



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
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ADMINISTRATOR
DEREK M. MIZUNO
ASSISTANT ADMINISTRATOR
DONNA A. TONAKI

January 31, 2025

**NOTICE OF MEETING
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
ADMINISTRATIVE COMMITTEE**

DATE: February 6, 2025, Thursday
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 – November 18, 2024
- III. New Business
 - A. Strategic Plan Update as of June 30, 2024
 - B. Draft Strategic Plan 2025-2029
 - C. Unrestricted, Unreserved Net Assets
- IV. Executive Session
 - A. Review of Minutes – November 18, 2024 [Authorized under HRS 92-5(a)(8) and 92-9(b)]
 - B. Personnel [Authorized under HRS 92-5a(2)(8)]
- V. Next Meeting
- VI. Adjournment

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.

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: Administrative Committee-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_MzAyY2IxYzctMmJlNi00YmUyLTlkMjctZWl4YmMzYzBmZWJm%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: 233 774 451 32
 - Passcode: BW97qe3q
 - 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: 679 103 610#

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 Administrative Committee Meeting
3 Monday, November 18, 2024
4
5

6 TRUSTEES PRESENT

7 Ms. Audrey Hidano, Chairperson Mr. Osa Tui (via video conference)
8 Mr. James Wataru, Vice Chairperson Ms. Maureen Wakuzawa
9 Mr. Christian Fern Mr. Robert Yu (via video conference)
10 Mr. Wesley Machida (via video conference)

11
12 TRUSTEES ABSENT

13 Mr. Ryan Yamane

14
15 ATTORNEY

16 Mr. Michael Chambrella, Deputy Attorney General
17

18 EUTF STAFF

19 Mr. Derek Mizuno, Administrator Ms. Desiree Yamauchi
20

21 OTHERS PRESENT

22 None
23

24 I. CALL TO ORDER

25 The meeting of the Administrative Committee was called to order at 10:00 a.m. by
26 Trustee Audrey Hidano, Chairperson, in the EUTF Board Room, 201 Merchant Street, Suite
27 1700, Honolulu, Hawaii, on Monday, November 18, 2024.
28

29 II. REVIEW OF MINUTES – November 1, 2024

30 The Committee reviewed the draft minutes of November 1, 2024. Since there were no edits
31 or objections by the Trustees, the minutes stand approved.
32

33 III. EXECUTIVE SESSION

34 MOTION was made and seconded to move into Executive Session at 10:02 a.m.
35 (Wataru/Tui) The motion passed unanimously. (Employer Trustees-3/Employee-
36 Beneficiary Trustees-4)
37

38 The regular meeting reconvened from Executive Session at 10:32 a.m.
39

40 Chairperson Hidano reported that during Executive Session, the Board:

- 41
- 42 • Discussed a personnel matter.
 - 43 • Reviewed and discussed the November 1, 2024 minutes. Since there were no edits or
44 objections by the Trustees, the minutes stand approved.

45 IV. NEXT MEETING

46 The next meeting will be scheduled in early 2025.
47

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Administrative Committee Meeting

November 18, 2024 Minutes

Page 2

1 V. ADJOURNMENT

2 MOTION was made and seconded to adjourn the meeting at 10:33 a.m. (Wataru/Fern) The
3 motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-4)

4

5

6 DOCUMENTS DISTRIBUTED:

7 1. Draft Administrative Committee Minutes of November 1, 2024. (2 pages)

DRAFT



JOSH GREEN, M.D.
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SYLVIA LUKE
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January 31, 2025

TO: EUTF Administrative Committee
FROM: Derek Mizuno, Administrator
SUBJECT: Strategic Plan Update as of June 30, 2024

The following is a summary of the attached update on the strategic plan through June 30, 2024:

Goal 1: Limit three-year active employee medical and prescription drug claim trends (before rebates) ending 6/30/25 to the following basis points (bps) less than the book of business (BOB) trend, while maintaining competitive benefit coverage.

The HMSA, Kaiser and CVS active plans for the period 7/1/21 – 6/30/24 are all not meeting their goals – HMSA and CVS 200 basis points lower than the book of business (BOB) and Kaiser lower than the BOB. Lower trends than the BOB under the CVS active plans for diabetes have contributed to the out performance. The following recently approved changes should improve trend going forward:

- 1. Elimination of metformin and diabetic supplies from utilization management program lookback criteria the GLP-1s for diabetes effective for commercial (7/1/25) plans.
- 2. Virta Diabetes Management Programs effective 1/1/24.

Goal 2: This goal relates to the retirees and will be updated through December 31, 2043 next year.

Goal 3: Achieve a return, net of fees, for the period 7/1/21 - 6/30/25 of 7% or greater within prudent levels of risk.

The OPEB Trust performance for the period 7/1/21 – 6/30/24 was 3.7% (gross). However, the returns were in the 37th percentile of public plans (median public plan return was 3.0% over the period).

Goal 4: Improve overall member satisfaction surveys receiving a rating of 4 or higher (5 Strongly Agree, 4 Agree, 3 Neither Agree nor Disagree, 2 Disagree and 1 Strongly Disagree) to the question “Overall, I am very satisfied with the service I received today.”

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.

We are meeting the goal for the period 7/1/24 – 6/30/25 of 85% as we had a rating of 4 or 5 on 86% of the surveys. The following are contributing factors and strategies:

1. Turnover (7% versus goal of 8%) and reduction in the vacancy rate (13% at 6/30/23 to 8% at 6/30/24 vs. goal of 5%). We currently have six vacant positions but have pending at Budget & Finance two requests to hire.
2. Member Services Branch call answer rates have improved from FY23 to FY24 from 13.2% to 37.8%, respectively, within 30 seconds and 65.4% and 85.5%, respectively, overall.
3. More members are using the member portal and staff are more current on processing hard copy enrollment forms and approving supporting documents. Estimated 75% of members went online during open enrollment. Additionally, the City and County of Honolulu is expected to have white collar new hires use the member portal beginning in January 2025.

