

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

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

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)