. On December 7, 2010, both motions were heard by the Circuit Court. The Circuit Court gave an oral ruling that denied both motions but held that VEBA Trust participants had a right to maintain the standard of coverage benefits they had enjoyed under the VEBA Trust health plans when they were transferred to the EUTF on January 1, 2011. The Circuit Court also indicated that to the extent that the VEBA Trust surplus that was paid to the State was an accrued benefit of the VEBA Trust members who had paid into that surplus, the appropriate remedy was that such amounts should be set aside to ensure that former VEBA Trust participants can maintain their standard of coverage benefits.

On March 15, 2011, pursuant to its oral ruling, the Circuit Court issued an order denying the State's motion for judgment on the pleadings, and an order denying plaintiff's motion for preliminary injunction, and a final judgment.

The State filed an appeal of the Circuit Court's orders and the final judgment. The Hawaii Intermediate Court of Appeals (the ICA) dismissed the appeal because the form of final judgment did not comply with certain requirements. On October 6, 2011, the Circuit Court issued an amended final judgment. On October 14, 2011, the State filed an appeal of the amended final judgment, the final judgment, and certain other orders entered by the Circuit Court. On November 4, 2011, the plaintiffs filed a cross-appeal. On April 24, 2013, the ICA issued a memorandum opinion vacating the Circuit Court's entry of the final and amended final judgments and certain related orders. The ICA said that entry of these judgments was improper as no dispositive motion was pending at the time the Circuit Court terminated the litigation. The ICA remanded the case back to the Circuit Court for further proceedings consistent with the ICA's opinion.

No trial date has yet been set. The State intends to vigorously defend against the plaintiffs' claims in this lawsuit. The outcome of this lawsuit cannot be determined and no amount has been recorded in the financial statements as of or for the year ended June 30, 2024. Management believes that an unfavorable outcome, if any, will not have a material adverse effect on the EUTF's financial position.

(12) Risk Management

The State retains various risks and insures certain excess layers with commercial insurance companies. The excess layers insured with commercial insurance companies are consistent with the prior fiscal year. Settled claims have not exceeded the coverage provided by commercial insurance companies in any of the past ten fiscal years. A summary of the State's underwriting risks is as follows:

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Property Insurance

The State has an insurance policy with various insurers for property coverage. The limit of loss per occurrence is \$200,000,000, except for terrorism losses, which has a \$100,000,000 per occurrence limit. The deductible for losses such as windstorm, tsunamis, floods, and earthquakes are 3% of the replacement costs to the property subject to a \$1,000,000 per occurrence minimum. The deductible for all other losses, except terrorism, is \$1,000,000 per occurrence. The deductible for terrorism is \$10,000 per occurrence.

Crime Insurance

The State also has a crime insurance policy for various types of coverages with a limit of loss of \$10,000,000 per occurrence with a \$500,000 deductible per occurrence, except for social engineering fraud (with official authorization) which has a \$100,000 limit per occurrence and a \$25,000 deductible, social engineering fraud (without official authorization) which has a \$25,000 limit per occurrence and a \$25,000 deductible, claims and computer investigation expenses which has a \$100,000 limit per occurrence and no deductible, and corporate credit card fraud which has a \$10,000,000 limit per occurrence and a \$1,000 deductible. Losses under the deductible amount are paid by the Risk Management Office of the Department of Accounting and General Services, and losses not covered by insurance are paid from the State's General Fund.

Casualty and Professional Liability

Liability claims up to \$25,000 are handled by the Risk Management Office. All other claims are handled by the Department of the Attorney General. The State has various types of coverages with a \$5,000,000 self-insured retention per occurrence, including \$2,500,000 corridor. The annual aggregate limit for the various coverages is \$5,000,000. Losses under the deductible amount but over the Risk Management Office authority or over the aggregate limit are paid from legislative appropriations of the State's General Fund.

Cyber Liability Insurance

The State is insured for various types of cyber-related activities with a loss limit up to \$10,000,000 with self-insured retention of \$1,000,000. This policy covers all departments and divisions except for the University of Hawaii and includes (with sub-limits) media content liability, PCI-DSS assessment coverage, reputational risk response, reputational loss coverage, E-discovery consultant services, data recovery amendatory system failure non-physical damage loss of use (bricking), system failure coverage, criminal reward expense, claim avoidance expense, crypto jacking coverage, fraudulent impersonation and telecommunication fraud coverage, court attendance cost coverage, company definition amendatory-scheduled entities with varying co-insurance (tier 1 & 2).

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Self-Insured Risks

The State generally self-insures its automobile no-fault and workers' compensation losses. Automobile losses up to \$25,000 per claim are administered by the Risk Management Office. The State administers its workers' compensation losses via the Department of Human Resources and Development.

Fiduciary Liability Insurance

In accordance with HRS 87A-25, the EUTF has obtained fiduciary liability insurance with an annual aggregate for losses of \$10,000,000.

(13) Lease Commitment

The EUTF's office is located in the City Financial Tower. The State Department of Budget and Finance, EUTF Division (lessee) leases 10,961 square feet from the ERS (lessor). Rent on this lease is paid by the EUTF. This lease expires in February 2028. In addition, the EUTF has various lease agreements for office equipment. See Notes 4 and 5 for reported lease assets and lease payable, respectively, related to these leases.

(14) SBITA Commitment

The EUTF entered into a SBITA expiring in November 2029 for the licensing, hosting, and software related to the benefits administration system. Payments on this SBITA are paid by the EUTF. See Notes 4 and 6 for reported subscription asset and subscription payable, respectively, related to this SBITA.

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(15) OPEB Trust by Employer

The fair value of the OPEB Trust by employer as of June 30, 2024, are as follows:

	Long-term Investment Portfolio	Short-term Liquidity/ Operating Asset Pool	Net Position Restricted for Postemployment Benefits Other than Pensions
State of Hawaii	\$ 5,171,855,490	\$ 334,936,630	\$ 5,506,792,120
City & County of Honolulu	1,405,174,506	72,681,798	1,477,856,304
County of Hawaii	374,080,198	17,633,857	391,714,055
County of Maui	538,077,982	17,886,006	555,963,988
County of Kauai	236,815,365	8,497,206	245,312,571
County of Kauai - Department of Water Supply	17,150,467	574,929	17,725,396
Board of Water Supply - Honolulu	134,259,469	4,546,683	138,806,152
County of Hawaii - Department of Water Supply	31,249,459	1,053,675	32,303,134
Honolulu Authority for Rapid Transportation	6,045,429	219,333	6,264,762
	<u>\$ 7,914,708,365</u>	<u>\$ 458,030,117</u>	<u>\$ 8,372,738,482</u>

(16) Temporary Hazard Pay

The State entered into multiple settlement agreements regarding the Temporary Hazard Pay (THP) with unions for periods covering dates in March 2020 through March 2022, for those employees who performed essential functions during the COVID-19 pandemic. The EUTF recorded payroll costs related to the THP in the accompanying enterprise fund financial statements, which amounted to \$850,000 for the fiscal year ended June 30, 2024. Act 049, SLH 2024 provided emergency appropriations for public employment cost items and cost adjustments for employees of certain collective bargaining units. Effective July 1, 2024, the State appropriated a total of \$458.8 million as a result of a negotiated settlement for employees who met certain requirements during the COVID-19 pandemic, which includes the EUTF.

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(17) Subsequent Events

The EUTF has evaluated subsequent events through November 26, 2024, the date at which the financial statements were available to be issued, and determined that there are no other items to disclose.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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Required Supplementary Information (Unaudited)

Schedule of Investment Returns

Years Ended June 30, 2016 through 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expenses	<u>11.28%</u>	<u>6.16%</u>	<u>-1.78%</u>	<u>26.67%</u>	<u>2.21%</u>	<u>4.69%</u>	<u>7.34%</u>	<u>9.28%</u>	<u>2.95%</u>

Schedule is intended to show information for 10 years. Additional years will be built prospectively as data becomes available.

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Required Supplementary Information (Unaudited)

Ten-Year Loss Development Information

Year Ended June 30, 2024

Self-Insured Healthcare Plans for Active Employees

The EUTF began providing and administering fully-insured health and other benefit plans beginning July 1, 2003. The EUTF also began providing self-insured plans effective July 1, 2007 through December 31, 2011 for medical plans and continues to offer self-insured prescription drug plans for active employees. Therefore, the loss development table on page 85 shows data for 10 successive policy years starting from the year ended June 30, 2015, for active employee self-insured plans.

The loss development table illustrates how the EUTF's earned revenue (net of reinsurance) and investment income (loss) compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the EUTF related to the self-insured activities as of the end of each of the past 10 years.

The rows of the loss development table are defined as follows:

- (1) This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue (losses), contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
- (2) This line shows each fiscal year's other operating costs of the EUTF including overhead and claims expense not allocable to individual claims.
- (3) This line shows the EUTF's gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
- (4) This section of 10 rows shows the cumulative net amounts paid as of the end of successive years for each policy year.
- (5) This line shows the latest re-estimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
- (6) This section of 10 rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
- (7) This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Required Supplementary Information (Unaudited)

Ten-Year Loss Development Information

Year Ended June 30, 2024

As data for individual policy years mature, the correlation between original estimates and re-estimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the loss development table show data for successive policy years.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Required Supplementary Information (Unaudited)

Self-Insured Active Employee Healthcare Benefit Plans
Ten-Year Loss Development Information

Years Ended June 30, 2015 through 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1. Required contribution and investment revenue:										
Earned	\$ 73,318,620	\$ 84,751,959	\$ 92,776,406	\$ 87,451,628	\$ 94,610,613	\$108,069,954	\$ 99,006,422	\$ 86,787,180	\$ 106,778,476	\$ 108,022,844
Ceded	-	-	-	-	-	-	-	-	-	-
Net earned	<u>\$ 73,318,620</u>	<u>\$ 84,751,959</u>	<u>\$ 92,776,406</u>	<u>\$ 87,451,628</u>	<u>\$ 94,610,613</u>	<u>\$108,069,954</u>	<u>\$ 99,006,422</u>	<u>\$ 86,787,180</u>	<u>\$ 106,778,476</u>	<u>\$ 108,022,844</u>
2. Unallocated expenses	<u>\$ 1,324,632</u>	<u>\$ 1,545,900</u>	<u>\$ 1,744,179</u>	<u>\$ 1,565,548</u>	<u>\$ 1,547,580</u>	<u>\$ 1,837,013</u>	<u>\$ 1,871,307</u>	<u>\$ 2,042,692</u>	<u>\$ 2,138,266</u>	<u>\$ 2,365,624</u>
3. Estimated claims and expenses, end of policy year:										
Incurred	\$ 78,889,868	\$ 88,570,757	\$ 89,608,294	\$ 80,584,753	\$ 86,462,811	\$ 88,136,232	\$ 81,523,277	\$ 102,363,397	\$ 93,500,457	\$ 116,078,103
Ceded	-	-	-	-	-	-	-	-	-	-
Net incurred	<u>\$ 78,889,868</u>	<u>\$ 88,570,757</u>	<u>\$ 89,608,294</u>	<u>\$ 80,584,753</u>	<u>\$ 86,462,811</u>	<u>\$ 88,136,232</u>	<u>\$ 81,523,277</u>	<u>\$ 102,363,397</u>	<u>\$ 93,500,457</u>	<u>\$ 116,078,103</u>
4. Net paid (cumulative) as of:										
End of policy year	\$ 82,307,251	\$ 92,379,275	\$ 89,832,650	\$ 84,612,745	\$ 94,822,793	\$ 81,876,626	\$ 85,964,817	\$ 92,668,229	\$ 95,921,460	\$ 129,331,478
One year later	78,879,468	88,543,157	89,630,594	80,577,653	86,301,511	88,133,332	81,540,377	102,377,397	93,508,957	-
Two years later	78,879,468	88,543,157	89,630,594	80,577,653	86,301,511	88,133,332	81,540,377	102,377,397	-	-
Three years later	78,879,468	88,543,157	89,630,594	80,577,653	86,301,511	88,133,332	81,540,377	-	-	-
Four years later	78,879,468	88,543,157	89,630,594	80,577,653	86,301,511	88,133,332	-	-	-	-
Five years later	78,879,468	88,543,157	89,630,594	80,577,653	86,301,511	-	-	-	-	-
Six years later	78,879,468	88,543,157	89,630,594	80,577,653	-	-	-	-	-	-
Seven years later	78,879,468	88,543,157	89,630,594	-	-	-	-	-	-	-
Eight years later	78,879,468	88,543,157	-	-	-	-	-	-	-	-
Nine years later	78,879,468	-	-	-	-	-	-	-	-	-
5. Reestimated ceded claims and expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6. Reestimated net incurred claims and expenses:										
End of policy year	\$ 78,889,868	\$ 88,570,757	\$ 89,608,294	\$ 80,584,753	\$ 86,462,811	\$ 88,136,232	\$ 81,523,277	\$ 102,363,397	\$ 93,500,457	\$ 116,078,103
One year later	78,879,468	88,543,157	89,630,594	80,577,653	86,301,511	88,133,332	81,540,377	102,377,397	93,508,957	-
Two years later	78,879,468	88,543,157	89,630,594	80,577,653	86,301,511	88,133,332	81,540,377	102,377,397	-	-
Three years later	78,879,468	88,543,157	89,630,594	80,577,653	86,301,511	88,133,332	81,540,377	-	-	-
Four years later	78,879,468	88,543,157	89,630,594	80,577,653	86,301,511	88,133,332	-	-	-	-
Five years later	78,879,468	88,543,157	89,630,594	80,577,653	86,301,511	-	-	-	-	-
Six years later	78,879,468	88,543,157	89,630,594	80,577,653	-	-	-	-	-	-
Seven years later	78,879,468	88,543,157	89,630,594	-	-	-	-	-	-	-
Eight years later	78,879,468	88,543,157	-	-	-	-	-	-	-	-
Nine years later	78,879,468	-	-	-	-	-	-	-	-	-
7. Increase (decrease) in estimated net incurred claims and expenses from end of policy year	\$ (10,400)	\$ (27,600)	\$ 22,300	\$ (7,100)	\$ (161,300)	\$ (2,900)	\$ 17,100	\$ 14,000	\$ 8,500	\$ -

See accompanying independent auditors' report.

OTHER SUPPLEMENTARY INFORMATION

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Schedule of Administrative Operating Expenses - Enterprise Fund

Year Ended June 30, 2024

Administrative operating expenses:	
Personal services	\$ 6,626,055
Contracted services	1,008,086
Repairs and maintenance	256,776
Occupancy	220,059
Postage	165,060
Printing and binding	119,122
Insurance	68,980
Telephone	45,677
Other	418,219
	<hr/>
Total administrative operating expenses	<u><u>\$ 8,928,034</u></u>

See accompanying independent auditors' report.

PART III

INTERNAL CONTROL AND COMPLIANCE SECTION

Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Auditor
State of Hawaii:

Board of Trustees
Hawaii Employer-Union Health Benefits Trust Fund
State of Hawaii:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Hawaii Employer-Union Health Benefits Trust Fund of the State of Hawaii and the Hawaii Employer-Union Health Benefits Trust Fund for Other Post-Employment Benefits (collectively referred to as the EUTF) as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the EUTF’s financial statements, and have issued our report thereon dated November 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the EUTF’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the EUTF’s internal control. Accordingly, we do not express an opinion on the effectiveness of the EUTF’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the EUTF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the EUTF's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the EUTF's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KKDL Y LLC

Honolulu, Hawaii
November 26, 2024



Hawaii Employer-Union Health Benefits Trust Fund State of Hawaii

Schedule of Changes in Fiduciary Net Position by Employer
(With Independent Auditors' Report Thereon)

June 30, 2024 and 2023

Submitted by
**THE AUDITOR
STATE OF HAWAII**

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2024 and 2023

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Independent Auditors' Report

The Auditor
State of Hawaii:

Board of Trustees
Hawaii Employer-Union Health Benefits Trust Fund
State of Hawaii:

Opinion

We have audited the fiduciary net position as of June 30, 2024 and 2023, and the changes in fiduciary net position for the year ended June 30, 2024, included in the accompanying schedule of changes in fiduciary net position by employer (the Schedule) of the Hawaii Employer-Union Health Benefits Trust Fund of the State of Hawaii (the EUTF), and the related notes. We have also audited the fiduciary net position of each individual employer as of June 30, 2024 and 2023, and the changes in fiduciary net position of each individual employer for the year ended June 30, 2024, included in the accompanying Schedule.

In our opinion, the accompanying Schedule presents fairly, in all material respects, the fiduciary net position of the EUTF as of June 30, 2024 and 2023, and the changes in fiduciary net position for the year ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, the accompanying Schedule presents fairly, in all material respects, the fiduciary net position of each individual employer as of June 30, 2024 and 2023, and the changes in fiduciary net position of each individual employer for the year ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Schedule* section of our report. We are required to be independent of the EUTF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the EUTF's ability to continue as a going concern within one year after the date that the Schedule is available to be issued.

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the fiduciary net position and the changes in fiduciary net position included in the Schedule are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of this Schedule.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the EUTF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the EUTF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the EUTF as of and for the years ended June 30, 2023 and 2022, and our reports thereon, dated November 29, 2023 and December 7, 2022, respectively, expressed unmodified opinions on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the Auditor, State of Hawaii, the Board of Trustees and management of the EUTF, and participating employers and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

KKDLV LLC

Honolulu, Hawaii
September 20, 2024

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Schedule of Changes in Fiduciary Net Position by Employer

As of June 30, 2024 and 2023 and for the Year Ended June 30, 2024

Employer	Changes in Fiduciary Net Position for the Year Ended June 30, 2024						Fiduciary Net Position	
	Employer Contributions	Net Investment Income	Benefits Paid	Administrative Expenses	Other	Net Increase	June 30, 2023	June 30, 2024
State of Hawaii	\$ 839,445,000	\$ 183,748,923	\$ (420,772,164)	\$ (259,870)	\$ 758,809	\$ 602,920,698	\$ 4,060,123,965	\$ 4,663,044,663
City and County of Honolulu	188,090,000	54,214,830	(97,813,326)	(74,902)	413,130	144,829,732	1,121,183,488	1,266,013,220
Honolulu Authority for Rapid Transportation	793,000	234,531	(238,466)	(326)	2,313	791,052	4,758,791	5,549,843
County of Hawaii	42,910,000	14,379,907	(22,097,136)	(20,275)	186,461	35,358,957	302,925,573	338,284,530
County of Maui	41,344,000	20,647,219	(22,158,770)	(31,122)	133,408	39,934,735	433,445,641	473,380,376
County of Kauai	17,294,000	9,394,935	(10,681,640)	(13,586)	47,317	16,041,026	202,507,888	218,548,914
Department of Water, County of Kauai	1,058,000	688,478	(649,372)	(993)	10,559	1,106,672	14,794,926	15,901,598
Board of Water Supply, City and County of Honolulu	8,180,000	5,475,062	(6,755,471)	(7,948)	(36,810)	6,854,833	119,041,409	125,896,242
Department of Water Supply, County of Hawaii	1,961,000	1,256,996	(1,315,507)	(1,817)	2,807	1,903,479	27,088,020	28,991,499
	<u>\$ 1,141,075,000</u>	<u>\$ 290,040,881</u>	<u>\$ (582,481,852)</u>	<u>\$ (410,839)</u>	<u>\$ 1,517,994</u>	<u>\$ 849,741,184</u>	<u>\$ 6,285,869,701</u>	<u>\$ 7,135,610,885</u>

See accompanying notes to schedule of changes in fiduciary net position by employer.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2024 and 2023

(1) General Information About the EUTF

Plan Description

Chapter 87A, Hawaii Revised Statutes (HRS) established the Hawaii Employer-Union Health Benefits Trust Fund (the Trust Fund). The Trust Fund was established to design, provide, and administer health and other benefit plans for the State of Hawaii (the State) and county (Honolulu, Hawaii, Maui, and Kauai) employees, retirees and their eligible dependents beginning July 1, 2003. Chapter 87, HRS that established the Hawaii Public Employees Health Fund (the Health Fund) was repealed and the net assets of the Health Fund were transferred to the Trust Fund.

The Trust Fund is administered by a Board of Trustees (the Board) composed of 10 trustees appointed by the Governor of the State. The Board is responsible for determining the nature and scope of benefit plans offered by the Trust Fund, negotiating and entering into contracts with insurance carriers, establishing eligibility and management policies for the Trust Fund, and overseeing all Trust Fund activities. The Board relies on professional services provided by a salaried Administrator, the State Department of the Attorney General, a benefits consultant, and an investment consultant.