**Progress on Strategic Plan
7/1/21 - 6/30/23**

PUBLIC

	Goals/Objectives		Planned Strategies & Tactics	Progress on Strategies & Tactics
Legend	B = Baseline			
	G = Goal			
	A = Actual			
Goal 1	Limit three-year active employee medical and prescription drug claim trends (before rebates) ending 6/30/25 to the following basis points (bps) less than the book of business (BOB) trend, while maintaining competitive benefit coverage.		<p>A. Understand active employee medical and prescription drug high risk areas (i.e. claims and conditions) and work with the carriers/third party administrators to identify, develop, implement, and promote programs.</p> <p>B. Use plan design and utilization and care management programs.</p> <p>C. Educate the membership on cost effective use of their benefits.</p>	<p>- HMSA implemented the Virta Diabetes Management program 1/1/24</p> <p>- Included information on HMSA Blue Distinction Centers in OE material.</p> <p>- Included articles on HMSA Blue Distinction Centers and Kaiser Moanalua Medical Center in the Holomua (Winter 2021).</p> <p>- Included an article on how to contain rising premiums (CVS Check Drug Cost tool and after hours care) in the Holomua (Summer 2023).</p> <p>- Included articles on how to get your COVID/flu shot in the Holomua (Winter 2023 and Winter 2024).</p> <p>- Included an article on understanding your prescription drug benefit in the Holomua (Summer 2024).</p>
	<u>HMSA</u>			
	B: 7/1/17 - 6/30/21	EUTF -0.3%, BOB █████		
	G: 7/1/21 - 6/30/25	200 bps less than BOB		
	A: 7/1/21 - 6/30/24	EUTF 8.9%, BOB █████		
	<u>Kaiser</u>			
	B: 7/1/17 - 6/30/21	EUTF 2.9%, BOB █████		
	G: 7/1/21 - 6/30/25	Equal to or less than BOB		
	A: 7/1/21 - 6/30/24	EUTF 8.3%, BOB █████		
	<u>CVS</u>			
	B: 7/1/17 - 6/30/21	EUTF 2.7%, Peer █████		
	G: 7/1/21 - 6/30/25	200 bps less than Peer		
	A: 7/1/21 - 6/30/24	EUTF 13.3%, Peer █████		
Objectives:				
1.1	<u>HMSA Telehealth</u> . Increase the active member percentage of telehealth psychiatric and substance abuse services over total psychiatric and substance abuse services		<p>1. Educate the membership regarding availability and cost effective use of the benefits and making decisions that promote health through the Holomua, quarterly newsletters (e.g. departmental human resources officers and Well Aware), direct mailers, Outreach & Training points of contact, social media, EUTF website, benefits administration system (e.g. pop up notifications, emails, and texts), carriers (e.g. texts, open enrollment material, integrate into health coaching, disease management and care model, physicians, and physician organizations), unions, and employers (e.g. departmental human resources officers monthly meetings and their departmental human resources offices websites).</p> <p>2. Work with the carriers to educate providers regarding</p>	<p>- Included information on HMSA and KP online and urgent care in OE material.</p> <p>- Included articles on HMSA and KP online and urgent care in the Holomua (Winter 2022).</p>
	B: 7/1/20 - 6/30/21	EUTF 32.5%, BOB █████		
	G: 7/1/24 - 6/30/25	34.0%		
	A: 7/1/23 - 6/30/24	EUTF 21.8%, BOB █████		
1.2	<u>Kaiser Telehealth</u> . Increase the active member percentage of telehealth mental health visits over total mental health visits			
	B: 7/1/21 - 6/30/22	EUTF 73.9%, BOB █████		
	G: 7/1/24 - 6/30/25	300 bps greater than baseline		
	A: 7/1/23 - 6/30/24	EUTF 66.4%, BOB █████		

**Progress on Strategic Plan
7/1/21 - 6/30/23**

Goals/Objectives		Planned Strategies & Tactics	Progress on Strategies & Tactics
1.3a	<u>CVS Generic Dispensing</u> . Increase the self-funded prescription drug plan generic dispensing rate	cost effective uses of the benefits and making decisions that promote health. 3. Modify the plan design to incentivize cost effective behaviors.	- Tier 1 Strategy effective 7/1/23 was approved at the 9/27/22 Board meeting which should help to manage claim trend but may adversely impact the GDR.
	B: 7/1/20 - 6/30/21	EUTF 86.5%, BOB █████ Peer █████	
	G: 7/1/24 - 6/30/25	88.7% (PSG high of Hawaii BOB)	
	A: 7/1/23 - 6/30/24	EUTF 85.6%, BOB █████ Peer █████	
1.3b	<u>CVS Specialty Trend</u> . Ensure that the three-year prescription drug specialty claim trend (before rebates) ending 6/30/25 is equal to or less than the Peer.	4. Investigate utilization and care management programs. 5. Develop and implement a virtual worksite wellness program. 6. Conduct four worksite wellness events each fiscal year. 7. Improve engagement on carrier mobile apps (CVS, Kaiser and HMSA online care) or websites. 8. Increase utilization of high performing physicians and physician organizations. 9. Direct members to Blues Distinction Plus Centers for cost effective care.	- EUTF continues to have the Advanced Control Specialty Formulary in place to manage Specialty drug costs. - Specialty carve out policy change effective 7/1/23 was approved at the 11/22/22 Board meeting which should shift some of the specialty cost to the medical plan.
	B: 7/1/17 - 6/30/21	EUTF 11.2%, Peer █████	
	G: 7/1/21 - 6/30/25	Equal to or less than Peer	
	A: 7/1/21 - 6/30/24	EUTF 16.6%, Peer █████	
1.3c	<u>CVS Diabetes Claims Trend</u> . Ensure that the year over year prescription drug diabetes claim trend (before rebates) ending 6/30/25 is equal to or less than the Peer.	10. Develop an educational guide for addressing obesity and proper usage of ER, urgent care, PCP and telehealth based on type of service.	- Included articles on HMSA and KP DPP programs in the Holomua (Fall 2021). - Proposed UM step therapy for diabetic drugs at the 9/21/21 Board meeting but was not approved due to the rebate impact. - Proposed the Basic Control Formulary which places UM on non-preferred products in 10 specific drug classes (including diabetic agents) at the 9/27/22 Board meeting but was not approved. - UM strategy for GLP-1s effective 7/1/23 was approved at the 4/25/23 Board meeting. - Updated UM strategy for GLP-1s effective 7/1/25 was approved at the 10/22/24 Board meeting. - Virta Diabetes Management Program (HMSA's digital diabetes reversal program) effective 1/1/24 was approved at the 5/23/23 Board meeting.
	B: 7/1/19 - 6/30/21	EUTF 7.9%, Peer █████	
	G: 7/1/23 - 6/30/25	Equal to or less than Peer	
	A: 7/1/22 - 6/30/24	EUTF 13.7%, Peer █████	
Goal 2	(a) Limit the actuarial accrued liability (AAL) from the 7/1/25 actuarial valuation to 90% of the projected AAL as of 7/1/25 from the 7/1/21 actuarial valuation	A. Understand retiree medical and prescription drug high risk areas (i.e. claims and conditions) and work with the carriers/third party administrators to identify, develop, implement, and promote programs. B. Use plan design and utilization and care management programs. C. Modify the retiree benefit for new hires as appropriate. D. Educate the membership on cost effective use of their	- Passed legislation to eliminate reimbursement of the spousal Medicare Part B and income related monthly adjustment amounts for new hires at the 2023 legislative session.
	B: 7/1/25 (based on 7/1/21 valuation)	\$19.18 billion	
	G: 7/1/25 (90% of 7/1/21 valuation amount)	\$17.26 billion (90% of \$19.18 billion)	
	A: 7/1/25 (based on 7/1/23 valuation)	\$17.0 billion (Meeting)	

**Progress on Strategic Plan
7/1/21 - 6/30/23**

Goals/Objectives		Planned Strategies & Tactics	Progress on Strategies & Tactics
	(b) Limit the annual required contribution (ARC) for the 17-year period 7/1/27 – 6/30/44 (all employers initial unfunded actuarial accrued liabilities are projected to be paid off) from the 7/1/25 actuarial valuation to 90% of the ARC from the 7/1/21 actuarial valuation for the same time period	benefits	
	B: 7/1/21	\$29.16 billion excluding the impact of the \$390 million ARC prepayment	
	G: 7/1/25	\$26.24 billion (90% of \$29.16 billion)	
	A: 7/1/23	\$20.3 billion (Meeting)	
Objectives			
2.1	Limit three-year non-Medicare retiree medical and prescription drug claim trends (before rebates) ending 12/31/24 to less than the BOB by the following	1. Same as Tactics 1, #1-10 2. Investigate modification of Medicare Part B premium reimbursements for new hires. 3. Investigate the possibility of a lower benefit retiree plan design for new hires.	Same as Goal 1
	<u>HMSA</u>		
	B: 1/1/17 - 12/31/20	EUTF 0.5%, BOB █████	
	G: 1/1/21 - 12/31/24	150 bps less than BOB	
	A: 1/1/21 - 12/31/23	EUTF 8.6%, BOB █████	
	<u>CVS</u>		
	B: 1/1/17 - 12/31/20	EUTF 6.4%, Peer █████	
	G: 1/1/21 - 12/31/24	100 bps less than Peer	
	A: 1/1/21 - 12/31/23	EUTF 9.8%, Peer █████	
2.2	Limit three-year Medicare retiree medical and prescription drug claim trends (before rebates) ending 12/31/24 to less than the BOB by the following:		Same as Goal 1
	<u>HMSA</u>		
	B: 1/1/17 - 12/31/20	EUTF -0.3%, BOB █████	
	G: 1/1/21 - 12/31/24	100 bps less than BOB	
	A: 1/1/21 - 12/31/23	EUTF 7.5%, BOB █████	
	<u>SSI</u>		
	B: 1/1/17 - 12/31/20	EUTF 5.5%, BOB █████	
	G: 1/1/21 - 12/31/24	50 bps less than BOB	
	A: 1/1/21 - 12/31/23	EUTF 10.2%, BOB █████	