Chapter 87A, HRS was amended on July 9, 2012 to allow the Board to establish a separate trust fund for the purpose of receiving employer contributions that will pre-fund other post-employment benefits (OPEB) for retirees and their beneficiaries. Pursuant to this amendment, the Board executed an irrevocable declaration of trust establishing the Hawaii Employer-Union Health Benefits Trust Fund for Other Post-Employment Benefits (the OPEB Trust) effective June 30, 2013. The OPEB Trust is governed by the Board of the Trust Fund. Its assets are held for the exclusive purpose of providing other post-employment benefits and are legally protected from creditors. The OPEB Trust and the Trust Fund described above are collectively referred to as the EUTF.

Act 268, Session Laws of Hawaii 2013 (Act 268), further amended Chapter 87A, HRS (codified as Chapter 87A-42). Effective July 1, 2018, annual employer contributions for retirees and their beneficiaries are equal to the amount of the annual required contribution as determined by an actuary and placed into the OPEB Trust. Accordingly, all employer contributions for retirees and their beneficiaries are required to be placed in the OPEB Trust effective July 1, 2018.

The EUTF, an agent multiple-employer defined benefit OPEB plan, is administratively attached to the State Department of Budget and Finance.

Benefits Provided

The EUTF currently provides medical, prescription drug, chiropractic, dental, vision, supplemental medical and prescription drug, and group life insurance benefits. The medical plans include a statewide preferred provider organization (PPO) benefit plan and a federally-qualified health maintenance organization (HMO) plan.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2024 and 2023

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Active employees	64,066
Inactive employees or beneficiaries currently receiving benefit payments	53,667
Inactive employees entitled to but not yet receiving benefit payments	<u>8,967</u>
	<u><u>126,700</u></u>

Employer Contributions

Employer contributions for retirees and their beneficiaries are prescribed by the HRS and are equal to the amount of the annual required contribution as determined by an actuary and placed into the OPEB Trust. The annual required contribution is defined as the employer's contribution that is sufficient to cover (1) the normal cost, which is the cost of other post-employment benefits attributable to the current year of service, and (2) an amortization payment, which is a catch-up payment for past service costs to fund the unfunded actuarial accrued liability over 30 years.

(2) Summary of Significant Accounting Policies

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the EUTF, and additions to/deductions from the EUTF's fiduciary net position have been determined on the same basis as they are reported by the EUTF. Employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade-date basis. Administrative expenses are financed exclusively by investment income.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2024 and 2023

(3) Basis of Presentation

The accompanying schedule of changes in fiduciary net position by employer (the Schedule) presents amounts that are considered elements of the financial statements of the EUTF or its participating employers. Accordingly, they do not purport to be a complete presentation of the fiduciary net position or changes in fiduciary net position of the EUTF or its participating employers. The amounts presented in the Schedule were prepared in accordance with accounting principles generally accepted in the United States of America. Such preparation requires management of the EUTF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

(4) Net OPEB Liability

The net OPEB liability was measured as of July 1, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2024 and 2023

Actuarial Methods and Assumptions

The total OPEB liability in the actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Discount rate	7.00%
Inflation	2.50%
Salary increases	3.75% to 6.75%, including inflation
Demographic assumptions	Based on the 2022 Hawaii ERS Actuarial Experience Study, as conducted June 30, 2021 for the Employees' Retirement System of the State of Hawaii (the ERS)
Mortality	System-specific mortality tables utilizing ultimate scale MP2021 to project generational mortality improvement.
Participation rates	98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution (the BMC). Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the BMC, respectively. 100% for life insurance and 98% for Medicare Part B
Healthcare cost trend rates:	
PPO*	Initial rate of 6.30%, declining to a rate of 4.25% after 21 years
HMO**	Initial rate of 6.30%, declining to a rate of 4.25% after 21 years
Part B & BMC	Initial rate of 5.00%, declining to a rate of 4.25% after 21 years
Dental	4.00%
Vision	2.50%
Life insurance	0.00%

* Blended rates for medical and prescription drug.

** Includes prescription drug assumptions.

There were no assumption changes during the current measurement period.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2024 and 2023

Long-Term Expected Rate of Return

The long-term expected rate of return on the EUTF's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of the EUTF's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	27.50%	7.60%
Private Equity	15.00%	10.00%
Real Assets	12.00%	4.30%
Private Credit	10.00%	7.80%
Trend Following	10.00%	2.40%
Long Treasuries	5.50%	2.40%
TIPS	5.00%	2.00%
Reinsurance	5.00%	3.40%
Alternative Risk Premia	5.00%	3.30%
US Microcap	3.00%	8.70%
Tail Risk/ Long Volatility	2.00%	-1.10%
Global Options	0.00%	4.90%
Total	100.00%	

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on the EUTF's investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2024 and 2023

A single discount rate of 7.00% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on the EUTF's investments of 7.00% and the municipal bond rate of 3.86% (based on the daily rate closest to but not later than the measurement date of the Fidelity 20-year Municipal GO AA Index). Beginning with the FYE19 contribution, the funding policy of the State of Hawaii and the counties is to pay the recommended actuarially determined contribution, which is based on layered, closed amortization periods. As a result, the EUTF's fiduciary net position is still expected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the EUTF's investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

(5) Changes in the Net OPEB Liability

The components of the net OPEB liability (total OPEB liability less plan fiduciary net position) as of June 30, 2024 and 2023 for each participating employer are presented in Table 1, *Summary of Net OPEB Liability by Employer*.

The total OPEB liability as of June 30, 2024 and 2023, and the changes in total OPEB liability for the year ended June 30, 2024 for each participating employer are presented in Table 2, *Summary of Changes in Total OPEB Liability by Employer*.

The total fiduciary net position as of June 30, 2024 and 2023, and the changes in fiduciary net position for the year ended June 30, 2024 for each participating employer are presented in the accompanying Schedule.

The net OPEB liability was measured as of July 1, 2023 and 2022. Accordingly, participating employers will report their respective plan fiduciary net position as of June 30, 2024 and 2023 (as presented in Table 1), and their respective changes in fiduciary net position for the year ended June 30, 2024 (as presented in the Schedule), based upon information contained in the EUTF's audited financial statements as of June 30, 2023 and 2022, and for the year ended June 30, 2023, respectively.

(6) Sensitivity of Net OPEB Liability to Changes in Discount Rate and Healthcare Cost Trend Rates

Table 3, *Sensitivity of Net OPEB Liability to Changes in Discount Rate and Healthcare Cost Trend Rates by Employer*, presents the net OPEB liability as of June 30, 2024 for each participating employer, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current discount rate.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2024 and 2023

Table 3 also presents the net OPEB liability as of June 30, 2024 for each participating employer, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

(7) EUTF's Fiduciary Net Position

Detailed information about the EUTF's fiduciary net position is available in the separately issued EUTF financial statements.

(8) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The OPEB expense to be recognized by each participating employer for the year ended June 30, 2024 is presented in Table 4, *Summary of OPEB Expense by Employer*.

Deferred outflows of resources and deferred inflows of resources by source at June 30, 2024 for each participating employer are presented in Table 5, *Summary of Deferred Outflows and Inflows Related to OPEB by Employer*.

Deferred outflows of resources related to OPEB at June 30, 2024, resulting from employer contributions subsequent to the measurement date (refer to Table 5), will be recognized by each participating employer as a reduction of the OPEB liability in the year ending June 30, 2025.

The net OPEB liability was measured as of July 1, 2023. Accordingly, participating employers will report their respective deferred outflows of resources as of June 30, 2024 (as presented in Table 5) based upon employer contributions made by each participating employer during the year ended June 30, 2024.

The amounts reported as deferred outflows of resources related to OPEB at June 30, 2024, resulting from the net difference between projected and actual earnings on investments, the difference between expected and actual experience, and the changes in assumptions, and the amounts reported as deferred inflows of resources related to OPEB at June 30, 2024, resulting from the difference between expected and actual experience and the changes in assumptions (refer to Table 5), will be recognized in OPEB expense by each participating employer as presented in Table 6, *Deferred Inflows to be Recognized in Future OPEB Expense by Employer*.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2024 and 2023

(9) Employer Contributions

Table 7, *Summary of Actuarially Determined and Actual Contributions by Employer*, presents the actuarially determined contributions for the years ended June 30, 2024 and 2023, based upon actuarial valuations as of July 1, 2021 and 2020, respectively, for all participating employers. Table 7 also presents the actual contributions made during the years ended June 30, 2024 and 2023, and the contribution deficiency (excess), which is the difference between the actuarially determined contributions and the actual contributions made.

The actuarially determined contributions for the year ended June 30, 2024 was determined using the following actuarial methods and assumptions:

Actuarial Methods and Assumptions

Actuarial cost method	Individual entry age normal
Discount rate	7.00%
Inflation	2.50%
Amortization method	Level percent. Closed bases are established at each valuation for new unfunded liabilities.
Equivalent single amortization period (A)	13.9 to 21.3 as of fiscal year ending June 30, 2024
Asset valuation method	4-year smoothed market
Payroll growth	3.50%
Salary increases	3.50% to 7.00%, including inflation
Demographic assumptions	Based on the experience study covering the five year period ending June 30, 2018 as conducted for the ERS
Mortality	System-specific mortality tables utilizing scale BB to project generational mortality improvement
Participation rates	98% healthcare participation assumption for retirees that receive 100% of the BMC. Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the BMC, respectively. 100% for life insurance and 98% for Medicare Part B

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2024 and 2023

Healthcare cost trend rates:

PPO (B)	Initial rate of 7.25%, declining to an ultimate rate of 4.70% after 12 years
HMO (B)	Initial rate of 7.25%, declining to an ultimate rate of 4.70% after 12 years
Part B	Initial rate of 5.00%, declining to an ultimate rate of 4.70% after 9 years
Dental	4.00%
Vision	2.50%
Life insurance	0.00%

(A) Board of Water Supply, City and County of Honolulu (14.0); Department of Water Supply, County of Hawaii (13.9); Department of Water, County of Kauai (14.3); County of Kauai (14.0); City and County of Honolulu (15.0); County of Maui (14.5); County of Hawaii (15.4); State of Hawaii (21.0); and Honolulu Authority for Rapid Transportation (21.3)

(B) Includes prescription drug assumptions

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Summary of Net OPEB Liability by Employer

June 30, 2024 and 2023

Employer	June 30, 2024			June 30, 2023		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
State of Hawaii	\$ 11,390,406,535	\$ 4,663,044,663	\$ 6,727,361,872	\$ 10,908,073,664	\$ 4,060,123,965	\$ 6,847,949,699
City and County of Honolulu	2,471,737,171	1,266,013,220	1,205,723,951	2,365,893,579	1,121,183,488	1,244,710,091
Honolulu Authority for Rapid Transportation	7,459,242	5,549,843	1,909,399	6,998,492	4,758,791	2,239,701
County of Hawaii	599,685,925	338,284,530	261,401,395	571,101,431	302,925,573	268,175,858
County of Maui	608,261,356	473,380,376	134,880,980	577,215,493	433,445,641	143,769,852
County of Kauai	288,970,041	218,548,914	70,421,127	273,812,579	202,507,888	71,304,691
Department of Water, County of Kauai	19,551,741	15,901,598	3,650,143	18,530,589	14,794,926	3,735,663
Board of Water Supply, City and County of Honolulu	154,622,118	125,896,242	28,725,876	149,928,478	119,041,409	30,887,069
Department of Water Supply, County of Hawaii	35,832,843	28,991,499	6,841,344	34,900,490	27,088,020	7,812,470
	<u>\$ 15,576,526,972</u>	<u>\$ 7,135,610,885</u>	<u>\$ 8,440,916,087</u>	<u>\$ 14,906,454,795</u>	<u>\$ 6,285,869,701</u>	<u>\$ 8,620,585,094</u>

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Summary of Changes in Total OPEB Liability by Employer

As of June 30, 2024 and 2023 and for the Year Ended June 30, 2024

Employer	Balance June 30, 2023	Year Ended June 30, 2024				Balance June 30, 2024
		Service Cost	Interest on Total OPEB Liability	Difference Between Expected and Actual Experience	Benefits Paid	
State of Hawaii	\$ 10,908,073,664	\$ 220,965,246	\$ 756,571,914	\$ (74,432,125)	\$ (420,772,164)	\$ 11,390,406,535
City and County of Honolulu	2,365,893,579	43,186,048	163,700,596	(3,229,726)	(97,813,326)	2,471,737,171
Honolulu Authority for Rapid Transportation	6,998,492	169,785	487,491	41,940	(238,466)	7,459,242
County of Hawaii	571,101,431	12,129,999	39,628,250	(1,076,619)	(22,097,136)	599,685,925
County of Maui	577,215,493	11,778,440	40,041,773	1,384,420	(22,158,770)	608,261,356
County of Kauai	273,812,579	5,695,897	18,992,380	1,150,825	(10,681,640)	288,970,041
Department of Water, County of Kauai	18,530,589	364,655	1,287,176	18,693	(649,372)	19,551,741
Board of Water Supply, City and County of Honolulu	149,928,478	2,404,066	10,342,694	(1,297,649)	(6,755,471)	154,622,118
Department of Water Supply, County of Hawaii	34,900,490	669,524	2,420,425	(842,089)	(1,315,507)	35,832,843
	<u>\$ 14,906,454,795</u>	<u>\$ 297,363,660</u>	<u>\$ 1,033,472,699</u>	<u>\$ (78,282,330)</u>	<u>\$ (582,481,852)</u>	<u>\$ 15,576,526,972</u>

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Sensitivity of Net OPEB Liability to Changes in Discount Rate and Healthcare Cost Trend Rates by Employer

June 30, 2024

Employer	Changes in Discount Rate			Changes in Healthcare Cost Trend Rates		
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)	Current Healthcare Cost Trend Rates		
				1% Decrease	1% Increase	1% Increase
State of Hawaii	\$ 8,412,447,294	\$ 6,727,361,872	\$ 5,382,377,334	\$ 5,223,113,176	\$ 6,727,361,872	\$ 8,652,747,721
City and County of Honolulu	1,569,603,766	1,205,723,951	916,649,656	886,506,039	1,205,723,951	1,613,507,217
Honolulu Authority for Rapid Transportation	3,131,901	1,909,399	953,852	890,987	1,909,399	3,208,935
County of Hawaii	353,103,780	261,401,395	188,625,251	180,331,224	261,401,395	365,543,306
County of Maui	228,806,483	134,880,980	60,336,314	52,124,690	134,880,980	240,984,742
County of Kauai	114,129,926	70,421,127	35,832,315	31,992,669	70,421,127	119,832,546
Department of Water, County of Kauai	6,601,631	3,650,143	1,300,872	1,038,878	3,650,143	6,998,737
Board of Water Supply, City and County of Honolulu	50,248,191	28,725,876	11,513,772	9,728,147	28,725,876	52,893,298
Department of Water Supply, County of Hawaii	12,005,010	6,841,344	2,691,931	2,167,831	6,841,344	12,789,732
	<u>\$ 10,750,077,982</u>	<u>\$ 8,440,916,087</u>	<u>\$ 6,600,281,297</u>	<u>\$ 6,387,893,641</u>	<u>\$ 8,440,916,087</u>	<u>\$ 11,068,506,234</u>

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Summary of OPEB Expense by Employer

For the Year Ended June 30, 2024

Employer		
State of Hawaii	\$	279,522,586
City and County of Honolulu		41,695,217
Honolulu Authority for Rapid Transportation		(803,662)
County of Hawaii		14,392,089
County of Maui		4,559,487
County of Kauai		3,227,043
Department of Water, County of Kauai		124,167
Board of Water Supply, City and County of Honolulu		(1,367,653)
Department of Water Supply, County of Hawaii		(134,386)
		\$ 341,214,888

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Summary of Deferred Outflows and Inflows Related to OPEB by Employer

June 30, 2024

Employer	Deferred Outflows				Deferred Inflows			
	Contributions Subsequent to the Measurement Date	Net Difference Between Projected and Actual Earnings on Investments	Difference Between Expected and Actual Experience	Changes in Assumptions	Total Deferred Outflows	Difference Between Expected and Actual Experience	Changes in Assumptions	Total Deferred Inflows
State of Hawaii	\$ 821,984,000	\$ 153,258,024	\$ -	\$ 11,230,925	\$ 986,472,949	\$ 1,198,727,706	\$ 204,651,026	\$ 1,403,378,732
City and County of Honolulu	190,911,000	31,813,811	-	2,341,358	225,066,169	240,998,272	39,252,675	280,250,947
Honolulu Authority for Rapid Transportation	437,000	139,441	30,433	-	606,874	318,767	19,189	337,956
County of Hawaii	44,136,000	7,174,292	2,532,342	1,462,898	55,305,532	65,541,436	11,735,812	77,277,248
County of Maui	58,627,767	8,451,126	2,186,518	1,744,451	71,009,862	61,973,431	11,745,891	73,719,322
County of Kauai	17,553,000	4,295,489	1,892,902	561,601	24,302,992	28,617,227	5,742,024	34,359,251
Department of Water, County of Kauai	1,074,000	309,946	25,182	58,845	1,467,973	1,829,523	523,879	2,353,402
Board of Water Supply, City and County of Honolulu	8,303,000	2,262,730	-	74,148	10,639,878	15,096,479	3,380,929	18,477,408
Department of Water Supply, County of Hawaii	2,027,000	503,276	-	73,754	2,604,030	4,154,281	910,273	5,064,554
	<u>\$ 1,145,052,767</u>	<u>\$ 208,208,135</u>	<u>\$ 6,667,377</u>	<u>\$ 17,547,980</u>	<u>\$ 1,377,476,259</u>	<u>\$ 1,617,257,122</u>	<u>\$ 277,961,698</u>	<u>\$ 1,895,218,820</u>

Table 6

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Deferred Inflows to be Recognized in Future OPEB Expense by Employer

June 30, 2024

Employer	Year Ending June 30:						Total
	2025	2026	2027	2028	2029	Thereafter	
State of Hawaii	\$ 392,293,208	\$ 422,072,513	\$ 204,076,214	\$ 207,229,373	\$ 12,242,730	\$ 975,745	\$ 1,238,889,783
City and County of Honolulu	85,435,208	87,760,378	33,772,996	38,565,340	533,574	28,282	246,095,778
Honolulu Authority for Rapid Transportation	309,432	(3,546)	(114,206)	(23,598)	-	-	168,082
County of Hawaii	16,133,349	18,792,145	10,942,123	10,817,998	9,245,842	176,259	66,107,716
County of Maui	17,541,897	20,460,512	7,006,819	9,944,077	6,543,550	(159,628)	61,337,227
County of Kauai	7,852,781	9,848,501	3,054,105	4,629,534	2,349,139	(124,801)	27,609,259
Department of Water, County of Kauai	518,492	640,758	218,597	296,404	288,367	(3,189)	1,959,429
Board of Water Supply, City and County of Honolulu	6,371,321	6,399,001	1,321,028	1,844,711	204,469	-	16,140,530
Department of Water Supply, County of Hawaii	1,358,019	1,479,873	499,964	689,528	389,497	70,643	4,487,524
	<u>\$ 527,813,707</u>	<u>\$ 567,450,135</u>	<u>\$ 260,777,640</u>	<u>\$ 273,993,367</u>	<u>\$ 31,797,168</u>	<u>\$ 963,311</u>	<u>\$ 1,662,795,328</u>

Table 7

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Summary of Actuarially Determined and Actual Contributions by Employer

For the Years Ended June 30, 2024 and 2023

Employer	2024			2023		
	Actuarially Determined Contributions	Actual Contributions	Contributions Deficiency / (Excess)	Actuarially Determined Contributions	Actual Contributions	Contributions Deficiency / (Excess)
State of Hawaii	\$ 821,984,000	\$ 821,984,000	\$ -	\$ 839,445,000	\$ 839,445,000	\$ -
City and County of Honolulu	190,911,000	190,911,000	-	188,090,000	188,090,000	-
Honolulu Authority for Rapid Transportation	437,000	437,000	-	793,000	793,000	-
County of Hawaii	44,136,000	44,136,000	-	42,910,000	42,910,000	-
County of Maui	38,399,000	58,627,767	(20,228,767)	38,344,000	41,344,000	(3,000,000)
County of Kauai	17,553,000	17,553,000	-	17,294,000	17,294,000	-
Department of Water, County of Kauai	1,074,000	1,074,000	-	1,058,000	1,058,000	-
Board of Water Supply, City and County of Honolulu	8,303,000	8,303,000	-	8,180,000	8,180,000	-
Department of Water Supply, County of Hawaii	2,027,000	2,027,000	-	1,961,000	1,961,000	-
	<u>\$ 1,124,824,000</u>	<u>\$ 1,145,052,767</u>	<u>\$ (20,228,767)</u>	<u>\$ 1,138,075,000</u>	<u>\$ 1,141,075,000</u>	<u>\$ (3,000,000)</u>



Hawaii Employer-Union Health Benefits Trust Fund State of Hawaii

Report on Census Data
(With Independent Accountants' Report Thereon)

June 30, 2024

Submitted by
**THE AUDITOR
STATE OF HAWAII**

Independent Accountants' Report

The Auditor
State of Hawaii:

Board of Trustees
Hawaii Employer-Union Health Benefits Trust Fund
State of Hawaii:

We have examined the Hawaii Employer-Union Health Benefits Trust Fund of the State of Hawaii (the EUTF) management's assertion that the significant elements of census data reported by the EUTF to the EUTF's actuary for use in the July 1, 2023 actuarial valuation were complete and accurate based on the criteria set forth by Chapter 87A of the Hawaii Revised Statutes and the EUTF Administrative Rules. The significant elements of census data reported by the EUTF were name, social security number, date of birth, hire date, credited service, and gender. The management of the EUTF is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, management's assertion that the significant elements of census data reported by the EUTF to the EUTF's actuary for use in the July 1, 2023 actuarial valuation were complete and accurate based on the criteria set forth by Chapter 87A of the Hawaii Revised Statutes and the EUTF Administrative Rules, is fairly stated, in all material respects.