**Progress on Strategic Plan
7/1/21 - 6/30/23**

Goals/Objectives		Planned Strategies & Tactics	Progress on Strategies & Tactics
2.3	<u>HMSA Telehealth</u> . Increase the retiree member percentage of telehealth psychiatric and substance abuse services over total psychiatric and substance abuse services		Same as Objective 1.1
	B: 1/1/20 - 12/31/20	EUTF 46.1%, HMSA Commercial ██████ HMSA Medicare ██████	
	G: 1/1/24 - 12/31/24	48%	
	A: 1/1/23 - 12/31/23	EUTF 38.5%, HMSA Commercial ██████ HMSA Medicare ██████	
2.5a	<u>CVS Generic Dispensing</u>		Same as Objective 1.3a
	Non-Medicare – Increase the self-funded prescription drug plan generic dispensing rate		
	B: 1/1/20 - 12/31/20	EUTF 84.5%, BOB ██████ Peer ██████	
	G: 1/1/24 - 12/31/24	88.7% (PSG high of Hawaii BOB)	
	A: 1/1/23 - 12/31/23	EUTF 83.4%, BOB ██████ Peer ██████	
	Medicare – Ensure that the self-funded prescription drug plan generic dispensing rate is within 300 bps of the BOB.		
	B: 1/1/20 - 12/31/20	EUTF 82.4%, BOB ██████	
	G: 1/1/24 - 12/31/24	300 bps less than BOB	
	A: 1/1/23 - 12/31/23	EUTF 81.7%, BOB ██████	
2.5b	<u>CVS Specialty trend</u> . Ensure that the three-year prescription drug specialty claim trend (before rebates) ending 12/31/24 is within the Peer/BOB by the following:		Same as Objective 1.3b
	Non-Medicare		
	B: 1/1/17 - 12/31/20	EUTF 17.6 %, Peer ██████	
	G: 1/1/21 - 12/31/24	300 bps less than Peer	
	A: 1/1/21 - 12/31/23	EUTF 11.6%, Peer ██████	
	Medicare		
	B: 1/1/17 - 12/31/20	EUTF 17.5%, BOB ██████	
	G: 1/1/21 - 12/31/24	Equal to or less than BOB	
	A: 1/1/21 - 12/31/23	EUTF 14.5%, BOB ██████	
2.5c	<u>CVS Diabetes claim trend</u> . Ensure that the year over year prescription drug diabetes claim trend (before rebates) ending 12/31/24 is equal to or less than the Peer/BOB.		Same as Objective 1.3c

**Progress on Strategic Plan
7/1/21 - 6/30/23**

Goals/Objectives		Planned Strategies & Tactics	Progress on Strategies & Tactics
Non-Medicare			
B: 1/1/19 - 12/31/20	EUTF 22.9%, Peer █████		
G: 1/1/23 - 12/31/24	Equal to or less than Peer		
A: 1/1/22 - 12/31/23	EUTF 8.0%, Peer █████		
Medicare			
B: 1/1/19 - 12/31/20	EUTF 9.5%, BOB █████		
G: 1/1/23 - 12/31/24	Equal to or less than Peer		
A: 1/1/22 - 12/31/23	EUTF 17.8%, BOB █████		
Goal 3	Achieve a return, net of fees, for the period 7/1/21 - 6/30/25 of 7% or greater within prudent levels of risk. (8.4% inception to date 6/2011, net of fees, through 6/30/21)	Implement the investment portfolio in accordance with the Investment Policy Statement.	
B: 7/1/11 - 6/30/21	8.4%		
G: 7/1/21 - 6/30/25	≥7%		
A: 7/1/21 - 6/30/24	3.6% (not meeting)		
Objective	Exceed the median return of the peer group over the period 7/1/21 – 6/30/25 within prudent levels of risk.	1. Adhere to the Investment Policy Statement including the evolving policy plan and asset allocation plan, and review these annually. 2. Complete a liquidity study of the investment portfolio by 12/31/21. 3. Implement a co-investment strategy by 12/31/23.	2. Liquidity study include with asset allocation update in June 2022. 3. Co-investment strategy implemented by 12/31/22.
B: 7/1/18 - 6/30/21	59th percentile		
G: 7/1/21 - 6/30/25	Better(lower) than the 50th percentile		
A: 7/1/21 - 6/30/24	37th percentile (meeting)		
Goal 4	Improve overall member satisfaction surveys receiving a rating of 4 or higher (5 Strongly Agree, 4 Agree, 3 Neither Agree nor Disagree, 2 Disagree and 1 Strongly Disagree) to the question “Overall, I am very satisfied with the service I received today”	A. Ensure staffing levels are appropriate and hire, train, empower and retain staff in a supportive work environment. B. Update procedures and processes to maximize efficiency and effectiveness. C. Utilize technology (e.g. EUTF website and new benefits administration system self-service) and educate the membership on eligibility and enrollment issues. D. Educate, including the use of technology (i.e. new benefits administration system employer portal), employer personnel offices on EUTF eligibility rules and benefits to act as an extension of EUTF.	- Procurement of a new phone system has been postponed till FY 2025-2026 (maintenace ends 6/26) - Phone survey turned back on March 2024
B: 1/1/20 - 12/31/20	42%		
G: 7/1/24 - 6/30/25	85%		
A: 7/1/23 - 6/30/24	86% (meeting)		
Objectives:			
4.1	Reduce the average annual turnover rate		- There were 4 departures in FY24 (versus 7 in FY23).

**Progress on Strategic Plan
7/1/21 - 6/30/23**

Goals/Objectives		Planned Strategies & Tactics	Progress on Strategies & Tactics
	B: 7/1/19 - 6/30/21		
	G: 7/1/23 - 6/30/25		
	A: 7/1/23 - 6/30/24		
4.2	Reduce the average annual position vacancy rate		- We continue to work with B&F and DHRD on obtaining lists of applicants. However, its been difficult to obtain lists. - At 6/30/24, vacancy percentage was 8%.
	B: 7/1/19 - 6/30/21		
	G: 7/1/23 - 6/30/25		
	A: 7/1/23 - 6/30/24		
4.3	Implement the new BAS on time (2/1/22) and on budget.		NA
	B:		
	G:		
	A:		
4.4	Active employees and retirees register in the new BAS. Measures recommended by TelusHealth and Segal.		- Overall participation around 4% (4,905 members have logged onto Member portal). Approximately 75% of these participating members are Active Employees and 25% are Retirees. '- Overall participation around 7.5% (9,035 members have accounted activated). Approximately 70% of these participating members are Active Employees and 30% are Retirees.
	B:		
	G: Actives and retirees register by 12/31/23		
	A: 06/30/23		
	A: 12/31/24		
4.5	Employers (i.e. department level) register in the new BAS. Measures recommended by TelusHealth and Segal.		- 100% participation at the Employer level - 93% participation at the Department level (several department and charter schools have not signed the agreements) - 11/2/2023: no change in participation but CCHON has resumed uploading HRIS and County of Kauai has received onboard training to begin loading and will begin once account access has been provisioned -12/1/2023: Ombudsman, Auditor, Ka Umeke Kaeo, Ke Kula Niihau O Kekaha Learning Center, and
	B:		
	G: 12/31/23		
	A: 12/31/23		
4.6	Active employee and retiree transactions utilize the new BAS portal. Measures recommended by TelusHealth and Segal.		- We have pushed back full roll out of the member portal. - 8,059 members have logged on member portal more than 1 time. 4,860 members have logged onto member portal more than 2 times. 3,381 members have logged onto member portal more than 3 times.
	B:		
	G: 7/1/23 - 6/30/25		
	A: 7/1/23 - 6/30/24		
4.7	Reduce the amount of administrative appeals		- Received Board approval to extend Acquisition of Coverage to 90 days (pending Admin Rule change).
	B: 7/1/20 - 6/30/21		
	G: 7/1/23 - 6/30/25		

**Progress on Strategic Plan
7/1/21 - 6/30/23**

Goals/Objectives		Planned Strategies & Tactics	Progress on Strategies & Tactics
	A: 7/1/23 - 6/30/24	125	
<i>MSB - Outreach & Training</i>			
4.8	Increase the number of members reached through in person seminars or web-based programs		<ul style="list-style-type: none"> - Conducted benefit presentations for HGEA, HSTA and HSTA, and pre-retirement presentations for HGEA and UPW (Aug 2022 – March 2023). - Conducted 61 pre-retirement webinars (Jul 2022 - Jun 2023). - New hire presentations coordinated by employer groups were limited to EUTF providing handouts and resources only. - Created open enrollment, employer portal training, pre-retirement videos for active employees, departmental human resource officers and retirees (Aug 2022 - June 2023).
	B: 7/1/19 - 6/30/20	7,775	
	G: 7/1/23 - 6/30/25	9,000 annually	
	A: 7/1/23 - 6/30/24	4,057	
4.9	Increase the number of departmental human resource officers reached through in person seminars or web-based programs		
	B: 7/1/20 - 6/30/21	363	
	G: 7/1/23 - 6/30/25	400 annually	
	A: 7/1/23 - 6/30/24	253	
<i>MSB - Member Services</i>			
4.10	Reduce the average number of days to process enrollment forms from the receipt of all necessary information.		
	B: 7/1/20 - 6/30/21	9 business days	
	G: 7/1/23 - 6/30/25	7 business days	
	A: 7/1/23 - 6/30/24	Cannot yet be measured in new BAS. Instead we are tracking outstanding enrollment workflows.	
4.11	Increase the average monthly call answer rate within 30 seconds		<ul style="list-style-type: none"> - Regularly recruiting to fill vacancies. - Developing tools and resources available through website and through employers in order to reduce incoming calls. - Resuming in-person (e.g. Open Enrollment) and continuing webinar informational sessions (e.g. pre-retirement) in order to reduce incoming calls. - Working with TelusHealth to resolve defects and issues that impact members in order to reduce incoming calls.
	B: 7/1/20 - 6/30/21	48%	
	Carriers PG:	93% within 20 seconds or average within 20 seconds	
	G: 7/1/23 - 6/30/25	90%	
	A: 7/1/23 - 6/30/24	37.8% (answer rate 85.5%)	
4.12	Reduce call abandonment rate		
	B: 7/1/20 - 6/30/21	23%	
	Carriers PG:	< 3%	
	G: 7/1/23 - 6/30/25	< 5%	
	A: 7/1/23 - 6/30/24	14.5%	

**Progress on Strategic Plan
7/1/21 - 6/30/23**

Goals/Objectives		Planned Strategies & Tactics	Progress on Strategies & Tactics
4.13	New BAS: Determine the EUTF staff user errors over months 13-24 after BAS implementation to develop an objective for the period 7/1/24-6/30/25.		*Staff errors could not be accurately tracked over the period of 7/1/23 - 3/30/24 because corrections are handled by reversing and re-processing the event, which can be done by all MSB staff. The event Administrative Override is not typically used for corrections and can be used for many reasons. By the next strategic period, MSB staff permissions will be limited so that they cannot reverse an event. Reversals will need to be sent to a supervisor who can log errors.
	B: 5/1/23 - 4/30/24	TBD	
	G: 7/1/24 - 6/30/25	TBD	
	A: 7/1/23 - 6/30/24	N/A*	
<i>FSB - Participant Accounting Section</i>			
4.14	Reduce the number of outstanding refunds		- Staff focusing on processing current refunds that resulted from system defects and issues; and working with TelusHealth to resolve defects and issues that would generate refunds. - Recruiting to fill an Account Clerk III position to assist with processing outstanding refunds.
	B: 6/30/21	8,666	
	G: 6/30/25	300	
	A: 6/30/24	5,025	
4.15	Reduce number of average monthly shortage and cancellation notices		- Working with TelusHealth to resolve defects and issues that would generate shortage and cancellation notices.
	B: 7/1/20 - 6/30/21	465 and 132	
	G: 7/1/23 - 6/30/25	200 and 50	
	A: 7/1/23 - 6/30/24	403 and 158	
4.16	Increase the average monthly call answer rate within 30 seconds		- Staff focusing on reducing the time spent on each call while continuing to provide helpful customer service to our members. - Providing callers the option to email us instead of calling. - Recruiting to fill an Account Clerk III position to assist with calls.
	B: 7/1/20 - 6/30/21	81%	
	Carriers PG:	93% within 20 seconds or average within 20 seconds	
	G: 7/1/23 - 6/30/25	90%	
	A: 7/1/23 - 6/30/24	64.4% (answer rate 89.1%)	
4.17	Reduce call abandonment rate		- Working with TelusHealth to resolve defects and issues that would reduce the number of calls/abandoned calls.
	B: 7/1/20 - 6/30/21	7%	
	Carriers PG:	< 3%	
	G: 7/1/23 - 6/30/25	3%	
	A: 7/1/23 - 6/30/24	10.9%	
<i>ISB - Systems Management Section</i>			
4.18	New BAS: Determine the number of member/employer inquiries over months 13-24 after BAS implementation to develop an objective, if necessary, for the period 7/1/24-6/30/25.		- Adding instructional content on how to manage users to the Employers Only website - Empower Employer Portal System Admins to perform user management activity
	B: 5/1/23 - 4/30/24	168	
	G: 7/1/24 - 6/30/25	120	