Our report is intended solely for the information and use of the Auditor, State of Hawaii, the Board of Trustees and management of the EUTF, and participating employers and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

Kkdly LLC

Honolulu, Hawaii
September 20, 2024

Administrator's Monthly Report to the Board

Coverage Period: December 7, 2024 – January 3, 2025

Ongoing Projects/Issues

No.	Current Status	Progress Made	Problems/Issues	Next Steps
1.	Meetings with Legislators and Unions	12/19 House Labor Chair Sayama and Vice Chair Lee 12/20 Senate WAM staff 12/23 House Finance Chair Yamashita and Vice Chair Takenouchi, and Senate Labor Vice Chair Lee 12/24 Senate Labor Chair Aquino 12/26 House Labor Vice Chair Keohokapu-Lee Loy Prior to 12/7/24 met with Senate President, Speaker's staff, WAM Vice Chair; four unions; and one retiree group.	None	To continue meetings with Legislators and Union heads.
2.	Staffing Update	Total positions 62 <i>Ongoing recruitment</i> <ol style="list-style-type: none"> 1. MSB Member Services Clerk 2. MSB Member Services Representative 3. FSB Account Clerk III (starting 1/6) 4. FSB Account Clerk III 5. FSB Account Clerk IV 6. ADMIN Investment Analyst 		
3.	Training	3/24-3/26 Pension Bridge Annual Conference, Half Moon Bay, CA 4/27-4/29 Callan National Conference, Scottsdale, AZ 4/28-4/29 Health Care Management Conference, Fort Myers, FL 4/28-5/1 SALGBA Annual Conference, St. Louis, MO 5/17-5/18 NCPERS Fiduciary Program, Denver, CO 5/17-5/18 NCPERS Trustee Educational Seminar, Denver, CO 5/18-5/21 NCPERS Annual Conference, Denver, CO		

Rev 25.01.03



JOSH GREEN, M.D.
GOVERNOR
SYLVIA LUKE
LIEUTENANT GOVERNOR

STATE OF HAWAII'
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

201 MERCHANT STREET, SUITE 1700
HONOLULU, HAWAII 96813
Oahu (808) 586-7390
Toll Free 1(800) 295-0089
www.eutf.hawaii.gov

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DONNA A. TONAKI

January 3, 2025

TO: Board of Trustees
FROM: Jessica McDonald
Member Services Branch Manager
SUBJECT: December 2024 – January 2025 Member Services Operations Report

This report covers the time-period from December 7, 2024 – January 3, 2025. Additional details will be provided upon request.

a. Member Services Branch (MSB) Data

Customer Service Automated Call Distribution (ACD) Report for December 2024:

ACD	Incoming ACD Calls	Outgoing ACD Calls	Total Ans.	Average Call Duration (minutes)	% Ans.	% Ans. within 10 Sec.	% Ans. within 11-30 Sec.	% Ans. within >30 Sec.	Total Abandoned
MSB	4,629	219	4,291	3:37	92.70%	28.86%	13.65%	50.18%	338

See the attached MSB Automated Call Distribution (ACD) report for more information on call trends.

MSB’s call answer rate was 92.70% for the month of December. Members were primarily calling to check the status of their enrollment requests and retirement/Medicare inquiries. We continue to assign more MSR’s on the phones daily, including additional MSR’s during peak hours. Incoming calls are manageable since we are generally processing enrollment forms within the standard processing period and are clearing the backlog of non-life event documents.

Currently, there are twelve (12) MSR’s: five (5) MSR’s answering the ACD line, responding to emails, and walk-ins and seven (7) MSR’s processing all forms and documents (the retirement and active processing teams were merged as of 10/1/24). Additionally, there are two (2) MS clerks scanning and indexing enrollment forms into the BAS.

Other Servicing Initiatives

- Number of General Emails received and responded: 226 (309 in December 2023)
- Number of Walk-ins serviced: 884 (698 in December 2023)

EUTF’s Mission: We care for the health and well being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide informed service that is excellent, courteous, and compassionate.

Member Portal Logins

	Count of Logins
January 2024	3,476
February 2024	5,329
March 2024	6,844
April 2024	18,655
May 2024	4,240
June 2024	5,714
July 2024	5,880
August 2024	7,635
September 2024	8,792
October 2024	6,163
November 2024	4,426
December 2024	4,686
Total Count of Registered Users	21,907

	Active EC-1s		Retiree EC-2s		Medicare Related Documents	
	2024	2023	2024	2023	2024	2023
December	86	297	466*	509*	433	1,163*
November	328	234	439 (+133 OE)	294	452	706
October	229	362	261 (+318 OE)	239 (+10 OE)	320	420
September	205	286	181	175	402	N/A Medicare Related data was not collected over this period.
August	118	343	153	218	178	
July	210	295	188	270	323	
June	137	298	218	358	457	
May	334	577	221	361	434	
April	135 (+21 OE)	245 (+1,248 OE)	125	276	145	
March	195	426	117	389	201	
February	203	559	177	669*	591	
January	232	749	433*	926*	1,456*	

**Retiree/Medicare counts are high due to 12/31 retirements and annual SSA letters.*

Memorandum to Board of Trustees

January 3, 2025

Subject: December 2024 – January 2025 Member Services Operations Report

Page 3

b. Outreach & Training

The Outreach & Training Team conducted two pre-retirement webinars during the month of November. Total attendance for the month was 21 (33 in December 2023).

c. 2025 Active Open Enrollment

Active Open Enrollment will be held May 1 – 30, 2025 and will be hosted in the Member Portal. EC-1 enrollment forms will also be accepted.

d. 2025 Retiree Special Open Enrollment

At the October 2024 Board meeting, the Board approved expanding dependent child eligibility through age 25, regardless of student status, marital status, or whether they reside with the retiree. A special Open Enrollment period will be held April 14 – 30, 2025 to allow retirees to add dependent children ages 19-25 to their existing health benefits effective July 1, 2025.

Enclosures

MSB Automated Call Distribution Report

December 2024

Day	Day of Week	Incoming Calls	Answered	% Answered	Average Time Per Call (min)	% Answered within x seconds			Abandoned Time (in seconds)				# of Agents in ACD	Outgoing Calls
						10	10-30	> 30	< 10	10-30	> 30	Total		
2	Monday	320	305	95.31%	3:29	30.94%	20.31%	44.06%	2	3	10	15	7	16
3	Tuesday	274	260	94.89%	3:18	34.31%	16.79%	43.80%	0	4	10	14	10	13
4	Wednesday	261	247	94.64%	3:51	30.27%	18.39%	45.98%	1	2	11	14	10	26
5	Thursday	263	236	89.73%	4:00	33.84%	12.17%	43.73%	1	4	22	27	9	20
6	Friday	243	229	94.24%	3:56	37.04%	16.87%	40.33%	0	2	12	14	10	21
9	Monday	302	264	87.42%	3:56	11.92%	5.63%	69.87%	0	3	35	38	7	15
10	Tuesday	261	229	87.74%	3:31	15.71%	7.28%	64.75%	1	3	28	32	6	7
11	Wednesday	218	194	88.99%	3:36	22.02%	9.17%	57.80%	1	4	19	24	7	6
12	Thursday	253	235	92.89%	3:58	23.32%	11.86%	57.71%	0	3	15	18	8	6
13	Friday	218	202	92.66%	3:44	27.06%	11.47%	54.13%	4	0	12	16	7	4
16	Monday	240	218	90.83%	3:43	24.58%	16.25%	50.00%	1	2	19	22	8	13
17	Tuesday	196	188	95.92%	3:29	45.92%	23.98%	26.02%	2	1	5	8	7	10
18	Wednesday	168	164	97.62%	3:19	49.40%	15.48%	32.74%	0	1	3	4	7	7
19	Thursday	170	154	90.59%	3:43	29.41%	12.35%	48.82%	3	2	11	16	8	11
20	Friday	142	136	95.77%	3:31	23.24%	23.24%	49.30%	0	2	4	6	5	7
23	Monday	217	206	94.93%	3:30	41.01%	11.52%	42.40%	1	1	9	11	8	13
24	Tuesday	95	94	98.95%	4:04	55.79%	16.84%	26.32%	0	0	1	1	5	7
25	Wednesday	HOLIDAY - CHRISTMAS												
26	Thursday	197	193	97.97%	3:16	39.09%	17.26%	41.62%	1	0	3	4	6	2
27	Friday	186	179	96.24%	3:15	41.94%	17.20%	37.10%	2	0	5	7	8	4
30	Monday	259	226	87.26%	3:40	6.95%	5.41%	74.90%	0	0	33	33	6	8
31	Tuesday	146	132	90.41%	3:18	24.66%	10.96%	54.79%	0	2	12	14	5	3
Monthly Totals		4629	4291	92.70%	3:37	28.86%	13.65%	50.18%	20	39	279	338	154	219

Report Created 1/2/2025

MSB Automated Call Distribution Report

January to December 2024

Month	Incoming Calls	Answered	% Answered	Average Time Per Call (min)	% Answered within x seconds			Abandoned Time (in seconds)				# of Agents in	Outgoing Calls
					10	10-30	> 30	< 10	10-30	> 30	Total		
January	5133	4348	84.71%	4:14	23.63%	8.84%	52.23%	40	74	671	785	127	319
February	4171	3712	89.00%	4:02	37.04%	10.69%	41.26%	20	88	351	459	134	317
March	3902	3461	88.70%	4:02	33.85%	12.61%	42.23%	22	76	343	441	128	284
April	6935	5480	79.02%	4:32	16.77%	7.77%	54.48%	44	202	1209	1455	189	408
May	4202	3889	92.55%	4:13	48.69%	13.61%	30.25%	13	70	230	313	174	395
June	4143	3708	89.50%	4:16	37.94%	14.17%	37.39%	23	88	324	435	141	327
July	5049	4573	90.57%	4:11	33.99%	15.63%	40.96%	28	74	374	476	178	407
August	4847	4554	93.96%	4:21	34.93%	15.12%	43.90%	23	32	238	293	175	352
September	4501	4105	91.20%	4:07	30.37%	11.58%	49.26%	18	39	339	396	166	276
October	5228	4759	91.03%	4:09	29.57%	13.66%	47.80%	19	53	397	469	192	383
November	3658	3418	93.44%	4:00	36.09%	16.27%	41.09%	17	24	199	240	139	279
December	4629	4291	92.70%	3:37	28.86%	13.65%	50.18%	20	39	279	338	154	219

Report Created 1/2/2025

***The ACD Assigned MSR column reflects how many MSR were assigned to ACD over the day. The actual number of MSR logged into the ACD may fluctuate throughout the day.**

MSB Automated Call Distribution Report

January to December 2023

Month	Incoming Calls	Answered	% Answered	Average Time Per Call (min)	% Answered within x seconds			Abandoned Time (in seconds)				# of Agents in	Outgoing Calls
					10	10-30	> 30	< 10	10-30	> 30	Total		
January	6896	3405	49.38%	6:02	2.31%	0.62%	46.45%	85	122	3284	3491	131	326
February	4125	2964	71.85%	5:18	11.44%	2.98%	57.43%	35	43	1083	1161	113	293
March	4484	3438	76.67%	4:28	18.42%	3.70%	54.55%	23	49	974	1046	115	181
April	4884	3319	67.96%	4:40	10.77%	2.38%	54.81%	27	57	1481	1565	109	220
May	4253	3798	89.30%	4:14	33.81%	6.44%	49.05%	14	31	410	455	124	238
June	4433	3654	82.43%	4:24	21.93%	4.92%	55.58%	22	47	710	779	134	180
July	4613	3425	74.25%	4:07	7.76%	3.23%	63.26%	29	52	1107	1188	116	173
August	4929	3866	78.43%	4:34	17.81%	5.42%	55.20%	40	63	960	1063	138	356
September	4742	3903	82.31%	4:23	21.78%	5.34%	55.19%	32	62	745	839	129	230
October	5013	4328	86.34%	4:09	25.71%	8.50%	52.12%	28	84	573	685	155	287
November	3989	3641	91.28%	4:16	39.18%	8.87%	43.22%	27	39	282	348	136	232
December	3875	3484	89.91%	4:22	36.39%	8.23%	45.29%	27	36	328	391	121	278

Report Created 1/2/2025



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
201 MERCHANT STREET, SUITE 1700
HONOLULU, HAWAII 96813
Oahu (808) 586-7390
Toll Free 1(800) 295-0089
www.eutf.hawaii.gov

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January 3, 2025

TO: Board of Trustees

FROM: Todd Nishida, Information Systems Chief

SUBJECT: December 2024 - January 2025 Information Systems (IS) Operations Report

This report covers the period from December 7, 2024 through January 3, 2025. This report provides updates on certain key IS items. Additional details will be provided at the Board of Trustees meeting or upon request.

- a. EUTF Benefits Administration System (BAS) Project
EUTF has begun the reconciliation of enrollments with the carriers. The Applications section completed a reconciliation for Kaiser (SilverScript and HMSA have been completed) that is being reviewed by the Eligibility Specialist.

- b. Equipment Replacement
The current telephone system support contract is set to expire at the end of February 2025. The Systems team has begun the procurement process to replace the current on-premises system with a vendor hosted solution for both individual and call center functionality. Proposals were received for the call center and we are obtaining approvals. In addition, Microsoft Teams-hosted domestic calling service will be used by the EUTF staff instead of the legacy analog PBX telephone system. Approvals have been received and the goal is to have individual phones replaced by end of January 2025. The call center should be installed by end of February 2025.

- c. Enrollment Counts
Ariel BAS enrollment counts for the month of December are attached.

EUTF's Mission: We care for the health and well being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide informed service that is excellent, courteous, and compassionate.

Enrollment Counts - Active (Summary)

The table below shows Active enrollment for period ending 12-31-2024

Count by Subscribers and Dependents

Benefit Plan	Subscribers	Dependents	Total
Medical			
EUTF			
PPO-90/10 HMSA Medical and Chiro bundled with PPO Drug (CVS)	2,405	1,168	3,573
PPO-80/20 HMSA Medical and Chiro bundled with PPO Drug (CVS)	10,531	7,507	18,038
PPO-75/25 HMSA Medical and Chiro bundled with PPO Drug (CVS)	21,810	21,488	43,298
HMO HMSA Medical and Chiro bundled with HMO Drug (CVS)	673	325	998
HMO Comprehensive Kaiser Medical, Drug and Chiro	3,882	2,718	6,600
HMO Standard Kaiser Medical, Drug and Chiro	9,907	8,908	18,815
Verdegard Supplemental Medical and Drug	536	907	1,443
EUTF Total	49,744	43,021	92,765
HSTA VB			
HSTA VB PPO-90/10 Medical and Chiro (HMSA) bundled with PPO Drug (CVS), Vision (VSP)	731	710	1,441
HSTA VB PPO-80/20 Medical and Chiro (HMSA) bundled with PPO Drug (CVS), Vision (VSP)	1,604	2,387	3,991
HSTA VB HMO Medical, Drug and Chiro (Kaiser) bundled with Vision (VSP)	575	752	1,327
HSTA VB Total	2,910	3,849	6,759
Medical Total	52,654	46,870	99,524
Drug			
EUTF			
PPO-90/10 CVS Prescription Drug bundled with PPO Medical (HMSA)	2,405	1,168	3,573
PPO-80/20 CVS Prescription Drug bundled with PPO Medical (HMSA)	10,530	7,507	18,037
PPO-75/25 CVS Prescription Drug bundled with PPO Medical (HMSA)	21,810	21,488	43,298
HMO CVS Prescription Drug bundled with HMO Medical (HMSA)	673	325	998
EUTF Total	35,418	30,488	65,906
HSTA VB			
HSTA VB PPO-90/10 Prescription Drug (CVS) bundled with HSTA VB PPO Medical (HMSA)	731	710	1,441
HSTA VB PPO-80/20 Prescription Drug (CVS) bundled with HSTA VB PPO Medical (HMSA)	1,604	2,387	3,991
HSTA VB Total	2,335	3,097	5,432
Drug Total	37,753	33,585	71,338
Dental			
EUTF			
Dental (HDS)	51,922	43,825	95,747
EUTF Total	51,922	43,825	95,747
HSTA VB			
HSTA VB Dental (HDS)	3,101	3,827	6,928
HSTA VB Supplemental Dental (HDS)	73	112	185
HSTA VB Total	3,174	3,939	7,113
Dental Total	55,096	47,764	102,860
Vision			
EUTF			
Vision (VSP)	49,890	40,845	90,735
EUTF Total	49,890	40,845	90,735
HSTA VB			
HSTA VB Vision (VSP) - Stand Alone	173	328	501
HSTA VB Vision (VSP) bundled with Medical	2,910	3,319	6,229
HSTA VB Total	3,083	3,647	6,730
Vision Total	52,973	44,492	97,465
Life			
EUTF			
EUTF Securian Life Insurance	58,841	0	58,841
EUTF Total	58,841	0	58,841
HSTA VB			
HSTA VB Securian Life Insurance	3,789	0	3,789
HSTA VB Total	3,789	0	3,789
Life Total	62,630	0	62,630

Enrollment Counts - EUTF Active

The table below shows EUTF Active enrollment for period ending 12-31-2024

Count by Subscribers by Enrollment Coverage

Benefit Plan	Self	Two-Party	Family	Total
Medical				
PPO-90/10 HMSA Medical and Chiro bundled with PPO Drug (CVS)	1,799	313	293	2,405
PPO-80/20 HMSA Medical and Chiro bundled with PPO Drug (CVS)	6,805	1,725	2,001	10,531
PPO-75/25 HMSA Medical and Chiro bundled with PPO Drug (CVS)	11,919	3,855	6,036	21,810
HMO HMSA Medical and Chiro bundled with HMO Drug (CVS)	514	72	87	673
HMO Comprehensive Kaiser Medical, Drug and Chiro	2,540	642	700	3,882
HMO Standard Kaiser Medical, Drug and Chiro	5,734	1,723	2,450	9,907
Verdegard Supplemental Medical and Drug	148	122	266	536
Medical Total	29,459	8,452	11,833	49,744
Drug				
PPO-90/10 CVS Prescription Drug bundled with PPO Medical (HMSA)	1,799	313	293	2,405
PPO-80/20 CVS Prescription Drug bundled with PPO Medical (HMSA)	6,804	1,725	2,001	10,530
PPO-75/25 CVS Prescription Drug bundled with PPO Medical (HMSA)	11,919	3,855	6,036	21,810
HMO CVS Prescription Drug bundled with HMO Medical (HMSA)	514	72	87	673
Drug Total	21,036	5,965	8,417	35,418
Dental (HDS)	28,990	11,238	11,694	51,922
Vision (VSP)	28,483	10,525	10,882	49,890
Life Insurance (Securian)	58,841			58,841