**Progress on Strategic Plan
7/1/21 - 6/30/23**

Goals/Objectives		Planned Strategies & Tactics	Progress on Strategies & Tactics
	A: 7/1/23 - 6/30/24	212	
<i>ISB - Applications Management Section</i>			
4.19	New BAS: Determine the number of change requests and orders over months 13-24 after BAS implementation to develop an objective, if necessary, for the period 7/1/24-6/30/25.		- No change requests and orders that add cost and exceed the contractual allotment (allotment is 750 hours annually that rolls over from year to year)
	B: 5/1/23 - 5/1/24	3 (62 hours)	
	G: 7/1/24 - 6/30/25	0 (as of 12/6/2024)	
	A: 7/1/23 - 6/30/24	4 (82 hours)	
4.20	New BAS: Determine if there are any deficiencies in the Member, Employer, and Carrier portal over the first 24 months and develop a plan to make improvements for the period 7/1/24-6/30/25.		- Work with TH to gain access and knowledge of BackOffice processes to fix Employer Portal user access issues
	B: 5/1/22 - 5/1/24	Member: 124, Employer: 7, Carrier:	
	G: 6/30/25	Member: 12, Employer: 0	
	A: 6/30/24	Member: 24, Employer: 4	

EUTF Strategic Plan
7/1/25 – 6/30/29

Goal 1

Ensure the three-year active employee medical and prescription drug claims trends (after rebates) ending 6/30/29 are less than or equal to the respective book of business (BOB) or Peer trend, while maintaining competitive benefit coverage.

- 1. HMSA – three-year trend through 6/30/24 is 8.9% EUTF and [REDACTED] BOB**
- 2. Kaiser – three-year trend through 6/30/24 is 8.3% EUTF and [REDACTED] BOB**
- 3. CVS – three-year trend through 6/30/24 is 9.2% EUTF and [REDACTED] Peer**

Objectives

1. Ensure the three-year specialty drug claims trend (after rebates) ending 6/30/29 is less than or equal to CVS Peer. Three-year trend (after rebates) through 6/30/24 is 13.3% EUTF and [REDACTED] Peer.

Tactics

- a. Provide the Benefits Committee with all specialty utilization management programs.
 - b. Continue to evaluate the viability with the benefits consultant of PrudentRx (program to maximize benefits to the plan from manufacturer coupons) for possible presentation to the Benefits Committee.
 - c. Work with the benefits consultant and HMSA to implement a weight management program.
2. Ensure the three-year diabetes drug claims trend (before rebates) ending 6/30/29 is less than or equal to CVS Peer. Three-year trend (before rebates) through 6/30/24 is 14.1% EUTF and [REDACTED] Peer.

Tactics

- a. Develop utilization management programs with the benefits consultant and CVS to ensure proper utilization of GLP-1s and present to the Benefits Committee.
- b. Work with the benefits consultant and HMSA to monitor the results of the diabetes management program that began on 1/1/24 and possibly increase utilization, if effective.

Goal 2

- A. Limit the actuarial accrued liability (AAL) from the 7/1/29 actuarial valuation to 90% of the projected AAL as of 7/1/29 from the 7/1/24 actuarial valuation (\$4.75 billion = \$5.28 billion * 90%).**
- B. Limit the annual required contribution (ARC) for the 13-year period 7/1/27 – 6/30/44 (original fiscal year-end when all employers' initial unfunded actuarial accrued liabilities are projected to be paid off) from the 7/1/29 actuarial valuation to 90% of the ARC from the 7/1/24 actuarial valuation for the same time period (\$14.74 billion = \$16.38 billion * 90%).**

Objectives

1. Ensure the three-year non-Medicare retiree medical and prescription drug claims trends (after rebates) ending 12/31/28 is less than or equal to the respective BOB or Peer trend.
 - a) HMSA – three-year trend through 12/31/23 is 5.7% EUTF and █████ BOB
 - b) CVS – three-year trend (after rebates) through 12/31/23 is 3.2% EUTF and █████ Peer
2. Ensure the three-year Medicare retiree medical and prescription drug claims trends (before rebates and subsidies) ending 12/31/28 is less than or equal to the respective BOB trend.
 - a) HMSA – three-year trend through 12/31/23 is 8.0% EUTF and █████ Medicare BOB
 - b) SSI – three-year trend (before rebates and subsidies) through 12/31/23 is 7.7% EUTF and █████ EGWP BOB

Sub-objectives

- A. Ensure the three-year specialty drug claims trend ending 12/31/28 is less than or equal to CVS Peer and SSI BOB.
 - Non-Medicare – three-year trend (after rebates) through 12/31/23 is 10.4% EUTF and █████ Peer.
 - Medicare – three-year trend (before rebates) through 12/31/23 is 12.1% EUTF and █████ EGWP BOB.
- B. Ensure the three-year diabetes drug claims trend (before rebates) ending 12/31/28 is less than or equal to CVS Peer and SSI BOB.
 - Non-Medicare – three-year trend (before rebates) through 12/31/23 is 10.8% EUTF and █████ Peer.
 - Medicare – three-year trend (before rebates) through 12/31/23 is 12.5% EUTF and █████ EGWP BOB.

Tactics – see above Goal 1.

Goal 3

Achieve a return, net of fees, of 7% of greater over the three-year period ending 6/30/29 within prudent levels of risk. (7.3% inception to date 6/2011, net of fees, through 6/30/24).

Objective

1. Exceed the median return of the peer group over the three-year period ending 6/30/29 within prudent levels of risk. (37th percentile, EUTF 3.6% versus 3.0% median net of fees for the three-year period ending 6/30/24).

Tactics

- a. Adhere to the Investment Policy Statement including the asset allocation, evolving policy and private market pacing plans, and review these annually.
- b. Meet private market asset allocation targets by the next asset-liability study in 2027 within prudent levels of risk. Private markets have higher expected returns and increased allocations could improve the long-term expected return of the OPEB Trust Fund. Meeting the current targets will allow for higher allocations to private markets in the future, if desired by the Board.
- c. Maintain a staffing ratio of one investment professional to every 10-15 funds.

- d. Utilize technology to automate manual processes.

Goal 4

Improve overall member and employer satisfaction survey results by receiving a rating of 4 or 5 (5 Strongly Agree, 4 Agree, 3 Neither Agree nor Disagree, 2 Disagree and 1 Strongly Disagree) to the question “Overall, I am very satisfied with the service I received from the EUTF” to

- **Members. 95% [carrier PG 90%] of the time over the period 7/1/27 – 6/30/29 from 86.2% 7/1/24-12/31/24]**
- **Employers. __% from a survey in the 1st quarter of 2029 from __% 1st quarter 2025.**

Objectives

Overall

1. Reduce the average annual position vacancy rate over the period 7/1/27 – 6/30/29 to 5% or less from 1/1/23 – 12/31/24 of 8.9%.

Tactics

- a. Ensure staffing levels and classifications are appropriate and hire, train, empower and retain staff in a supportive work environment.
2. Reduce the number of benefits administration system (BAS) critical/high defects and medium/low defects to 30 and 200, respectively, at 12/31/25 and 0 and 100, respectively, at 12/31/26 from 78 and 298, respectively, at 12/31/24.

Tactics:

- a. Identify and resolve Ariel enrollment data that gets out of sync to prevent erroneous changes on the EDI files.
- b. Work with TELUS Health to ensure analysis and test plans for all defects are thorough.
- c. Group similar defects together to resolve all defects at the same time instead of separate sprints and focus on the critical and high defects first.
- d. Planning details of defects to be included in future sprints ahead of time.
3. Determine percentages of active employee and retiree transactions to be processed in the BAS portal over the two-year period ending 7/1/27-6/30/29. Baseline period 7/1/26-6/30/27.

Tactics

- a. Create more Member Portal resources.
- b. Educate the employers on the Employer/Member Portals and resources available to employees.
- c. Regularly meet with employers to encourage the use of the BAS and provide training.
- d. Direct employees to the Member Portal during Open Enrollment and other educational sessions.
- e. Regularly educate employees on the Member Portal through memos, emails, EUTF website, etc.
4. County of Hawaii and the State of Hawaii (HIP system) electronically update new hire employee data by 6/30/29.

Tactics

- a. Regularly meet with County of Hawaii and State of Hawaii (HIP) to communicate the benefits of a file that electronically updates new hire employee data and facilitate the implementation.
 - b. Expand employer reporting tools and resources to support the transition to an electronic file.
5. Determine a percentage of active employee and retirees that opt-in to electronic delivery of outgoing communications at 6/30/29. Baseline date 6/30/27.

Tactics

- a. Message members through memos, the Member Portal, website, etc. to encourage them to opt-in to electronic delivery.
 - b. Phase out the mailing of physical notices that can be accessed electronically for certain events and/or populations.
 - c. Explore adding a call-to-action or required step in Member Portal to prompt members to opt-in or out of electronic delivery.
6. Reduce the number of administrative appeals to 40 annually over the period 7/1/27 – 6/30/29 from 128 annually over the period 1/1/24 – 12/31/24.

Tactics

- a. Identify common appeal topics and work with staff to revise internal processes or propose changes to the EUTF Administrative Rules.
- b. Work with staff to expand and improve upon existing resources for employees and employers.

MSB – Outreach and Training Section

1. Increase the number of members reached through in person seminars or web-based programs to 7,000 annually over the period 7/1/27 to 6/30/29 from 5,083 over the period 1/1/24 – 12/31/24.
2. Increase the number of departmental human resources officers reached through in person seminars or web-based programs to 600 annually over the period of 7/1/27 to 6/30/29 from 325 over the period of 1/1/24 to 12/31/24.

Tactics

- a. Collaborate with employers, employees, and unions to identify new seminar topics, identify current seminars sponsored by employers and the unions that EUTF can participate in and utilize technology to reach a broader base.
- b. Expand content on the EUTF website and employer website in order to communicate seminars and programs.
- c. Conduct surveys of employees and employers to tailor seminars and programs to meet their interests.

MSB – Member Services

3. Reduce the total number of open workflows to a monthly average under 1,000 over the period of 7/1/27 to 6/30/29 from 2,036 over the period 3/1/24 – 12/31/24. Reduce the total number of active and retiree enrollment form workflows to a monthly average under 100 and 200, respectively, over the period of 7/1/27 to 6/30/29 from 201 and 248, respectively, over the period 1/1/24 – 12/31/24.