Count by Subscribers and Dependents

Benefit Plan	Subscribers	Dependents	Total
Medical			
PPO-90/10 HMSA Medical and Chiro bundled with PPO Drug (CVS)	2,405	1,168	3,573
PPO-80/20 HMSA Medical and Chiro bundled with PPO Drug (CVS)	10,531	7,507	18,038
PPO-75/25 HMSA Medical and Chiro bundled with PPO Drug (CVS)	21,810	21,488	43,298
HMO HMSA Medical and Chiro bundled with HMO Drug (CVS)	673	325	998
HMO Comprehensive Kaiser Medical, Drug and Chiro	3,882	2,718	6,600
HMO Standard Kaiser Medical, Drug and Chiro	9,907	8,908	18,815
Verdegard Supplemental Medical and Drug	536	907	1,443
Medical Total	49,744	43,021	92,765
Drug			
PPO-90/10 CVS Prescription Drug bundled with PPO Medical (HMSA)	2,405	1,168	3,573
PPO-80/20 CVS Prescription Drug bundled with PPO Medical (HMSA)	10,530	7,507	18,037
PPO-75/25 CVS Prescription Drug bundled with PPO Medical (HMSA)	21,810	21,488	43,298
HMO CVS Prescription Drug bundled with HMO Medical (HMSA)	673	325	998
Drug Total	35,418	30,488	65,906
Dental (HDS)	51,922	43,825	95,747
Vision (VSP)	49,890	40,845	90,735

Data Taken 12-23-2024

Enrollment Counts - HSTA VB Active

The table below shows HSTA VB Active enrollment for period ending 12-31-2024

Count by Subscribers by Enrollment Coverage

Benefit Plan	Self	Two-Party	Family	Total
Medical				
HSTA VB PPO-90/10 Medical and Chiro (HMSA) bundled with PPO Drug (CVS), Vision (VSP)	413	108	210	731
HSTA VB PPO-80/20 Medical and Chiro (HMSA) bundled with PPO Drug (CVS), Vision (VSP)	590	283	731	1,604
HSTA VB HMO Medical, Drug and Chiro (Kaiser) bundled with Vision (VSP)	256	97	222	575
Medical Total	1,259	488	1,163	2,910
Drug				
HSTA VB PPO-90/10 Prescription Drug (CVS) bundled with HSTA VB PPO Medical (HMSA)	413	108	210	731
HSTA VB PPO-80/20 Prescription Drug (CVS) bundled with HSTA VB PPO Medical (HMSA)	590	283	731	1,604
Drug Total	1,003	391	941	2,335
Dental				
HSTA VB Dental (HDS)	1,262	705	1,134	3,101
HSTA VB Supplemental Dental (HDS)	11	33	29	73
Dental Total	1,273	738	1,163	3,174
Vision				
HSTA VB Vision (VSP) - Stand Alone	26	48	99	173
HSTA VB Vision (VSP) bundled with Medical	1,302	626	982	2,910
Vision Total	1,328	674	1,081	3,083
Life Insurance (Securian)	3,789			3,789

Count by Subscribers and Dependents

Benefit Plan	Subscribers	Dependents	Total
Medical			
HSTA VB PPO-90/10 Medical and Chiro (HMSA) bundled with PPO Drug (CVS), Vision (VSP)	731	710	1,441
HSTA VB PPO-80/20 Medical and Chiro (HMSA) bundled with PPO Drug (CVS), Vision (VSP)	1,604	2,387	3,991
HSTA VB HMO Medical, Drug and Chiro (Kaiser) bundled with Vision (VSP)	575	752	1,327
Medical Total	2,910	3,849	6,759
Drug			
HSTA VB PPO-90/10 Prescription Drug (CVS) bundled with HSTA VB PPO Medical (HMSA)	731	710	1,441
HSTA VB PPO-80/20 Prescription Drug (CVS) bundled with HSTA VB PPO Medical (HMSA)	1,604	2,387	3,991
Drug Total	2,335	3,097	5,432
Dental			
HSTA VB Dental (HDS)	3,101	3,827	6,928
HSTA VB Supplemental Dental (HDS)	73	112	185
Dental Total	3,174	3,939	7,113
Vision			
HSTA VB Vision (VSP) - Stand Alone	173	328	501
HSTA VB Vision (VSP) bundled with Medical	2,910	3,319	6,229
Vision Total	3,083	3,647	6,730

Data Taken 12-23-2024

Enrollment Counts - EUTF Active

The table below shows EUTF Active enrollment for period ending 12-31-2024

Count by Subscribers by Bargaining Unit

Benefit Plan	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	Total	
Medical																		
PPO-90/10 HMSA Medical and Chiro bundled with PPO Drug (CVS)	67	256	25	407	29	365	82	274	129	53	109	29	125	428	25	2	2,405	
PPO-80/20 HMSA Medical and Chiro bundled with PPO Drug (CVS)	185	1,460	156	2,234	168	1,266	303	718	596	215	409	188	645	1,863	90	35	10,531	
PPO-75/25 HMSA Medical and Chiro bundled with PPO Drug (CVS)	485	3,158	219	4,176	249	3,242	331	822	1,357	552	950	1,120	959	3,839	251	100	21,810	
HMO HMSA Medical and Chiro bundled with HMO Drug (CVS)	17	75	16	119	11	99	13	43	36	16	35	6	45	130	10	2	673	
HMO Comprehensive Kaiser Medical, Drug and Chiro	1	65	573	92	761	82	514	103	319	158	69	190	76	237	584	54	4	3,882
HMO Standard Kaiser Medical, Drug and Chiro	183	1,311	92	1,751	103	1,928	153	545	726	218	344	352	331	1,710	101	59	9,907	
Verdegard Supplemental Medical and Drug	15	49	4	129	12	61	10	18	28	16	10	29	22	126	7		536	
Medical Total	1	1,017	6,882	604	9,577	654	7,475	995	2,739	3,030	1,139	2,047	1,800	2,364	8,680	538	202	49,744
Drug																		
PPO-90/10 CVS Prescription Drug bundled with PPO Medical (HMSA)	67	256	25	407	29	365	82	274	129	53	109	29	125	428	25	2	2,405	
PPO-80/20 CVS Prescription Drug bundled with PPO Medical (HMSA)	185	1,460	156	2,234	168	1,266	303	718	596	215	408	188	645	1,863	90	35	10,530	
PPO-75/25 CVS Prescription Drug bundled with PPO Medical (HMSA)	485	3,158	219	4,177	249	3,242	331	822	1,357	552	950	1,120	959	3,839	250	100	21,810	
HMO CVS Prescription Drug bundled with HMO Medical (HMSA)	17	75	16	119	11	99	13	43	36	16	35	6	45	130	10	2	673	
Drug Total	754	4,949	416	6,937	457	4,972	729	1,857	2,118	836	1,502	1,343	1,774	6,260	375	139	35,418	
Dental (HDS)	1	1,091	7,161	630	10,308	717	7,643	1,039	2,797	3,025	1,181	2,149	1,875	2,443	9,096	565	201	51,922
Vision (VSP)	1	1,056	6,935	611	9,922	697	7,224	1,003	2,642	2,891	1,143	2,060	1,808	2,359	8,800	545	193	49,890
Life Insurance (Securian)	1	1,298	8,150	740	11,975	846	8,125	1,216	3,151	3,352	1,366	2,516	2,078	2,690	10,459	633	245	58,841

Enrollment Counts - HSTA VB Active

The table below shows HSTA VB Active enrollment for period ending 12-31-2024

Count by Subscribers by Bargaining Unit

Benefit Plan	05	06	Total
Medical			
HSTA VB PPO-90/10 Medical and Chiro (HMSA) bundled with PPO Drug (CVS), Vision (VSP)	731		731
HSTA VB PPO-80/20 Medical and Chiro (HMSA) bundled with PPO Drug (CVS), Vision (VSP)	1,602	2	1,604
HSTA VB HMO Medical, Drug and Chiro (Kaiser) bundled with Vision (VSP)	574	1	575
Medical Total	2,907	3	2,910
Drug			
HSTA VB PPO-90/10 Prescription Drug (CVS) bundled with HSTA VB PPO Medical (HMSA)	731		731
HSTA VB PPO-80/20 Prescription Drug (CVS) bundled with HSTA VB PPO Medical (HMSA)	1,602	2	1,604
Drug Total	2,333	2	2,335
Dental			
HSTA VB Dental (HDS)	3,098	3	3,101
HSTA VB Supplemental Dental (HDS)	73		73
Dental Total	3,171	3	3,174
Vision			
HSTA VB Vision (VSP) - Stand Alone	173		173
HSTA VB Vision (VSP) bundled with Medical	2,907	3	2,910
Vision Total	3,080	3	3,083
Life Insurance (Securian)	3,786	3	3,789

Data Taken 12-23-2024

Enrollment Counts - Retiree (Summary)

The table below shows Retiree enrollment for period ending 12-31-2024

Count by Subscribers and Dependents

Benefit Plan	Subscribers	Dependents	Total
Medical			
EUTF			
PPO-90/10 Medical (HMSA) - Retiree			
Medicare	34,449	13,345	47,794
Non-Medicare	5,148	4,441	9,589
PPO-90/10 Medical (HMSA) - Retiree Total	39,597	17,786	57,383
HMO Medical (Kaiser), Drug (Kaiser) - Retiree			
Medicare	6,978	2,355	9,333
Non-Medicare	1,061	833	1,894
HMO Medical (Kaiser), Drug (Kaiser) - Retiree Total	8,039	3,188	11,227
PPO Medical - Medicare Advantage (Humana) - Retiree			
Medicare	71	9	80
PPO Medical - Medicare Advantage (Humana) - Retiree Total	71	9	80
Out-of-State Plan - Retiree			
Medicare	185	58	243
Non-Medicare	6	3	9
Out-of-State Plan - Retiree Total	191	61	252
EUTF Total	47,898	21,044	68,942
HSTA VB			
HSTA VB PPO-90/10 Medical and Chiro (HMSA) bundled with PPO Drug (SilverScript or CVS), Vision (VSP) - Retiree			
Medicare	1,927	853	2,780
Non-Medicare	5	0	5
HSTA VB PPO-90/10 Medical and Chiro (HMSA) bundled with PPO Drug (SilverScript or CVS), Vision (VSP) - Retiree Total	1,932	853	2,785
HSTA VB PPO-90/10 Medical and Chiro (HMSA) bundled with Vision (VSP) - Retiree			
Medicare	12	5	17
HSTA VB PPO-90/10 Medical and Chiro (HMSA) bundled with Vision (VSP) - Retiree Total	12	5	17
HSTA VB HMO Medical, Drug and Chiro (Kaiser) bundled with Vision (VSP) - Retiree			
Medicare	204	63	267
Non-Medicare	4	1	5
HSTA VB HMO Medical, Drug and Chiro (Kaiser) bundled with Vision (VSP) - Retiree Total	208	64	272
HSTA VB Out-of-State Plan - Retiree			
Medicare	2	2	4
HSTA VB Out-of-State Plan - Retiree Total	2	2	4
HSTA VB Total	2,154	924	3,078
Medical Total	50,052	21,968	72,020
Drug			
EUTF			
PPO Drug (SilverScript) - Medicare	33,074	12,647	45,721
PPO Prescription Drug (CVS) - Non-Medicare	5,443	4,581	10,024
EUTF Total	38,517	17,228	55,745
HSTA VB			
HSTA VB PPO-90/10 Prescription Drug (SilverScript) bundled with HSTA VB PPO Medical (HMSA) - Medicare	1,926	853	2,779
HSTA VB PPO-90/10 Prescription Drug (CVS) bundled with HSTA VB PPO Medical (HMSA) - Non-Medicare	6	0	6
HSTA VB Total	1,932	853	2,785
Drug Total	40,449	18,081	58,530
Dental			
Dental (HDS)	48,807	21,985	70,792
HSTA VB Dental (HDS) - Retiree	2,152	926	3,078
Dental Total	50,959	22,911	73,870
Vision			
Vision (VSP)	48,724	21,956	70,680
HSTA VB Vision (VSP) bundled with Medical - Retiree	2,155	922	3,077
Vision Total	50,879	22,878	73,757
Life			
EUTF Securian Life Insurance - Retiree	45,635	0	45,635
HSTA VB Securian Life Insurance - Retiree	2,114	0	2,114
Life Total	47,749	0	47,749

Enrollment Counts - EUTF Retiree

The table below shows EUTF Retiree enrollment for period ending 12-31-2024

Count by Subscribers by Enrollment Coverage

Benefit Plan	Self	Two-Party	Family	Total
Medical				
PPO-90/10 Medical (HMSA) - Retiree				
Medicare	21,606	12,415	428	34,449
Non-Medicare	2,006	2,253	889	5,148
PPO-90/10 Medical (HMSA) - Retiree Total	23,612	14,668	1,317	39,597
HMO Medical (Kaiser), Drug (Kaiser) - Retiree				
Medicare	4,702	2,208	68	6,978
Non-Medicare	451	458	152	1,061
HMO Medical (Kaiser), Drug (Kaiser) - Retiree Total	5,153	2,666	220	8,039
PPO Medical - Medicare Advantage (Humana) - Retiree				
Medicare	62	9		71
PPO Medical - Medicare Advantage (Humana) - Retiree Total	62	9		71
Out-of-State Plan - Retiree				
Medicare	130	52	3	185
Non-Medicare	3	3		6
Out-of-State Plan - Retiree Total	133	55	3	191
Medical Total	28,960	17,398	1,540	47,898
Drug				
PPO Drug (SilverScript) - Medicare				
	20,875	11,811	388	33,074
PPO Prescription Drug (CVS) - Non-Medicare				
	2,185	2,355	903	5,443
Drug Total	23,060	14,166	1,291	38,517
Dental (HDS)	28,938	18,319	1,550	48,807
Vision (VSP)	28,895	18,266	1,563	48,724
Life Insurance (Securian)				45,635

Count by Subscribers and Dependents

Benefit Plan	Subscribers	Dependents	Total
Medical			
PPO-90/10 Medical (HMSA) - Retiree			
Medicare	34,449	13,345	47,794
Non-Medicare	5,148	4,441	9,589
PPO-90/10 Medical (HMSA) - Retiree Total	39,597	17,786	57,383
HMO Medical (Kaiser), Drug (Kaiser) - Retiree			
Medicare	6,978	2,355	9,333
Non-Medicare	1,061	833	1,894
HMO Medical (Kaiser), Drug (Kaiser) - Retiree Total	8,039	3,188	11,227
PPO Medical - Medicare Advantage (Humana) - Retiree			
Medicare	71	9	80
PPO Medical - Medicare Advantage (Humana) - Retiree Total	71	9	80
Out-of-State Plan - Retiree			
Medicare	185	58	243
Non-Medicare	6	3	9
Out-of-State Plan - Retiree Total	191	61	252
Medical Total	47,898	21,044	68,942
Drug			
PPO Drug (SilverScript) - Medicare			
	33,074	12,647	45,721
PPO Prescription Drug (CVS) - Non-Medicare			
	5,443	4,581	10,024
Drug Total	38,517	17,228	55,745
Dental (HDS)	48,807	21,985	70,792
Vision (VSP)	48,724	21,956	70,680

Enrollment Counts - HSTA VB Retiree

The table below shows HSTA VB Retiree enrollment for period ending 12-31-2024

Count by Subscribers by Enrollment Coverage

Benefit Plan	Self	Two-Party	Family	Total
Medical				
HSTA VB PPO-90/10 Medical and Chiro (HMSA) bundled with PPO Drug (SilverScript or CVS), Vision (VSP) - Retiree				
Medicare	1,091	822	14	1,927
Non-Medicare	5			5
HSTA VB PPO-90/10 Medical and Chiro (HMSA) bundled with PPO Drug (SilverScript or CVS), Vision (VSP) - Retiree Total	1,096	822	14	1,932
HSTA VB PPO-90/10 Medical and Chiro (HMSA) bundled with Vision (VSP) - Retiree				
Medicare	7	5		12
HSTA VB PPO-90/10 Medical and Chiro (HMSA) bundled with Vision (VSP) - Retiree Total	7	5		12
HSTA VB HMO Medical, Drug and Chiro (Kaiser) bundled with Vision (VSP) - Retiree				
Medicare	142	61	1	204
Non-Medicare	3	1		4
HSTA VB HMO Medical, Drug and Chiro (Kaiser) bundled with Vision (VSP) - Retiree Total	145	62	1	208
HSTA VB Out-of-State Plan - Retiree				
Medicare		2		2
HSTA VB Out-of-State Plan - Retiree Total		2		2
Medical Total	1,248	891	15	2,154
Drug				
HSTA VB PPO-90/10 Prescription Drug (SilverScript) bundled with HSTA VB PPO Medical (HMSA) - Medicare	1,090	822	14	1,926
HSTA VB PPO-90/10 Prescription Drug (CVS) bundled with HSTA VB PPO Medical (HMSA) - Non-Medicare	6			6
Drug Total	1,096	822	14	1,932
Dental (HDS)	1,243	895	14	2,152
Vision (VSP)	1,249	893	13	2,155
Life Insurance (Securian)	2,114			2,114

Count by Subscribers and Dependents

Benefit Plan	Subscribers	Dependents	Total
Medical			
HSTA VB PPO-90/10 Medical and Chiro (HMSA) bundled with PPO Drug (SilverScript or CVS), Vision (VSP) - Retiree			
Medicare	1,927	853	2,780
Non-Medicare	5	0	5
HSTA VB PPO-90/10 Medical and Chiro (HMSA) bundled with PPO Drug (SilverScript or CVS), Vision (VSP) - Retiree Total	1,932	853	2,785
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Medicare	204	63	267
Non-Medicare	4	1	5
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HSTA VB Out-of-State Plan - Retiree			
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Drug Total	1,932	853	2,785
Dental (HDS)	2,152	926	3,078
Vision (VSP)	2,155	922	3,077

Data Taken 12-23-2024

Enrollment Counts - All Subscribers

The table below shows All Subscriber enrollments for period ending 12-31-2024

Employer	Medical	Drug	Dental	Vision	Life
City and County of Honolulu					
Active	7,231	5,377	7,568	7,320	8,689
Retiree (Medicare)	6,040	4,541			
Retiree (Non-Medicare)	1,634	1,403	7,785	7,808	6,746
City and County of Honolulu Total	14,905	11,321	15,353	15,128	15,435
Honolulu Board of Water Supply					
Active	464	336	477	459	534
Retiree (Medicare)	481	383			
Retiree (Non-Medicare)	76	77	561	566	485
Honolulu Board of Water Supply Total	1,021	796	1,038	1,025	1,019
Honolulu Authority for Rapid Transportation					
Active	35	27	36	37	38
Retiree (Medicare)	17	14			
Retiree (Non-Medicare)	3	1	21	21	23
Honolulu Authority for Rapid Transportation Total	55	42	57	58	61
County of Hawaii					
Active	2,224	1,714	2,276	2,204	2,646
Retiree (Medicare)	1,367	1,223			
Retiree (Non-Medicare)	405	382	1,790	1,792	1,621
County of Hawaii Total	3,996	3,319	4,066	3,996	4,267
Hawaii Dept of Water					
Active	122	97	128	126	149
Retiree (Medicare)	104	91			
Retiree (Non-Medicare)	14	13	121	121	114
Hawaii Dept of Water Total	240	201	249	247	263
County of Kauai					
Active	1,026	895	1,069	1,044	1,207
Retiree (Medicare)	701	648			
Retiree (Non-Medicare)	170	175	874	891	815
County of Kauai Total	1,897	1,718	1,943	1,935	2,022
Kauai Department of Water					
Active	64	55	72	70	83
Retiree (Medicare)	45	42			
Retiree (Non-Medicare)	12	12	55	55	59
Kauai Department of Water Total	121	109	127	125	142
County of Maui					
Active	2,198	1,090	2,294	2,222	2,590
Retiree (Medicare)	1,321	839			
Retiree (Non-Medicare)	473	307	1,824	1,827	1,681
County of Maui Total	3,992	2,236	4,118	4,049	4,271
State of Hawaii					
Active	38,440	27,599	40,257	38,644	45,524
Retiree (Medicare)	33,673	27,159			
Retiree (Non-Medicare)	3,419	3,065	37,826	37,696	36,104
State of Hawaii Total	75,532	57,823	78,083	76,340	81,628
Hawaii Public Charter Schools					
Active	851	564	920	848	1,171
Retiree (Medicare)	78	59			
Retiree (Non-Medicare)	18	14	101	101	100
Hawaii Public Charter Schools Total	947	637	1,021	949	1,271
Grand Total	102,706	78,202	106,055	103,852	110,379

Data Taken 12-23-2024



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DONNA A. TONAKI

January 3, 2025

TO: Derek Mizuno
Administrator

FROM: Katie Matsushima
Eligibility Specialist

SUBJECT: December 2024 – January 2025 Eligibility and Enrollment Report

This report covers the time period from December 7, 2024 – January 3, 2025. Additional details will be provided upon request.

Audits Currently in Progress (On hold):

- Verify Retiree Eligibility and Tiers

In Progress

- EUTF will review **273** retirees with ERS to determine correct tier.

Completed

- Letters to **124** retirees whose tiers are being impacted (e.g. 50% to 75%) were mailed on Friday, October 8, 2021. Tier change was effective January 1, 2022. Retroactive refunds of overpayments will be made but no retroactive collections of underpayments will be required.

Point in Time Reconciliation Audits between:

Please note, this performance guarantee (PG) was waived for the last rating period due to the implementation of the BAS. Point in Time Reconciliation Audits for SilverScript have resumed in May 2024. Point in Time Reconciliation Audits for HMSA have resumed in October 2024, Kaiser in December 2024, and CVS will resume in January 2025. The initial audit will be to reconcile enrollment following the BAS implementation and will not be subject to PG.

Prior Reporting Year Results:

- CVS/SilverScript and EUTF enrollment- Accuracy **99.41%** (Previous Accuracy: N/A)
- Kaiser and EUTF enrollment- Accuracy **99.99%** (Previous Accuracy: **99.72%**)
- HMA and EUTF enrollment- Accuracy **100%** (Previous Accuracy: **91.77%**)
- HDS and EUTF enrollment- Accuracy **100%** (Previous Accuracy: **100%**)
- VSP and EUTF enrollment- Accuracy **100%** (Previous Accuracy: **99.99%**)
- HMSA and EUTF enrollment- Accuracy **99.99%** (Previous Accuracy: **99.99%**)

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Recurring Audits:

The Unreported Divorce Audits have resumed as of December 2023. The remaining recurring audits are set to resume in 2024 (refer to projected start dates noted in Current Status).

Description	Active/ Retiree	Initial Terms	Terms for Fiscal Year 24/25	Current Status	Initial Cleanup Date	Frequency
Unreported Divorce Audit	Active	45 & 5 step- children	62	Restarted 2023	6/30/2017	Monthly
Unreported Divorce Audit	Retiree	32 former spouses	12	Restarted 2023	4/30/2018	Monthly
Adult Disabled Recertification	Active	10	12	Completed July 2024	6/30/2017	Every 7 years (2024)
Adult Disabled Recertification	Retiree	N/A	67	Restarted August 2024	2015 by previous Administrator	Every 7 years (2022)
Surviving Spouse/ Surviving Child	N/A	25	--	Restarting Q1 of 2025	11/30/2017 and 2/28/2018	Every other month
Termination of Life Insurance Enrollment for Terminated Employees	Active	2,073	--	Restarting Q1 of 2025	3/27/2019 (retroactive to 3/31/2018)	Annually
Medicare Savings Program	Retirees and Dependents	36	--	Restarting Q1 of 2025	12/31/2018	Monthly
Spouses with Self and Two-Party Plans	Active and Retiree	14	--	Restarting Q2 of 2025	3/31/2018	Annually
Domestic Partner Recertification	Active	167	--	Restarting Q2 of 2025	12/31/2018	Every 2 years (2022)
Domestic Partner Recertification	Retiree	20	--	Restarting Q2 of 2025	8/31/2017	Every 2 years (2022)
Out-of-State Unreported Deaths	Retirees and Dependents	48	--	Restarting Q2 of 2025	4/5/2018 - (Terminations retroactive to date of death)	Every other month
Dependent Children Non-ACA Eligibility (i.e. not married)	Active and Retiree	19	--	Restarting Q2 of 2025	4/30/2021	Every other month



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DONNA A. TONAKI

January 3, 2025

TO: EUTF Board of Trustees
FROM: Melissa Tom, Health and Wellness Specialist
SUBJECT: December – January Health and Wellness Specialist Report

This report covers the period December 6, 2024 – January 3, 2025

A. Worksite Wellness

1. An Education Workshop webinar was offered this reporting period: “Emotional Well-Being”, hosted by Kaiser. This session was part of December’s focus to take care of yourself, physically and mentally, especially during the busyness of the holiday season. There were 71 registered participants. The webinar recording is available on the Health and Wellness website.
2. Wellness Program Activities for January were sent to HROs and Wellness Champions, for distribution to employees. The announcement promoted January’s webinars, challenges, and campaigns. See attached.

B. Preventive Health

1. Kaiser’s Total Health Assessment and Digital Health Program premiered its new online platform to EUTF members on December 9. The program benefits Kaiser members wanting to improve their health and includes a Total Health Assessment and options for Healthy Lifestyle programs. By completing the online survey, which creates a prioritized action plan, and participating in up to three online health programs, members can receive \$100 in rewards.

C. Chronic Disease Management

1. Virta monthly health reports were received by HMSA. There were 177 members enrolled, which is steadily increasing each week.
2. During this reporting period, quarterly disease management, well-being and the annual HEDIS reports were submitted by HMSA.

Attachments



EUTF Health and Wellness Program

Take time for your well-being!

January 2025 My Health Assessment

Let the EUTF Health and Wellness Program help you reach your goals!

New Year, New You? Create wellness goals for the new year. Discover how your EUTF health benefits can support your healthy habits in 2025! Here's a few steps to get started:

1. Visit the [EUTF Health and Wellness page](#)
2. Download EUTF's [2025 Health and Wellness Calendar](#) to save the dates for events that align with your goals
3. Get connected! Ask to be added to our list by emailing eutfwellness@hawaii.gov
4. Support others! Plan a [webinar group watch](#) or [wellness fair](#) for your colleagues.



WEBINARS

Click titles below to register!

Eat Well, Live Well



January 16 Thursday

11:30am-12:15pm

Explore common truths and myths about eating well and learn tips to eat mindfully and create a healthier plate. Attend & be entered to win \$100 VISA gift card. To register, click on the workshop title or scan the QR code.

FIT: To be Tried

January 28 Tuesday

11:30am-12:15pm

"Frequency, Intensity, and Time." Review how to structure workouts that factor in frequency, intensity, and time, or FIT. Learn how cardio, strength training, and stretching can be incorporated into a weekly routine. To register, click on the workshop title.

Note : This is an informational class and not a workout. A few exercises will be demonstrated by the presenter.

Health and Wellness Campaigns

Make your eye health a priority. Schedule your annual eye exam today!



Make your appointment with a VSP® network doctor today. Just let the doctor's office know you have VSP when you schedule your appointment. Scan the QR code or visit vsp.com/eye-doctor to find one near you.



Don't WEIGHT to Get in Shape!

It can be hard to stay at a healthy weight, especially when fast food, vending-machine snacks, and processed foods are so easy to find. But staying at a healthy weight may be easier than you think. If you want to lose or maintain your weight, Kaiser Permanente is here to help. We invite you to participate in our fun and engaging "Don't WEIGHT to Get in Shape" program to help manage your weight and maintain a healthy lifestyle. Visit kp.org/eutf/getinshape to start your journey!



CHALLENGES

Participate and Move! Click on the challenges title for more info!

10K-A-Day Challenge

February 10 Monday-March 9 Sunday

A 4-week physical activity challenge to accumulate 10,000 steps each day. Challenge registration opens on January 8! Bookmark the [10K-A-Day](#) page. Register for the [kick-off webinar](#) on February 5th at 11:30am, learn how to participate, and how to be entered to win one of the \$250 VISA gift cards.



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DONNA A. TONAKI

January 3, 2025

TO: Board of Trustees
FROM: Amy Cheung *ac*
EUTF Financial Management Officer
SUBJECT: December 2024 – January 2025 Financial Services Branch (FSB)

This report covers the period of December 7, 2024 through January 3, 2025. Additional details will be provided upon request.

a. FSB Performance Data

FSB's call answer rate was 93.94% (1,054 out of 1,122 calls) for December 2024 compared to 89.99% for November 2024. Please see attached for the Automated Call Distribution (ACD) reports for more information.

During December, staff reviewed and issued 355 shortage notices and 145 cancellation notices compared to 340 shortage notices and 129 cancellation notices last year. Staff also reviewed and mailed out 127 retiree invoices to retirees who pay a portion of their premiums via check for the month of December.

b. Refunds and Medicare Part B Overpayments Status

Refunds: The new BAS processes pre-tax refunds for active employees through payroll except for events related to terminations, deaths, and non-payment terminations. The net payable to employee-beneficiaries as of June 30, 2024 was \$1,264,419 and as of September 30, 2024 was \$1,091,211. There was an overall net payable decrease of \$173,208 during this fiscal year.

Medicare Part B Overpayments: The financial management team continues to collect on the prior fiscal years overpayment balance by contacting the debtor or estate (at least two times). If there is no response, we forward the collection to the Department of the Attorney General for collection and/or write off. Since July 1, 2024, the EUTF has written off 363 Medicare Part B overpayments totaling \$99,505. We recovered 14 overpayments totaling \$9,017 in December.

EUTF's Mission: We care for the health and well being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide informed service that is excellent, courteous, and compassionate.

c. EUTF Collections

The following provides the collections status on completed audits as of December 31, 2024.

Description	Date of Collection Letters	Number of Accounts Outstanding [^]	Total Recovery Amount*	Total Amount Collected (To-Date)	Total Amount Referred to AG for Collection	Remaining Outstanding Balance
Surviving Spouse/Surviving Child Audit	02/08/18	2	\$120,027	\$36,023	\$71,520	\$12,484
Surviving Spouse/Surviving Child Audit - Ongoing	08/30/18-present	5	\$186,251	\$84,248	\$48,727	\$53,276
Unreported Divorces for Retirees/Actives - Ongoing	08/30/18-present	18	\$853,812	\$269,024	\$479,821	\$104,967
Family Link & Special Audits - Ongoing	12/31/18-present	5	\$21,251	\$13,266	\$0	\$7,985
Total		30	\$1,181,341	\$402,561	\$600,068	\$178,712
% of Total				34%	51%	15%

[^] Adjusted to exclude accounts on appeal status, approved appeals, and referred to AG for collection.

* Total recovery amount represents total employer contributions owed less adjustments related to approved appeals.

d. Financial Statements as of September 30, 2024

The unaudited financial statements for the month of September 2024 are included in your packet for review.

Accounting Automated Call Distribution Report

December 2024

Day	Day of Week	Incoming Calls Accounting	Answered	% Answered	Average Time Per Call (min)	% Answered within x seconds			Abandoned Time (in seconds)				Voice Message	Outgoing Calls Accounting
						10	10-30	> 30	< 10	10-30	> 30	Total		
2	Monday	64	61	95.31%	2:41	84.38%	3.13%	7.81%	1	0	2	3	0	0
3	Tuesday	62	59	95.16%	4:46	85.48%	3.23%	6.45%	0	1	2	3	0	1
4	Wednesday	64	62	96.88%	3:35	87.50%	4.69%	4.69%	1	0	1	2	0	2
5	Thursday	49	41	83.67%	5:34	53.06%	0.00%	30.61%	1	0	7	8	0	6
6	Friday	55	54	98.18%	3:02	94.55%	1.82%	1.82%	0	0	1	1	0	5
9	Monday	61	60	98.36%	3:42	63.93%	21.31%	13.11%	0	0	1	1	0	6
10	Tuesday	54	51	94.44%	2:54	85.19%	3.70%	5.56%	0	1	2	3	0	6
11	Wednesday	44	42	95.45%	3:19	84.09%	9.09%	2.27%	1	0	1	2	0	3
12	Thursday	49	48	97.96%	3:41	83.67%	6.12%	8.16%	1	0	0	1	0	7
13	Friday	44	44	100.00%	3:07	90.91%	2.27%	6.82%	0	0	0	0	0	2
16	Monday	53	49	92.45%	2:53	84.91%	1.89%	5.66%	2	0	2	4	0	0
17	Tuesday	57	51	89.47%	4:47	68.42%	3.51%	17.54%	1	0	5	6	0	5
18	Wednesday	42	41	97.62%	4:06	90.48%	2.38%	4.76%	1	0	0	1	0	16
19	Thursday	72	64	88.89%	4:38	44.44%	2.78%	41.67%	2	2	4	8	0	4
20	Friday	43	40	93.02%	3:47	86.05%	0.00%	6.98%	0	0	3	3	0	5
23	Monday	48	48	100.00%	3:11	95.83%	0.00%	4.17%	0	0	0	0	0	9
24	Tuesday	41	33	80.49%	3:40	65.85%	4.88%	9.76%	1	1	6	8	0	4
25	Wednesday	HOLIDAY - CHRISTMAS												
26	Thursday	44	42	95.45%	4:59	79.55%	2.27%	13.64%	0	0	2	2	0	14
27	Friday	51	50	98.04%	3:26	82.35%	7.84%	7.84%	0	0	1	1	0	31
30	Monday	83	72	86.75%	3:27	61.45%	0.00%	25.30%	2	0	9	11	0	4
31	Tuesday	42	42	100.00%	3:35	83.33%	7.14%	9.52%	0	0	0	0	0	0
Monthly Totals		1122	1054	93.94%	3:44	77.63%	4.19%	12.12%	14	5	49	68	0	130

Accounting Automated Call Distribution Report

January to December 2024

Month	Incoming Calls Accounting	Answered	% Answered	Average Time Per Call (min)	% Answered within x seconds			Abandoned Time (in seconds)				Voice Message	Outgoing Calls Accounting
					10	10-30	> 30	< 10	10-30	> 30	Total		
January	1416	1269	89.62%	4:12	55.44%	6.36%	27.82%	46	16	85	147	0	84
February	1130	1013	89.65%	4:20	63.45%	5.04%	21.15%	27	19	71	117	0	82
March	1037	919	88.62%	5:21	57.18%	5.59%	25.84%	16	15	87	118	0	102
April	1627	1409	86.60%	4:18	59.13%	5.04%	22.43%	33	39	146	218	0	129
May	1065	923	86.67%	4:48	63.29%	7.98%	15.40%	26	23	93	142	0	116
June	1189	1040	87.47%	3:59	67.62%	4.54%	15.31%	24	27	98	149	0	46
July	1481	1306	88.18%	3:48	68.26%	3.58%	16.34%	46	24	105	175	0	71
August	1133	1076	94.97%	4:15	75.11%	6.35%	13.50%	16	2	39	57	0	63
September	1221	1125	92.14%	3:59	70.11%	5.24%	16.79%	23	8	65	96	0	72
October	1438	1322	91.93%	3:53	72.95%	3.69%	15.30%	26	9	81	116	0	59
November	999	899	89.99%	4:05	68.77%	3.70%	17.52%	25	9	66	100	0	56
December	1122	1054	93.94%	3:44	77.63%	4.19%	12.12%	14	5	49	68	0	130

Report Created 1/2/2025

Accounting Automated Call Distribution Report

January to December 2023

Month	Incoming Calls Accounting	Answered	% Answered	Average Time Per Call (min)	% Answered within x seconds			Abandoned Time (in seconds)				Voice Message	Outgoing Calls Accounting
					10	10-30	> 30	< 10	10-30	> 30	Total		
January	2600	1590	61.15%	5:55	12.96%	2.15%	46.04%	24	45	941	1010	0	106
February	1489	1173	78.78%	5:24	30.49%	2.96%	45.33%	14	29	273	316	0	84
March	1599	1399	87.49%	5:38	42.34%	8.44%	36.71%	7	23	170	200	0	98
April	1475	1243	84.27%	5:57	40.75%	5.97%	37.56%	15	14	203	232	0	105
May	1147	1048	91.37%	5:45	56.15%	7.76%	27.46%	11	8	80	99	0	81
June	1329	1218	91.65%	5:25	54.40%	8.05%	29.19%	8	11	92	111	0	123
July	1506	1296	86.06%	5:43	41.50%	6.64%	37.92%	14	18	178	210	0	138
August	1315	1201	91.33%	5:06	61.29%	8.14%	21.90%	15	11	88	114	0	121
September	1323	1178	89.04%	4:34	51.55%	5.90%	31.59%	24	14	107	145	0	86
October	1514	1343	88.71%	5:03	52.58%	4.95%	31.18%	29	20	122	171	0	118
November	1095	1003	91.60%	4:28	62.92%	5.11%	23.56%	12	9	71	92	0	89
December	984	924	93.90%	4:42	66.57%	4.98%	22.36%	17	5	38	60	0	93

Report Created 1/2/2025

Hawaii Employer-Union Health Benefits Trust Fund
ENTERPRISE (ACTIVES) - STATEMENT OF NET POSITION
3 Month Ended September 30, 2024
(PRELIMINARY-Unaudited)

		UNAUDITED Current Month Ended September 30, 2024	AUDITED Current Month Ended June 30, 2024	Notes
ASSETS				
Current Assets:				
1	Cash	\$ 4,149,437	\$ 3,616,719	
2	Short-term investment (principal)	155,000,000	155,000,000	
3	Net return on investment	28,318,229	22,316,349	
4		183,318,229	177,316,349	
5	Total cash and investments	187,467,665	180,933,068	
Receivables:				
6	Premium receivable from State of Hawaii and counties	49,836,314	39,566,435	Receivable for one month of employer contributions and one pay period of employee payroll premium deductions withheld net of prepayments.
7	Rebates receivable	21,272,602	32,127,031	CVS drug rebates \$20.7M, CVS network guarantees \$410.32K and HMSA, VSP, Humana performance penalties \$168.54K.
8	Experience refunds due from insurance companies	920,230	978,541	Experience refunds for HDS \$920.23K.
9	Self-funded reserves	5,021,274	5,021,274	Reserves held by self-funded carriers (CVS \$4.958M and Verdegard \$63.2K) to cover claim payment lag.
10	Prepaid expenses	5,949	29,143	Prepaid expenses such as insurance and computer maintenance.
11	Total current assets	264,524,034	258,655,491	
12	Capital assets, net of accumulated depreciation	9,134,312	9,453,121	Capitalized assets such as computers, benefits administration system, and other fixed assets.
13	TOTAL ASSETS	\$ 273,658,346	\$ 268,108,613	
14	Deferred outflows of resources related to pension	1,368,251	1,368,251	
15	Deferred outflows of resources related to OPEB	1,145,440	1,145,440	
16		\$ 276,172,037	\$ 270,622,304	
LIABILITIES				
Current Liabilities:				
17	Vouchers and contracts payable	\$ 2,394,942	\$ 2,222,232	Accounts payable (includes payments to TELUS Health for the maintenance and support of the BAS, short-term/long-term lease payments, and PCORI fees).
18	Due to State of Hawaii	109,913	109,913	Forfeitures for FY24 (paid in 12/2024).
19	Accrued wages and employee benefits payable	1,495,487	1,420,941	
20	Premiums payable to insurance carriers	52,965,294	49,436,274	One month of premiums owed to fully insured plan carriers.
21	Payable to employee - beneficiaries	1,080,299	1,199,979	Refunds owed to employee-beneficiaries.
22	Claims and administrative fee liability for self-funded plan	7,978,530	7,296,006	Claims reimbursements and administrative fees owed to CVS 1/2 month and Verdegard outstanding claims.
23	Compensated absences, current portion	153,888	153,888	Current portion of unpaid vacation liability.
24	Total current liabilities	\$ 66,178,352	\$ 61,839,232	
Noncurrent Liabilities:				
25	Net other postemployment benefits payable	6,064,088	6,064,088	EUTF share of OPEB liability.
26	Compensated absences	462,562	462,562	Non-current portion of unpaid vacation liability.
27	Net pension liability	6,572,720	6,572,720	EUTF share of pension liability.
28	L/T Lease Liability	532,651	532,651	
29	L/T SBITA Lease Liability	2,478,495	2,478,495	Long-term lease liability portion of subscription-based information technology arrangements (SBITAs) in accordance with GASB 96.
30	Total Liabilities	\$ 82,288,868	\$ 77,949,748	
31	Deferred inflows of resources related to pension	433,696	433,696	
32	Deferred inflows of resources related to OPEB	1,120,351	1,120,351	
33	TOTAL LIABILITIES	\$ 83,842,915	\$ 79,503,795	
NET ASSETS:				
34	Net investment in capital assets	\$ 9,134,312	\$ 9,453,121	
Unrestricted gain primarily from benefit plans				
35	ACA PCORI	3,727,692	3,807,399	At the 4/28/20 meeting, the Board approved to reserve additional funds to pay for PCORI fees through 6/30/29 for actives and 12/31/28 for retirees.
36	Self-funded claim stabilization reserve	58,936,000	49,321,000	Reserve reflects 35% of FY24 self-funded prescription drug plan claims and expenses.
37	Administrative fees (10/24-06/29 Actives)	29,059,021	30,446,915	
38	Unreserved	91,472,096	98,090,072	
39	Unrestricted gain primarily from benefit plans	183,194,810	181,665,386	At the 6/26/18 meeting, the Board approved waiver of administrative fees from 7/1/19 (actives) and 1/1/19 (retirees) through 6/30/24 (actives) and 12/31/23 (retirees). At the 9/25/18 meeting, the Board extended the waiver through 6/30/29 (actives) and 12/31/28 (retirees).
40	Total Net Assets	192,329,122	191,118,509	Unrestricted gain or surplus for EUTF. This amount is cumulative from year-to-year.
41	TOTAL LIABILITIES AND NET ASSETS	\$ 276,172,037	\$ 270,622,304	

Hawaii Employer-Union Health Benefits Trust Fund							
ENTERPRISE (ACTIVES) - STATEMENT OF REVENUE, EXPENSES and CHANGES IN NET POSITION							
3 Month Ended September 30, 2024							
(PRELIMINARY-Unaudited)							
		BUDGET	9/30/2024 3-Month Budget	9/30/2024 3-Month Actual	Variance	9/30/2024 Self-Funded Plans and Other 3-Month Actual	Notes
REVENUES:							
1	Premium revenue for self-funded plans	\$	\$ -	\$ -	\$ -	\$ 30,691,649	
2	Administrative fee - EUTF	10,189,407	-	-	-	-	Administrative fees paid by employees and employers are added to the premiums. Effective 1/1/19 and 7/1/19, administrative fees for retirees and actives are waived through 12/31/28 (retirees) and 6/30/29 (actives), respectively.
3	Investment income		-	-	-	2,031,223	\$1.285M interest income from money market account and \$746.54K BOH excess credits.
4	Unrealized gain (loss) on investments		-	-	-	4,721,523	Appreciation (Depreciation) in fair market value of short-term investments.
5	CVS rebates		-	-	-	13,600,000	CVS rebates (Q3-2024 \$13.6M).
6	Purchasing card rebates		-	-	-	709	
7	Performance penalties		-	-	-	209,887	
8	Total Revenues	\$ 10,189,407	\$ -	\$ -	\$ -	\$ 51,254,992	
EXPENSES:							
9	TPA expenses	\$	\$	\$	\$	\$ 238,729	Administrative expenses paid to self-funded plan carriers (CVS \$211.65K and Verdegard \$27.08K).
10	Benefits paid for self-funded plans					46,470,419	Claims paid to self-funded plan carriers (CVS \$46.41M less Zetia and Remicade settlements \$9K and Verdegard \$60.30K).
11	Personnel services	6,981,881	1,745,470	1,815,281	(69,811)	-	Salaries and fringe benefits for EUTF staff. Fringe benefits related to the temporary hazard pay are over budget by \$66.5K.
12	Office supplies	15,000	3,750	6,453	(2,703)	-	Office supplies includes copier paper, envelopes, repair and maintenance, board refreshments, paper shredding services, and other small purchases.
13	Dues & subscriptions	900	225	-	225	-	
14	Postage	170,000	42,500	30,000	12,500	-	\$30K in regular postage refill for monthly shortage and cancellation notices, confirmation letters, COBRA notices, and student certifications.
15	Telephone	48,000	12,000	17,118	(5,118)	-	Telephone charges includes phone lines, long distance charges, toll-free line and annual maintenance of telephone equipment.
16	Printing & binding	185,000	46,250	4,262	41,988	-	Holomua \$4.26K.
17	Transportation - intra state	8,500	2,125	1,827	298	-	Interisland travel expenses such as airfare, per diem, car rental, staff car mileage reimbursement, motor pool car rental.
18	Transportation - out of state	68,000	17,000	4,561	12,439	-	Pension Bridge Alternatives conference and IFEBP annual conference.
19	Office space	410,000	102,500	112,591	(10,091)	-	Office lease rental.
20	Rental of equipment (copier)	26,000	6,500	6,217	283	-	Xerox copiers and postage meter machine.
21	Insurance	69,000	17,250	22,993	(5,743)	-	Amortization of Fiduciary Liability.
22	Services on a fee basis - legal	172,000	43,000	64,919	(21,919)	-	Deputy AG's salary and fringe benefits, and outside non-OPEB Trust Fund services.
23	Consultant services	695,000	173,750	271,559	(97,809)	-	Segal \$88.12K, financial audit fees \$112.5K, DOH death verifications \$0.24K, and claims audit fees \$70.7K.
24	Training and registration	35,000	8,750	1,050	7,700	-	
25	Computer hardware/software maintenance	1,305,126	326,282	383,859	(57,577)	-	\$375K expenses for the TELUS Health (Ika Lifeworks) benefits administration system which includes amortization of software/hardware maintenance, M&O maintenance, services related to TELUS Health contract and \$8.8K other computer and software expenses.
26	Depreciation and Amortization		-	-	-	318,810	Depreciation and amortization expense for fixed and prepaid assets.
27	Investment fees - EUTF reserves		-	-	-	4,330	Fees associated with short-term investments.
28	(Gain) loss from carrier payments		-	-	-	189,694	This amount is the resulting (gain) loss after the collection of employer/employee contributions and the payment to carriers. This amount fluctuates every month.
29	Total Expenses	\$ 10,189,407	\$ 2,547,352	\$ 2,742,691	\$ (195,339)	\$ 47,301,687	
30	EXCESS OF REVENUES OVER EXPENDITURE	\$ -	\$ (2,547,352)	\$ (2,742,691)	\$ 195,339	\$ 3,953,305	

Hawaii Employer-Union Health Benefits Trust Fund
AGENCY (RETIRES) - STATEMENT OF FIDUCIARY NET POSITION

3 Month Ended September 30, 2024

(PRELIMINARY-Unaudited)

		UNAUDITED Current Month Ended September 30, 2024	AUDITED Current Month Ended June 30, 2024	Notes
ASSETS:				
1	Cash	\$ 23,965,880	\$ 73,583,170	
2	Short-term investment (principal)	303,250,000	303,250,000	
3	Net return on investment	109,594,269	96,541,122	
4		412,844,269	399,791,122	
5	Total cash and investments	436,810,150	473,374,292	
Receivables:				
6	Premium receivable from State of Hawaii and counties	45,430,012	-	Receivable for one month of employer contributions and one pay period of employee payroll premium deductions withheld net of prepayments.
7	Rebates receivable	77,882,982	69,355,349	\$7.21M (CVS drug rebates), \$47.40M (Silverscript drug rebates), and \$23.08M (coverage gap) through 9/30/24, and performance Penalties \$181.27K.
8	Experience refunds due from insurance companies	-	54,881	Experience refunds for HDS \$54.88K for CY2023.
9	Medicare reimbursements from individuals, net of allowance	668,180	354,392	Receivable from beneficiaries of deceased retirees who were overpaid for Medicare Part B premium reimbursements (net of allowance for bad debt).
10	Receivables from agencies	40,000	-	
11	Total receivables	124,021,174	69,764,622	
12	Self-funded reserves	8,165,204	8,165,204	Reserves held by self-funded carriers (CVS \$1.7M and Silverscript \$6.4M) to cover claim payment lag.
13	TOTAL ASSETS	\$ 568,996,528	\$ 551,304,118	
LIABILITIES:				
14	Vouchers and contracts payable	\$ 7,826	\$ 199,383	
15	Premiums payable	65,606,614	64,753,047	One month of premiums owed to the fully insured plan carriers.
16	Due to retirees	10,912	64,440	Refunds owed to retirees.
17	Medicare Part B premium reimbursement payable	-	-	At quarter-end, we reimburse retirees Medicare Part B premiums. Therefore, quarter-end balances are zero.
18	AP unclaimed checks	267,521	267,521	Uncashed checks either older than 6 months or deceased (unclaimed) owed to members.
19	Benefit claims payable	29,152,963	27,496,710	Claims reimbursements and administrative fees owed to CVS and Silverscript.
20	IBNR liability for self-funded plans	492,900	492,900	Incurred but not reported (IBNR) liability for claims reimbursement from self-funded plans.
21	Total Liabilities	\$ 95,538,735	\$ 93,274,001	
NET ASSETS:				
	Unrestricted gain primarily from benefit plans			
22	ACA PCORI fees	\$ 3,393,575	\$ 3,393,575	At the 4/28/20 meeting, the Board approved to reserve additional funds to pay for PCORI fees through 6/30/29 for actives and 12/31/28 for retirees.
23	Self-funded claim stabilization reserve	113,148,000	96,831,000	Reserve reflects 35% of FY24 self-funded prescription drug plan claims and expenses.
24	Administrative fees (10/24-12/28 Retirees)	17,360,318	18,444,776	At the 6/26/18 meeting, the Board approved waiver of administrative fees from 7/1/19 (actives) and 1/1/19 (retirees) through 6/30/24 (actives) and 12/31/23 (retirees). At the 9/25/18 meeting, the Board extended the waiver through 6/30/29 (actives) and 12/31/28 (retirees).
25	Unreserved	339,555,900	339,360,767	
26	Unrestricted gain primarily from benefit plans	473,457,793	458,030,118	Unrestricted gain or surplus for EUTF. This amount is cumulative from year-to-year.
27	TOTAL LIABILITIES AND NET ASSETS	\$ 568,996,528	\$ 551,304,118	

Hawaii Employer-Union Health Benefits Trust Fund
AGENCY (RETIREES) - STATEMENT OF REVENUE AND EXPENSES and CHANGES IN NET POSITION
3 Month Ended September 30, 2024
(PRELIMINARY-Unaudited)

		9/30/2024 3-Month Actual	9/30/2024 Self-Funded Plans and Other 3-Month Actual	Notes
REVENUES:				
1	Premium revenue for self-funded plans	\$ -	\$ 39,917,889	
2	Investment income	2,472,862	-	<i>Dividends from short-term investments.</i>
3	Unrealized gain (loss) in investment	10,594,477	-	<i>Appreciation (Depreciation) in fair market value of short-term investments.</i>
4	CVS & Silverscript rebates		26,700,000	<i>CVS rebates (Q3-2024 \$5.7M) and Silverscript rebates (Q3-2024 \$21M).</i>
5	Direct subsidy - Silverscript	-	1,932,235	
6	LIPS low income subsidy - Silverscript, Kaiser	-	54,965	<i>Low income subsidy for Medicare Part D prescription drug plan (Silverscript \$49.17K and Kaiser \$5.8K).</i>
7	Coverage GAP discounts - Silverscript		11,800,000	
8	Reinsurance - Silverscript	-	9,966,060	
9	Performance penalties		139,925	
10	Total revenues	\$ 13,067,338	\$ 90,511,073	
EXPENSES:				
11	TPA expenses	\$ -	\$ 1,102,869	<i>Administrative expenses paid to self-funded plan carriers (CVS \$32.14K and Silverscript \$1.071M).</i>
12	Benefits paid for self-funded plans	-	86,907,261	<i>Claims paid to self-funded plan carriers (CVS \$16.36M less Zetia and Remicade settlements of \$245.58K and Silverscript \$70.79M).</i>
13	Investment fees	14,143	-	<i>Fees associated with short-term investments.</i>
14	(Gain) loss from carrier payments	-	126,462	<i>This amount is the resulting (gain) loss after the collection of contributions and the payment to carriers. This amount fluctuates every month.</i>
15	Total expenses	14,143	88,136,592	
16	EXCESS OF REVENUES OVER EXPENDITURES (LOSS)	\$ 13,053,195	\$ 2,374,481	

Hawaii Employer-Union Health Benefits Trust Fund
OPEB STATEMENT OF NET POSITION
3 Month Ended September 30, 2024
(PRELIMINARY-Unaudited)

			UNAUDITED		AUDITED		
			Current Month Ended		Current Month		Notes
			September 30, 2024		Ended		
					June 30, 2024		
ASSETS:							
1	OPEB operating account	\$	2,546,403	\$	2,183,024		
2	OPEB contributions in transit / receivable		-		-		
3	OPEB contributions		5,714,178,797		5,491,724,315		
4	OPEB contributions, at cost		5,714,178,797		5,491,724,315		
5	Net return on investment		2,689,132,955		2,423,103,666		
6	Total Assets	\$	8,405,858,155	\$	7,917,011,005		
LIABILITIES:							
7	Vouchers and contracts payable		2,915,577		2,302,640		<i>Payable to Acuitas, Alliance Bernstein, ASB Int'l, BlackRock, Callan, Gateway, Geode, Heitman, Longtail, MS Prime, Mt. Lucas, Northern Trust, Nossaman, Meketa Investment Group, Inc., Reinhart, and SLC/Ryan Labs.</i>
NET POSITION - Restricted for Other							
8	Postemployment Benefits	\$	8,402,942,578	\$	7,914,708,365		
	Employers		OPEB Net Assets				
9	Hawaii DWS	\$	34,027,696				
10	Honolulu BWS		145,573,694				
11	Kauai DWS		17,779,155				
12	County of Maui		589,182,645				
13	County of Hawaii		390,152,209				
14	County of Kauai		245,787,251				
15	C&C Honolulu		1,563,351,408				
16	State of Hawaii		5,410,818,050				
17	HART		6,270,470				
18	Total	\$	8,402,942,578				

Hawaii Employer-Union Health Benefits Trust Fund
OPEB STATEMENT OF REVENUE AND EXPENSES
3 Month Ended September 30, 2024
(PRELIMINARY-Unaudited)

		9/30/2024 3-Month - Other	9/30/2023 3-Month - Other	Notes
	ADDITIONS:			
1	OPEB ER contrib (PREFUNDING)	\$ 222,454,483	\$ 138,844,186	
2	Employer contributions at cost	\$ 222,454,483	\$ 138,844,186	
	Investment earnings:			
3	Investment income	32,215,708	29,697,655	
4	Securities lending income	171,140	148,967	
5	Unrealized gain (loss)	236,357,228	(111,072,915)	
6		\$ 268,744,076	\$ (81,226,293)	
	Investment fees:			
7	Securities lending expense	\$ 37,635	\$ 32,755	
8	Management - Acuitas	867,612	797,913	
9	Management - Northern Trust	192,466	158,268	
10	Management - SLC (fka Ryan Labs)	19,974	17,624	
11	Management - Geode	75,514	76,212	
12	Management - Mt. Lucas	203,165	191,688	
13	Management - Reinhart	24,401	-	
14	Management - Gateway	98,986	93,544	
15	Management - Nossaman	833	29,719	
16	Management - Callan	30,750	121,250	
17	Management - BlackRock	21,996	85,662	
18	Management - ASB Intl	188,146	252,369	
19	Management - MS Prime	638,073	544,966	
20	Management - Heitman	176,539	201,637	
21	Management - Longtail	250,567	205,417	
22	Custodial - Northern Trust	16,749	16,749	
23	Consulting - Meketa Investment Group, Inc.	120,943	117,420	
24	Total Investment Fees	\$ 2,964,346	\$ 2,943,193	
25	Investment Earnings, Net	\$ 265,779,730	\$ (84,169,486)	
26	EXCESS OF REVENUES OVER EXPENDITURES (LOSS)	\$ 488,234,213	\$ 54,674,700	
27	Net Position - Ending	\$ 8,402,942,578	\$ 6,783,497,500	

Experience Accounting of CVS Caremark Actives Self-Funded Plans
 Summary of FYE 6/30/2024 & FYE 6/30/2025

CVS Caremark Actives													
	JULY 2023	AUGUST 2023	SEPT 2023	OCT 2023	NOV 2023	DEC 2023	JAN 2024	FEB 2024	MAR 2024	APR 2024	MAY 2024	JUNE 2024	FYE 6/30/2024
	Actives	Actives	Actives	Actives	Actives	Actives	Actives	Actives	Actives	Actives	Actives	Actives	TOTAL
Total Revenue	8,645,481	8,673,495	8,741,901	8,734,411	8,720,947	8,745,611	8,641,665	8,668,276	8,715,749	8,647,110	8,723,976	8,655,753	104,314,375
Less:													
Benefit Claims	12,670,110	13,855,282	12,628,170	13,753,835	12,928,072	13,782,520	14,680,184	14,090,583	14,353,864	14,972,343	15,521,274	14,322,953	167,559,189
Administrative Expense	68,413	68,417	69,073	69,181	69,485	69,555	69,095	69,411	69,654	69,631	69,595	69,242	830,752
	12,738,523	13,923,699	12,697,243	13,823,016	12,997,557	13,852,075	14,749,279	14,159,994	14,423,518	15,041,974	15,590,869	14,392,194	168,389,941
Subtotal	(4,093,042)	(5,250,205)	(3,955,341)	(5,088,605)	(4,276,610)	(5,106,464)	(6,107,615)	(5,491,718)	(5,707,769)	(6,394,864)	(6,866,892)	(5,736,441)	(64,075,566)
Add:													
CVS Caremark Rebate	0	0	12,036,355	0	0	12,205,054	0	0	11,415,017	0	0	13,300,000	48,956,426
Network Guarantee	0	0	0	0	0	0	0	0	0	0	0	0	0
Ranbaxy Settlement	0	0	0	0	0	0	0	67,593	0	0	0	0	67,593
Restasis Settlement	0	0	0	0	0	22,560	0	0	0	0	0	0	22,560
Opna Settlement	0	0	0	0	0	0	0	0	420	0	0	0	420
IBNR	0	0	0	0	0	0	0	0	0	0	0	(8,200)	(8,200)
TOTAL	(4,093,042)	(5,250,205)	8,081,014	(5,088,605)	(4,276,610)	7,121,150	(6,107,615)	(5,424,126)	5,707,667	(6,394,864)	(6,866,892)	7,555,359	(15,036,768)

CVS Caremark Actives													
	JULY 2024	AUG 2024	SEP 2024	OCT 2024	NOV 2024	DEC 2024	JAN 2025	FEB 2025	MAR 2025	APR 2025	MAY 2025	JUNE 2025	FYE 6/30/2025
	Actives	Actives	Actives	Actives	Actives	Actives	Actives	Actives	Actives	Actives	Actives	Actives	TOTAL
Total Revenue	10,220,015	10,178,577	10,199,727										30,598,319
Less:													
Benefit Claims	16,187,706	15,791,642	14,439,820										46,419,167
Administrative Expense	70,285	70,393	70,976										211,654
	16,257,991	15,862,035	14,510,796	0	0	0	0	0	0	0	0	0	46,630,822
Subtotal	(6,037,976)	(5,683,458)	(4,311,069)	0	0	0	0	0	0	0	0	0	(16,032,503)
Add:													
CVS Caremark Rebate	0	0	13,600,000										13,600,000
Remicade Settlement	0	1,507	0										1,507
Zetia Settlement	0	0	7,542										7,542
TOTAL	(6,037,976)	(5,681,951)	9,296,474	0	0	0	0	0	0	0	0	0	(2,423,454)

Experience Accounting of CVS Caremark Non-Medicare Retirees Self-Funded Plan
 Summary of FYE 6/30/2024 & FYE 6/30/2025

CVS Caremark Non-Medicare Retirees													
	JULY 2023	AUGUST 2023	SEPT 2023	OCT 2023	NOV 2023	DEC 2023	JAN 2024	FEB 2024	MAR 2024	APR 2024	MAY 2024	JUNE 2024	FYE 6/30/2024
	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	TOTAL
Revenue	2,940,329	2,823,986	2,105,829	2,484,616	2,475,815	2,282,336	2,454,961	2,591,875	2,448,422	2,386,140	2,403,847	2,428,952	29,827,109
Less:													
Benefit Claims	5,267,184	6,135,304	5,283,520	5,676,908	5,460,283	5,307,676	6,650,257	5,961,759	5,398,378	5,986,462	5,788,516	5,084,284	68,000,531
Benefit Claims Medicare	(1,261,897)	(1,430,740)	(1,226,295)	(1,251,388)	(1,287,964)	(1,204,904)	(2,388,774)	(1,721,739)	(1,568,056)	(1,544,140)	(1,541,858)	(1,370,099)	(17,797,854)
Net Benefit Claims	4,005,287	4,704,564	4,057,225	4,425,520	4,172,319	4,102,772	4,261,483	4,240,020	3,830,322	4,442,322	4,246,658	3,714,184	50,202,676
Administrative Expense	14,448	13,579	11,924	11,962	11,900	11,877	11,370	11,468	11,058	10,802	10,680	10,720	141,788
	4,019,735	4,718,143	4,069,150	4,437,482	4,184,218	4,114,649	4,272,852	4,251,488	3,841,380	4,453,124	4,257,338	3,724,904	50,344,464
Subtotal	(1,079,406)	(1,894,157)	(1,963,320)	(1,952,866)	(1,708,403)	(1,832,313)	(1,817,891)	(1,659,613)	(1,392,958)	(2,066,984)	(1,853,491)	(1,295,952)	(20,517,354)
Add:													
CVS Caremark Rebate	0	0	4,772,404	0	0	4,532,229	0	0	4,351,512	0	0	3,853,191	17,509,335
Network Guarantee	0	0	0	0	0	421,294	0	0	0	0	0	0	421,294
Ranbaxy Settlement	0	0	0	0	0	0	0	50,149	0	0	0	0	50,149
Restatis Settlement	0	0	0	0	0	75,392	0	0	0	0	0	0	75,392
Opana Settlement	0	0	0	0	0	0	0	0	872	0	0	0	872
IBNR	0	0	0	0	0	0	0	0	0	0	0	600	600
TOTAL	(1,079,406)	(1,894,157)	2,809,083	(1,952,866)	(1,708,403)	3,196,602	(1,817,891)	(1,609,464)	2,958,554	(2,066,984)	(1,853,491)	2,557,239	(2,535,976)

CVS Caremark Non-Medicare Retirees													
	JULY 2024	AUGUST 2024	SEPT 2024	OCT 2024	NOV 2024	DEC 2024	JAN 2025	FEB 2025	MAR 2025	APR 2025	MAY 2025	JUNE 2025	FYE 6/30/2025
	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	TOTAL
Revenue	2,357,969	2,295,312	2,349,299										7,002,580
Less:													
Benefit Claims	5,693,636	5,569,274	5,101,964										16,364,875
Benefit Claims Medicare	(1,407,661)	(1,451,011)	(1,327,444)										(4,186,115)
Net Benefit Claims	4,285,976	4,118,264	3,774,521										12,178,760
Administrative Expense	10,798	10,746	10,600										32,144
	4,296,773	4,129,010	3,785,121										12,210,904
Subtotal	(1,938,804)	(1,833,698)	(1,435,822)	0	0	0	0	0	0	0	0	0	(5,208,324)
Add:													
CVS Caremark Rebate	0	0	5,700,000										5,700,000
Remicade Settlement	0	306	0										306
Zetia Settlement	0	0	245,269										245,269
TOTAL	(1,938,804)	(1,833,392)	4,509,447	0	0	0	0	0	0	0	0	0	737,251

Experience Accounting of Silverscript Medicare Retirees Self-Funded Plan
 Summary of FYE 6/30/2024 & FYE 6/30/2025

SILVERSCRIPT - MEDICARE RETIREES ONLY													
	JULY 2023	AUGUST 2023	SEPT 2023	OCT 2023	NOV 2023	DEC 2023	JAN 2024	FEB 2024	MAR 2024	APR 2024	MAY 2024	JUNE 2024	FYE 6/30/2024
	MEDICARE	MEDICARE	MEDICARE	MEDICARE	MEDICARE	MEDICARE	MEDICARE	MEDICARE	MEDICARE	MEDICARE	MEDICARE	MEDICARE	TOTAL
	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	
Revenue	10,729,184	10,834,940	11,649,801	11,212,107	11,112,010	11,390,607	11,487,566	11,257,945	11,079,395	10,994,064	10,819,949	11,289,143	133,856,711
Less:													
Benefit Claims	19,175,990	20,580,038	19,701,025	21,134,610	20,736,808	20,511,499	26,948,051	19,916,938	21,243,158	22,061,657	23,055,924	15,971,768	251,037,467
Benefit Claims Paid to CVS	1,261,897	1,430,740	1,226,295	1,251,388	1,287,964	1,204,904	2,388,774	1,721,739	1,568,056	1,544,140	1,541,858	1,370,099	17,797,854
Administrative Expense	339,303	344,638	353,685	353,654	353,297	353,440	357,592	357,265	357,143	357,408	358,958	356,908	4,243,292
	20,777,189	22,355,415	21,281,005	22,739,652	22,378,070	22,069,843	29,694,416	21,995,943	23,168,357	23,963,205	24,956,741	17,698,776	273,078,613
Subtotal	(10,048,005)	(11,520,476)	(9,631,205)	(11,527,544)	(11,266,060)	(10,679,237)	(18,206,850)	(10,737,998)	(12,088,962)	(12,969,141)	(14,136,793)	(6,409,633)	(139,221,903)
Add:													
Coverage Gap Discount	0	0	13,784,491	0	0	14,174,393	0	0	5,973,930	0	0	10,759,239	44,692,052
Silverscript Rebate	0	0	19,429,868	0	0	20,258,818	0	0	20,958,652	0	0	18,974,199	79,621,538
Direct Subsidy	(107,358)	(419,171)	(352,380)	(356,004)	(330,785)	(360,723)	517,721	522,368	515,906	512,883	512,883	602,165	1,257,505
LIPS Subsidy	16,276	15,985	16,392	15,770	16,654	16,358	8,539	16,852	18,176	16,644	28,300	16,130	202,075
LICS Subsidy	0	0	0	0	0	0	0	0	15,234	0	0	1,103,511	1,118,745
Part D Reinsurance	3,059,455	3,068,909	3,063,373	3,066,616	3,078,304	3,074,674	3,331,474	3,280,565	3,283,668	3,318,815	3,318,339	3,309,812	38,254,003
Reinsurance Settlement	0	0	0	0	0	0	0	0	0	0	0	(3,533,954)	(3,533,954)
Ranbaxy Settlement	0	0	0	0	0	0	0	100,299	0	0	0	0	100,299
Network Guarantee	0	0	0	0	0	1,709,460	0	0	0	0	0	0	1,709,460
IBNR	0	0	0	0	0	0	0	0	0	0	0	(79,100)	(79,100)
TOTAL	(7,079,633)	(8,854,754)	26,310,539	(8,801,162)	(8,501,888)	28,193,743	(14,349,115)	(6,817,914)	18,676,605	(9,120,799)	(10,277,271)	24,742,368	24,120,720

SILVERSCRIPT - MEDICARE RETIREES ONLY													
	JULY 2024	AUGUST 2024	SEPT 2024	OCT 2024	NOV 2024	DEC 2024	JAN 2025	FEB 2025	MAR 2025	APR 2025	MAY 2025	JUNE 2025	FYE 6/30/2025
	MEDICARE	MEDICARE	MEDICARE	MEDICARE	MEDICARE	MEDICARE	MEDICARE	MEDICARE	MEDICARE	MEDICARE	MEDICARE	MEDICARE	TOTAL
	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	Retirees	
Revenue	10,929,856	10,824,072	11,161,382										32,915,309
Less:													
Benefit Claims	24,118,206	23,620,826	23,048,930										70,787,962
Benefit Claims Paid to CVS	1,407,661	1,451,011	1,327,444										4,186,115
Administrative Expense	356,908	356,908	356,908	0	0	0	0	0	0	0	0	0	1,070,725
	25,882,775	25,428,744	24,733,281	0	0	0	0	0	0	0	0	0	76,044,801
Subtotal	(14,952,920)	(14,604,673)	(13,571,899)	0	0	0	0	0	0	0	0	0	(43,129,492)
Add:													
Coverage Gap Discount	0	0	11,800,000										11,800,000
Silverscript Rebate	0	0	21,000,000										21,000,000
Direct Subsidy	901,160	479,522	551,552										1,932,235
LIPS Subsidy	16,136	17,211	15,823										49,170
LICS Subsidy	0	0	0										0
Part D Reinsurance	3,323,198	3,318,055	3,324,808										9,966,060
Reinsurance Settlement	0	0	0										0
Network Guarantee	0	0	0										0
TOTAL	(10,712,427)	(10,789,885)	23,120,285	0	0	0	0	0	0	0	0	0	1,617,973

Experience Accounting of Verdegard (formerly known as HMA, LLC) Actives Self-Funded Plan
 Summary of FYE 6/30/2024 & FYE 6/30/2025

Verdegard (formerly known as HMA, LLC)													
	<u>JULY 2023</u>	<u>AUG 2023</u>	<u>SEP 2023</u>	<u>OCT 2023</u>	<u>NOV 2023</u>	<u>DEC 2023</u>	<u>JAN 2024</u>	<u>FEB 2024</u>	<u>MAR 2024</u>	<u>APR 2024</u>	<u>MAY 2024</u>	<u>JUNE 2024</u>	<u>FYE 6/30/2024</u>
	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>TOTAL</u>
Revenue	32,953	33,527	32,153	34,155	32,874	32,445	31,053	33,717	31,659	31,721	31,794	31,840	389,891
Less:													
Benefit Claims	16,265	23,393	32,058	26,406	23,014	26,909	50,687	19,037	20,254	10,776	16,142	14,336	279,277
Administrative Expense	9,415	9,448	9,415	9,560	9,496	9,432	9,239	9,399	9,399	9,287	9,223	8,028	111,342
IBNR	0	0	0	0	0	0	0	0	0	0	0	16,000	16,000
	25,681	32,841	41,473	35,965	32,510	36,341	59,926	28,436	29,654	20,063	25,365	38,364	406,619
TOTAL	7,272	686	(9,321)	(1,810)	364	(3,895)	(28,873)	5,281	2,006	11,658	6,430	(6,524)	(16,728)

Verdegard (formerly known as HMA, LLC)													
	<u>JULY 2024</u>	<u>AUG 2024</u>	<u>SEP 2024</u>	<u>OCT 2024</u>	<u>NOV 2024</u>	<u>DEC 2024</u>	<u>JAN 2025</u>	<u>FEB 2025</u>	<u>MAR 2025</u>	<u>APR 2025</u>	<u>MAY 2025</u>	<u>JUNE 2025</u>	<u>FYE 6/30/2024</u>
	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>Actives</u>	<u>TOTAL</u>
Revenue	31,553	31,018	30,759										93,330
Less:													
Benefit Claims	17,736	27,351	15,215										60,302
Administrative Expense	9,080	8,981	9,014	0	0	0	0	0	0	0	0	0	27,075
	26,816	36,331	24,229										87,376
TOTAL	4,737	(5,313)	6,530	0	0	0	0	0	0	0	0	0	5,954



Monthly Carrier Report

Date: January 2, 2025

Carrier: CVS Health

Period Report Covers: December 2024

Customer Service Utilization and Performance Data:

• **Call Center Statistics:**

- Number of calls answered by a live representative: 387
- Percentage of calls answered in 10 seconds: 96.9 % (375 calls)
- Percentage of calls answered in 30 seconds: 97.7 % (378 calls)
- Average speed of answer (number of seconds before live person answers calls): 4.6 seconds
- Average call duration: 686 seconds
- Calls abandoned at 30 seconds or greater: 3
- Percentage of calls abandoned at 30 seconds or greater: 0.5 %

Breakdown of calls by subject matter (one call can be logged in more than one category)

- Miscellaneous – View Account 23
- Claim Inquiry – Rejected Claim 52
- Rx Order – Order Update 18
- Rx Order – Check Status 23
- Account Maintenance – Account Updates 22
- Rx Order Refill 41
- Plan Design - Override 31
- Plan Design- Prior Authorization 31
- Drug Coverage 108
- Eligibility – Processing Information 29
- Others 90

• **Requests by EUTF to Account Mgmt/Customer Care:**

Number of Requests: 64

The average turnaround time for requests was responded to in 1 business day.

All rush enrollments were processed within 1 business day.

Breakdown of escalations by subject matter:

- Account Maintenance – 9
- Enroll Verify – 3
- Outreach – 0
- Reinstatements – 13
- Research – 1
- Rush Enrollments – 38

• **Appeals: There is a lag in appeals activity. The following appeals information is for the month of November 2024.**

14 Total appeals for non-specialty drugs – 14 approved, 0 denied

14 Total appeals for specialty drugs – 6 approved, 8 denied

- **CVS Health Walk-In Servicing**
No CVS Health members visited the customer service office on Bishop Street during the month of December 2024.
- **Operational Issues Pertaining to EUTF Members:**
No information to report.
- **Issues Raised By or With the Vendor and Correspondence to or Referred to the Vendor:**
No information to report.
- **Any Legal Actions or Proceedings Involving EUTF Members:**
No information to report.
- **Pending or Approved Insurance Regulations or State Legislation Affecting Benefits:**
No information to report.
- **New Issues with Respect to New Programs or Benefits of Interest to Board:**
No information to report.
- **EUTF Client Service Team Contact and Pending Changes to Team, If Any:**
No information to report.
- **Community Activities Relating to Vendor's That May Be Of Interest to EUTF:**
Approximately one-year ago, CVS Health announced our support to affordable housing projects on Oahu, Maui and Hawaii island. Kaiaulu o Kukuia - located in Lahaina, filled the first 40 of 200-units last month. Many were displaced Lahaina residents impacted by the fires. CVS Health invested \$17.5M for this project and partnered with the University of Hawaii Maui College, Hunt Capital Partners, Ikaika Ohana, and ThirtyOneFifty Management to put together approximately 100 Welcome Home Gift Baskets for the fire survivors. To read more about this, click on this link ['Christmas miracle': Dozens of units filled at first permanent housing project for Maui fire survivors](#)
- **Other:**

There were 3 Consumer-level recall notice received by CVS Caremark for the month of December 2024.

- Adrenalin® Chloride Solution (EPINEPHrine Nasal Solution, USP) for topical application 30mg/30mL (1mg/mL) manufactured by Endo, Inc
- Systane Lubricant Eye Drops Ultra PF, Single Vials On-the-Go, 25 count manufactured by Alcon Laboratories
- PROGRAF® 0.5mg (tacrolimus) and ASTAGRAF XL® 0.5mg (tacrolimus extended-release) capsules distributed by Astellas Pharma US, Inc

If you have questions, please contact me at 808-282-0724, or by email at sandra.benevides@cvshealth.com.

Mahalo,



Sandra Benevides
Strategic Account Executive

Monthly Carrier Report

Date: January 1, 2025

Carrier: 9445

Period Report Covers: December 2024

▪ **Customer Service Utilization and Performance Data:**

▪ **Call Center Statistics:**

Number of calls – 1,059

Percentage of calls answered in 30 seconds – 97.8% (1036 calls)

Average speed of answer (number of seconds before live body answers calls) 50.2 seconds

Abandonment rate 0.3%

Average call duration 658 seconds

Breakdown of calls by subject matter (one call can be logged in more than one category):

- Miscellaneous – View Member Account – 124
- Rx Verification - Rx Verify Directions – 44
- Plan Design – Prior Auth - 128
- Order Placement – CCR Refill – 409
- Order Status – Order Inquiry - 171
- Plan Design – Plan Benefit Override - 77
- Retail Test Claim - 104
- Plan Design – Plan Design Education - 332
- Others – 369

▪ **Requests by EUTF to Account Management/Customer Care:**

Number of Requests: 14

Average turnaround time complaints were responded to: less than 1 Day

Breakdown of escalations by subject matter:

- *Account Maintenance: 5*
- *Reinstate: 1*
- *Research: 3*
- *Verify Enrollment: 2*
- *Outreach: 0*
- *Rush/Manual Enrollments: 3*

- **CVS Health Walk-In Servicing**

1 SilverScript member visited the customer service office on Bishop Street during the month of December 2024.

- **Operational Issues Pertaining to EUTF Members:**

No new issues to report.

Issues Raised by or With the Vendor and Correspondence to or Referred to the Vendor:

No new issues to report.

- **Any Legal Actions or Proceedings Involving EUTF Members:**

No new actions to report.

- **Pending or Approved Insurance Regulations or State Legislation Affecting Benefits:**

No new information to report.

- **New Issues with Respect to New Programs or Benefits of Interest to Board:**

No new information to report

- **EUTF Client Service Team Contact and Pending Changes to Team, If Any:**

No new information to report

- **Community Activities Relating to Vendors That May Be of Interest to EUTF:**

No new information to report

- **Other:**

"Lahaina survivor grateful to have a Home for the Holidays"

- In the midst of recovery from a devastating wildfire that swept through Lahaina, single mother Jessica Cadiam Standley embraces a newfound sense of hope and gratitude as she finds a permanent home for herself and her eight children. After losing their house and living in temporary accommodations, Jessica wins the lottery for a unit at Kaiaulu o Kuku'ia, a new affordable housing development made possible by CVS's significant investment and collaboration with local nonprofits. As Jessica decorates their new home for the holidays, the weight of the past year's challenges begins to lift, and she reflects on the harrowing day of the fire that forever changed their lives. With the memories of loss still fresh, she recounts the terrifying escape that saved her family and the resilience that has brought them to this moment. Surrounded by her children, Jessica's joy is palpable as they finally experience the warmth of home during the holiday season. However, she remains aware of the long road ahead for her family and the Lahaina community as they strive to rebuild their lives. Through heartfelt gestures from CVS and the support of volunteers, Jessica feels a sense of dignity returning, marking this holiday not just as a celebration, but as a significant step towards healing and stability for her family.

If you would like to have further detail on any of these topics, please feel free to contact Ty Bowers at 480-253-2963 or via email at ty.bowers@cvshealth.com.

Mahalo,



Ty Bowers

Strategic Account Director, Medicare Account Services

Monthly Carrier Report

Date: January 7, 2024

Carrier: Hawaii Dental Service

Period Report Covers: December 2024

- Customer Service Utilization and Performance Data:
Number of in person interactions with HDS and EUTF participants (walk-ins) = 1
- Call Center Statistics:
Total number of calls = 919
Percentage of calls answered in 10 seconds = 40.13%
Percentage of calls answered in 30 seconds = 95.39%
Average speed of answer (number of seconds before live body answers calls) = 14.67 seconds
Abandonment rate = 0.76%
Average call duration = 5:07 minutes
Breakdown of calls by subject matter
Eligibility/Benefits: 47%
Claim Status: 14%
Request for ID card: 8%
Refer to EUTF (address change): 1%
Dentist search: 3%
Other Misc.: 28%
HDS Online Support: 0%
Results may not total 100%. One call could have more than one subject matter.
- Complaints:
Number of Complaints = 0
Average turnaround time complaints were responded to = n/a
Breakdown of complaints by subject matter Number Resolved/Number Pending
Resolution - None

- Operational Issues Pertaining to EUTF Members:

<ul style="list-style-type: none">Network Additions
Dr. Marisa Lee - Oahu

Network Exits: None

- Issues Raised by or With the Vendor and Correspondence to or Referred to the Vendor: None
- Any Legal Actions or Proceedings Involving EUTF Members: None
- Pending or Approved Insurance Regulations or State Legislation Affecting Benefits: None
- New Issues with Respect to New Programs or Benefits of Interest to Board: None
- EUTF Client Service Team Contact and Pending Changes to Team, If Any: None
- Community Activities Relating to Vendors That May Be of Interest to EUTF:
HDS Foundation donated 32,811 SMILEkits for Adults and Children as well as 5,330 Infant SMILEkits in 2024. In addition, \$250,000 was donated to the University of Hawaii Loan Repayment programs and \$154,272 to the University of Hawaii: Upgrading and Expanding Dental Equipment for the Dental Assisting Program. HDS Foundation continues to support the next generation of dental health professionals, awarding a total of \$33,000 in scholarships to eleven Hawaii students enrolled in Dental Hygiene programs at University of Hawaii at Manoa and University of Hawaii Maui College. The HDS Foundation also awarded a total of \$80,000 in scholarships to eight Hawaii students for the 2024-2025 school year to support local students who are pursuing a degree in dentistry. The outsourcing of printing member ID cards to EMSS is live.

Other: HDS received five appeals.



Joey Lee, Director of Sales



Monthly Carrier Report

Date: January 6, 2025

Carrier: Hawaii Medical Service Association (HMSA)

Period Report Covers: December 2024

Customer Service Utilization and Performance Data:

- **Call Center Statistics:**

- Number of calls - 2,351
- Average speed of answer (number of seconds before live body answers calls) - 1:21
- Abandonment rate - 4.35%
- Average call duration - 08:16 (MM:SS)

- **Appeals:**

HMSA's organization is set up with an initiative known as First Call Resolution (FCR). FCR is the concept that members should only have to contact HMSA one time with their concern/inquiry for it to be resolved. Although members' inquiries may not be resolved during the first call, the idea is that the member should not have to call HMSA again after their initial contact.

If a member is not satisfied with a response by a customer service representative, the member is provided with HMSA's Appeals Rights and Processes. If a member decides to submit a formal Appeal with HMSA, HMSA begins tracking the member appeal through our Appeals Department, which is the information that we have provided below.

- **December 2024**

- Total number of appeals unresolved from the previous month: 37
- Total number of appeals received: 19
- Average turnaround time appeals were responded to: 30 days (excluding appeals that were extended)
- Total number of appeals resolved with extensions: 0
 - In some instances, additional information is required to support the nature of an Appeal, such as additional medical records. Extensions are applied after obtaining member approval.
- Total number of appeals resolved without an extension: 29
- Breakdown of appeals by subject matter - Number Resolved/Number Pending Resolution:
 - 17 Appeals pending as of January 6, 2025.
 - 29 Appeals resolved in December 2024.
 - 10 Appeals withdrawn in December 2024.
 - 0 Appeals voided in December 2024.



Appeal Description	Count of Cases
Overtured	17
Imaging	9
Lumbar Decompression	1
Lab Services	1
Out of Country Services	1
Knee Meniscectomy/ Meniscal Repair/ Meniscal Transplant	1
Physical Therapy	1
Shoulder Rotator Cuff Repair	1
Genetic Testing	1
Air Ambulance	1
Upheld	12
Imaging	5
Sacroiliac Joint Injection	1
Psychotherapy	1
Office Visit	1
Mastectomy	1
Breast Reconstruction	1
Lumbar Fusion	1
Medication	1
Withdrawn	10
Chiro Services	3
ER Services	2
Surgery	2
Imaging	1
Lab Services	1
Medication	1
Total	39



Operational Issues Pertaining to EUTF Members:

None for December 2024.

Issues Raised By or With the Vendor and Correspondence to or Referred to the Vendor:

None for December 2024

Any Legal Actions or Proceedings Involving EUTF Members:

None for December 2024.

Pending or Approved Insurance Regulations or State Legislation Affecting Benefits:

None for December 2024.

New Issues with Respect to New Programs or Benefits of Interest to Board:

None for December 2024.

EUTF Client Service Team Contact and Pending Changes to Team, if Any:

None for December 2024.

Community Activities Relating to Vendor’s That May Be of Interest to EUTF:

Kauai High School Career Fair

Pa’ani Challenge College and Career Fair

YP HI School Mentor Connect Closing Event

Make-a-Wish Jingle Rock Run

Other:

None.

If you have any questions, please contact me at 952-7845.

Sincerely,

Christopher M. Letoto
Manager, EUTF Program
Account Management and Sales



Monthly Carrier Report

Date: January 8, 2024

Carrier: Humana

Plan: EUTF Medicare Advantage Plan (MA Only)

1. **Period Report Covers:** December 1, 2024 through December 31, 2024

Customer Service Utilization and Performance Data:

• **Call Center Statistics:**

- Number of calls answered by a live representative
 - EUTF specific: 4
 - Humana Book of Business: 89,370
- Percentage of calls answered in 30 seconds
 - Humana Book of Business: 93.50%
- Average speed of answer (number of seconds before live person answers calls):
 - Humana Book of Business: 14 seconds
- Average call duration:
 - Humana Book of Business: 582 seconds

Breakdown of calls by subject matter (calls can be logged in more than one category or not logged)

Call Driver*	Number of Calls*
○ Authorization/Referral	0
○ Benefits	1
○ Claims	1
○ Communication	0
○ Demographics	0
○ Disenrollment	0
○ Eligibility	0
○ Enrollment	1
○ Fulfillment	0
○ Grievance & Appeals	0
○ Rx	0
○ Provider	1
○ Outbound Call	0
○ Wellness	0
○ Other/Miscellaneous	0

*EUTF specific

- **Requests by EUTF to Account Management/Customer Care (Account Concierge ACS):**
 - Number of Requests in December: 0 Account Management and ACS
 - The average turnaround time for request: N/A
 - All rush enrollments were processed within 1 business day(s): 0 requests made
 - Breakdown of escalations by subject matter:
 - Account Management and ACS subject matter – N/A
 - Rush enrollment subject matter – N/A

- **Appeals: The following appeals information is for the month of December 2024.**
 - Number of Appeals in December 2024: 0
 - Number of Appeals resolved in December 2024: 0
 - Number of Appeals withdrawn in December 2024: 0
 - Number of Appeals voided in December 2024: 0
 - Number of Appeals pending in December 2024: 0
 - Total number of appeals remaining open in December 2024: 0
 - Average turnaround time appeals were responded to: 0 or N/A days (excluding appeals that were extended)
 - Breakdown of appeals by subject matter:

Appeal Description	Count of Appeals
Overtured	N/A
Upheld	N/A
Outpatient Surgery	N/A
Withdrawn	N/A
Total	N/A

- **Humana Walk-In Servicing**
 - The Humana office at 733 Bishop St, Suite 2100, Honolulu, HI 96813 is open with normal business hours (Monday through Friday from 8:00 a.m. to 5:00 p.m.)
 - There were 0 EUTF members that visited the Humana office in December.

- **Operational Issues Pertaining to EUTF Members:**
No information to report for December 2024.

- **Issues Raised By or With the Vendor and Correspondence to or Referred to the Vendor:**
No information to report for December 2024.

- **Any Legal Action or Proceedings Involving EUTF Members:**
No information to report for December 2024.

- **Pending or Approved Insurance Regulations or State Legislation Affecting Benefits:**
No information to report for December 2024.

- **New Issues with Respect to New Programs or Benefits of Interest to Board:**
No information to report for December 2024
- **Other:**
No information to report for December 2024.

Please contact me with any questions at 502-418-2712, or by email at jsmith55@humana.com .

Thank you,



Jenny Smith

Senior Account Executive

Monthly Carrier Report

Date: January 7, 2024

Carrier: Kaiser Permanente

Period Report Covers: December 2024

- **Customer service utilization and performance data:**

- **Call center statistics:**

Number of calls: 439 Calls

Percentage of calls answered in 30 seconds: 93.39%

Percentage of calls answered in 20 seconds: 92.71%

Percentage of calls answered in 10 seconds: 91.12%

Average speed of answer: 9 seconds

Abandonment rate: 0.45%

Average call duration: average talk time 435 seconds

(21%) Access, (48%) Benefits, (0%) Billing Issues, (4%) Claims, (1%) Complaints,
(17%) Eligibility, (4%) ID/Demographics, (5%) Materials Requested

- **Complaints:**

Number of Complaints: 59

Average turnaround time complaints were responded to: 11.19 days to close concerns

Breakdown of complaints by subject matter – Number Resolved/Number Pending

Resolution: 37 closed, 22 open

– Access – (3) Appointment schedule, (1) Referral, (1) Cancellation

– Benefits & Enrollment – (1) Denial, (2) Benefit change, (1) Cost share, (1) Eligibility

– Facility – (1) Check in/out process, (1) Wait for service

– Operational Process – (3) Phone system, (3) KP.org, (1) AOR process

– Physician – (12) Courtesy & communication, (11) Diagnosis treatment or care, (1) Time spent

– Other – (8) Billing issue, (2) Prescription, (1) Balance billing, (1) Confidentiality, (2) EOB, (1) Non-KP issue,
(1) Covid vaccine

- **Appeals:**

Number of Appeals in December 2024: 1

Number of Appeals approved in December 2024: 0

Number of Appeals denied in December 2024: 1

- **Operational issues pertaining to EUTF members:**

Holiday Clinic Closures:

February 17, 2025 – In observance of Presidents' Day

ER will remain open 24/7

- **Issues raised by or with the vendor and correspondence to or referred to the vendor:**

No information to report

- **Any legal actions or proceedings involving EUTF members:**

No information to report

- **Pending or approved insurance regulations or state legislation affecting benefits:**

No information to report

- **New issues with respect to new programs or benefits of interest to board:**
No information to report
- **EUTF client service team contact and pending changes to team, if any:**
No information to report
- **Community activities relating to vendor's that may be of interest to EUTF:**
No information to report
- **Other:**
Kaiser Permanente grants fight food insecurity among seniors – Kaiser Permanente Hawaii has distributed \$125,000 in grants to fund two local nonprofit organizations providing fresh local meals and produce to seniors across Oahu. Lunalilo Home received \$75,000 and Elepaio Social Services, Inc. received \$50,000.

Lunalilo Home received \$75,000 to support its expansion of the Kupuna Meals-to-Go program to West Oahu. Ai Pono meals — part of a comprehensive traditional Hawaiian nutrition program and inspired by the diet of Native Hawaiian ancestors — are prepared and delivered to 200 adults aged 55 and over, many of whom are home-bound or do not have reliable transportation to get food. With this grant, the seniors will receive meals twice weekly for 13 weeks.

Elepaio Social Services, Inc. received \$50,000 for its meals program for residents of Hale Moena, a low-income senior condominium in Kapolei. The organization sources prepared food made from at least 50% local ingredients from Waianae High School and Kapolei High School culinary programs and organic produce from Waianae farms to meet the needs of more than 130 seniors weekly.

Kaiser Permanente is working to improve the conditions for health in the communities it serves. These grants are the latest in a series of contributions from Kaiser Permanente in Hawaii to help residents throughout the state receive vital support services that impact their overall health.

Troy Tomita



Senior Account Manager
Kaiser Permanente

Monthly Carrier Report – Hawaii EUTF

Date: January 07, 2025
Carrier: Securian Financial
Report Period: December 2024

Customer Service, Utilization and Performance Data

- Group Term Life Claims Paid: 124
- Active Employee Claims: 8
- Retiree Claims: 146
- Average Processing Time: 5 business days

Appeals Summary

- Number of Active Appeals: 0
- Number of Resolved Appeals: 0
- Average Time to Resolve: N/A
- Resolution Summary: N/A

Walk-In Servicing

- Number of Walk-In Visits: 0
- Average Time per Walk-In: 0 minutes 0 seconds

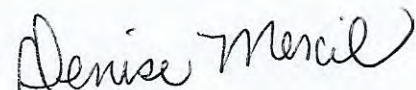
Customer Service Statistics

- Number of Calls Received: 199
- Average Speed to Answer: 5 seconds
- Abandonment rate of all calls received: 0.00%
- Average Call Duration: 4 minutes 7 seconds
- Requests by Category:
 - Claims: 2
 - Member information changes or updates: 27
 - Policy related requests: 88
 - Other: 28

Narrative of Other Activities

- Complaints: None to report.
- Operational Issues Impacting EUTF Members: None to report.
- Issues Raised By or With the Vendor: None to report.
- Legal Actions/Proceedings Involving EUTF Members: None to report.
- Pending/Approved Insurance Regulations Impacting Benefits: None to report.
- New Programs and Benefits of Interest to Board: None to report.
- Changes to EUTF Service Team: None to report.
- Community Activities of Interest to the Board: None to report.

Submitted 01/07/2025 by:
Denise Mercil, Field Service Representative, Securian Financial
(808) 282-6783, Denise.Mercil@Securian.com





Monthly Carrier Report

Date: January 7, 2025

Plan: EUTF Supplemental Medical and Prescription Drug Plan

Carrier: Verdegard Hawaii formerly known as HMA

Period Report Covers: December 1st, 2024 through December 31st, 2024

Customer Service Utilization and Performance Data

Total number of employees enrolled: 545

Total number of members enrolled: 1461

Total number of claims paid: 200

Average turnaround time: 21 Days

Call Center Statistics

Number of Calls: 81

Average Speed of Answer From a Live Body: 20 Seconds

Abandonment Rate: 4%

Breakdown of Calls (By Subject Matter)

Although we do not have an automated manner in which to track the breakdown of calls by subject matter, our detailed assessment for this month is as follows:

- **Approximately 50% of calls received are member's following-up on claims status.**

Claims status inquiries include:

- Confirm receipt of claims and documents
- Confirm claim reimbursement amounts
- Claims status

- **Approximately 50% of calls received are of other miscellaneous related inquiries.**

Miscellaneous inquiries include:

- Requests for claim form
- Inquiry to learn more about the plan
- Benefit check
- Eligibility

- **Complaints:**
Number of Complaints: 0
Average turnaround time complaints were responded to: N/A
Breakdown of complaints by subject matter: N/A
Resolution: N/A
- **Operational issues pertaining to EUTF Members:**
None to report.
- **Issues raised by or with the vendor and correspondence to or referred to the vendor:**
None to report.
- **Any legal actions or proceedings involving EUTF Members:**
None to report.
- **Pending or approved insurance regulations or state legislation affecting benefits:**
None to report.
- **New issues with respect to new programs or benefits of interest to board:**
None to report.
- **EUTF client service team contact and pending changes to team, if any:**
None to report.
- **Community activities relating to vendor's that may be of interest to EUTF:**
None to report.
- **Others:**

Please feel free to contact me directly at (480)-921-8944 ext 3319 with any questions or clarification concerning this report.

Sincerely,
Salena Atencio



Account Management
Verdegard Hawaii



Monthly Carrier Report

Date: January 6, 2025

To: EUTF Board of Trustees

From: VSP Vision Care 
 Monica Kim, Market Director - Hawaii

Report Period: DECEMBER 2024

• **Customer Service Utilization Data:**

- o EUTF customer walk-ins to the VSP Hawaii Office in December 2024: N/A

• **Call Center Statistics:**

VSP's main 1-800 customer service line (1-800-877-7195) *Monthly Data*
2024 Quarterly Performance Guarantee applied to VSP's main Customer Service Line

- o Number of Calls Company-Wide: 955,782 calls

EUTF-specific toll-free number (1-866-240-8420) *Monthly Data*
2024 Quarterly Performance Guarantee now applies to EUTF-specific phone line
Q4 2024 Results included in VSP's Performance Standards Report

- o Number of calls: 133 Active & Retiree calls
- o Average speed of answer (# of seconds before live body answers calls): 103 seconds
- o Call abandonment rate: 3.01%
- o Average call duration: 2 minutes 39 seconds

EUTF Member Call Response Report (combined): 222 Active & 233 Retiree calls

- o VSP Confidential EUTF Call Response Reports enclosed
 (Call breakdown by subject matter)

• **Complaints:**

- o Number of Complaints*: 2 (1 Active & 1 Retiree)
- o Average turnaround time complaints were responded to:
 - Call Resolution (same day) 50%
 - Complaint Acknowledgement within 5 business days 100%
 - Complaint Resolution within 30 calendar days 100%
- o Breakdown of complaints by subject matter:
 VSP Confidential Complaint & Grievance Summary Reports (Active & Retiree) enclosed
 - Number Resolved 2
 - Number Pending Resolution 0

*Individuals with complaints may state more than one issue

- **Operational Issues Pertaining to EUTF Members:** None
- **Issues Raised By or With the Vendor and Correspondence To or Referred to the Vendor:** None
- **Any Legal Actions or Proceedings Involving EUTF Members:** None
- **Pending or Approved Insurance Regulations or State Legislation Affecting Benefits:** None
- **New Programs or Benefits of Interest to the Board:** None
- **EUTF Client Service Team Contact and Pending Changes to Team, If Any:** None
- **Community Activities Relating to Vendor's That May Be of Interest to EUTF:** None
- **Other:** None

Call Response Summary Report
 HI EMPLOYER UNION HEALTH TRUST 12216503
 December 2024

On average, for 1,000 subscribers, VSP receives 1 calls per month

Total Client Calls

222

<u>Reason</u>	<u>Reason For Calling</u>	<u>Client Counts</u>	<u>Client Percent</u>	<u>VSP Percent BOB</u>
Claims	In-Network Claim	6	2.70%	1.15%
	Out of Network Claim	4	1.80%	2.75%
Doctor Referral	Provided Dr List	6	2.70%	3.24%
	Eligibility Not Online	1	.45%	.11%
IVA Service	Dependent Not Listed	1	.45%	.11%
	Member Not Active	4	1.80%	.88%
	Member Not Found	1	.45%	.15%
	Refer to Client	5	2.25%	.78%
	Benefits Description link received	50	22.52%	28.38%
Language Assistance / Translation	Dependent Benefits Description	1	.45%	.42%
	Dependent Check Eligibility	1	.45%	1.24%
	Member Benefits Description	10	4.50%	4.83%
	Member Check Eligibility	24	10.81%	17.36%
Member Authorization	Provider List Link received	2	.90%	.65%
	Japanese	1	.45%	.00%
Member Benefits & Services	Issuing	2	.90%	.76%
	Available Services	31	13.96%	12.00%
	Benefits Description	45	20.27%	13.10%
Member VSP.com	Correct Member/Dependent Info	3	1.35%	.54%
	ID Number/ID Card Inquiry	12	5.41%	2.84%
	Claim Submission	1	.45%	.47%
	Password Reset	6	2.70%	1.84%
TPA/Individual Plan	Register / Update Account	2	.90%	1.66%
	Change/Cancel	1	.45%	2.09%
	Enrollment	2	.90%	.21%
Grand Total	Premiums/Billing	1	.45%	1.15%
		222		

Report includes authenticated and tracked calls and should only be used for trending purposes and does not represent the total number of calls received by VSP. It should not be used as a comparison to other reports, or for reporting of Performance Guarantees.

Call Response Summary Report
 HI EMPLOYER-UNION TRUST RETIRE 12216652
 December 2024

On average, for 1,000 subscribers, VSP receives 1 calls per month

Total Client Calls

233

<u>Reason</u>	<u>Reason For Calling</u>	<u>Client Counts</u>	<u>Client Percent</u>	<u>VSP Percent BOB</u>
Claims	In-Network Claim	5	2.15%	1.15%
	Out of Network Claim	10	4.29%	2.75%
Doctor Referral	Provided Dr List	6	2.58%	3.24%
Eligibility Not Online	Refer to Client	1	.43%	.78%
IVA Service	Benefits Description link received	48	20.60%	28.38%
	Member Benefits Description	16	6.87%	4.83%
	Member Check Eligibility	32	13.73%	17.36%
Member Authorization	Early Services	1	.43%	.02%
	Issuing	1	.43%	.76%
Member Benefits & Services	Available Services	41	17.60%	12.00%
	Benefits Description	44	18.88%	13.10%
	ID Number/ID Card Inquiry	11	4.72%	2.84%
	Medically Related	2	.86%	.13%
	Out of Network Claim	1	.43%	.00%
Member VSP.com	Claim Submission	1	.43%	.47%
	Password Reset	9	3.86%	1.84%
	Register / Update Account	3	1.29%	1.66%
TPA/Individual Plan	Enrollment	1	.43%	.21%
Grand Total		233		

Report includes authenticated and tracked calls and should only be used for trending purposes and does not represent the total number of calls received by VSP. It should not be used as a comparison to other reports, or for reporting of Performance Guarantees.

Complaints and Grievances Summary Report
HI EMPLOYER UNION HEALTH TRUST - 12216503
December 2024 - December 2024
State: ALL

Complaint Category: Member

Complaint Description	Dec	TOTAL
MEMBER UNHAPPY WITH VSP REGARDING CLAIM PROCESSING- PROCEDURES/ACCURACY	1	1
TOTAL	1	1

VSP CONFIDENTIAL - Report generated on: 01/06/2025

The information contained in this report is confidential and is not intended for distribution outside the VSP client and/or broker partnership.

Information Source: InfoSrce/CALCPLT1 Page: 1

Complaints and Grievances Summary Report
HI EMPLOYER-UNION TRUST RETIRE - 12216652
December 2024 - December 2024
State: ALL

Complaint Category: Member

Complaint Description	Dec	TOTAL
MEMBER UNHAPPY WITH RETAIL PROVIDER REGARDING BILLING- CHARGES	1	1
TOTAL	1	1

VSP CONFIDENTIAL - Report generated on: 01/06/2025

The information contained in this report is confidential and is not intended for distribution outside the VSP client and/or broker partnership.

Information Source: InfoSrce/CALCPLT1 Page: 1