Tactics:

- a. Create and expand Member Portal resources.
 - b. Educate the employers on the Employer/Member Portals and resources available to employees.
 - c. Regularly meet with employers to encourage the use of the BAS and provide training.
 - d. Direct employees to the Member Portal during Open Enrollment and other educational sessions.
 - e. Regularly educate employees on the Member Portal through memos, emails, EUTF website, etc.
 - f. Review and modify processes and procedures to maximize efficiency and effectiveness including the production of manuals and reference materials for staff.
 - g. Resolve existing defects, performance issues, and improve upon BAS processes to ensure efficient processing of enrollment forms and expanded use of the Member Portal.
4. Increase the average monthly call answer rate to 95% within 30 seconds [carrier PG 93% within 20 seconds] over the period 7/1/27 – 6/30/29 from 45.4% within 30 seconds over the period 1/1/24 – 12/31/24.

Tactics:

- a. Install new phone system (estimated completion date 4/1/25) to improve efficiency and establish performance metrics and reporting for the new phone system.
- b. Expand resources and communication available on the EUTF website to provide members with needed information without needing to call the EUTF.
- c. Improve upon existing resources and correspondence that is sent to members to provide them with needed information without needing to call the EUTF (e.g. Medicare and Retiree checklists).
- d. Utilize AI and other tools to answer common questions without needing to speak to an agent.
- e. Shift representatives to the ACD team as less enrollment form processing is needed due to members enrolling through the member portal.

FSB Participant Accounting Section

1. Increase the average monthly call answer rate to 95% within 30 seconds [carrier PG 93% within 20 seconds] over the period 7/1/27 to 6/30/29 from 72% within 30 seconds over the period 1/1/24 – 12/31/24.

Tactics

The tactics for this section are the same for those outlined in the previous Member Services Section.

2. Reduce the dollar value of outstanding refunds to \$100,000 at 6/30/29 from \$1,264,000 at 6/30/24.

Tactics

- a. Identify the reasons new refunds are being generated and revise internal processes and the BAS.
- b. Reevaluate and streamline the current refund process.

- c. Fill account clerk positions.
3. Reduce the number of average monthly shortage and cancellation notices to 200 to 50, respectively, over the period 7/1/27 – 6/30/29 from 389 and 139, respectively, over the period 1/1/24 – 12/31/24.

Tactics

- a. Develop methods (e.g., AI, mailers, information on website or member portal, checklists) to educate members regarding their responsibility when on LWOP and provide simple, easy payment options.

FSB Financial Management Section

4. Reduce the net receivable balance (overpayments) for Medicare Part B reimbursements to \$100,000 at 6/30/27 from \$418,404 at 12/31/24.

Tactics

- a. Review internal processes to ensure deaths are timely recorded in the BAS.
- b. Continue to work with the system vendor to produce accurate monthly reports for tracking and monitoring.
- c. Request 25 write-offs of the Department Attorney General per quarter.
- d. Mail the first collection letter to the retiree within 30 days of the overpayment.

ISB Applications Section

1. No change orders during the period 7/1/25 – 6/30/29 that exceed the contractual annual allotment provisioned to EUTF. There have been no change orders that have exceeded the provisioned allotments to date.

Tactics

- a. Create and improve existing applications to provide staff with more efficient ways to view and process data.

ISB Systems Section

2. Decrease Employer Portal user management inquiries for EUTF staff resolution to < 100 for the calendar year 2026 from 144 for the calendar year 2024.

Tactics:

- a. Train employer system administrators in user management through recurring online training and by helping rather than executing user management inquiries.



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DONNA A. TONAKI

January 31, 2025

TO: EUTF Administrative Committee

FROM: Derek Mizuno, Administrator

SUBJECT: Unreserved, Unrestricted Net Assets

Background

Surpluses from the self-insured prescription drug plan and the fully insured with risk sharing medical, dental and vision plans have accumulated over the years and been reserved by the Board as follows:

As of September 30, 2024	Actives	Retirees
Capital assets	\$9,134,312	-
ACA PCORI fees	3,727,692	\$3,393,575
Self-funded prescription drug plan claim stabilization reserve (35% of claims)	58,936,000	113,148,000
Administrative fees (through 6/30/29 actives and 12/31/28 retirees)	29,059,021	17,360,318
Unreserved	91,472,096	339,555,900
Total net assets	\$192,329,122	\$473,457,793
EUTF Trust Fund balance	\$183,318,229	\$412,844,269

The EUTF Trust Fund was established to invest amounts that were not necessary for operations to earn higher returns than the money market accounts with Bank of Hawaii. The expected return on the EUTF Trust Fund is 6.6% (the OPEB Trust Fund expected return is 7.5%).

Options to Use Reserves

Administrative fees – the EUTF administrative fee has been paid with reserves since 1/1/14 retirees and 7/1/14 active employees. At the 9/25/18 Board meeting, the use of reserves to pay the administrative fee was extended to cover the period 1/1/24 – 12/31/28 retirees and 7/1/24 – 6/30/29 active employees. Extension of the waiver through 12/31/34 retirees and 6/30/35 active employees would be approximately \$73.5 million (\$31.8 million retirees and \$41.7 million active employees) for the additional six years.

ACA PCORI Fee – the Board is funding the ACA PCORI fee which continues through 2029.

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.

Premium holiday – total employer/employee/retiree monthly premiums are \$51.7 million retirees and \$65.5 active employees. This would be extremely difficult administratively.

Buy down of premiums – surpluses could be used to reduce premiums for a specific plan and for the plan year. For example, instead of a self active prescription drug monthly premium of \$100 for the plan year, the Board could reduce it to \$90 and fund the remaining \$10 with surpluses. The problem is the next year, if premiums go up by 5% to \$105, the total employee/employer premium will increase by 16.7% from \$90 to \$105 instead of the \$5 or 5%.

Fund retiree enhancements – continue to pay for retiree benefit enhancements to ensure that the unfunded liability does not increase.

Transfer retiree unreserved amounts to the OPEB Trust – this is not a valid option.

Establish medical reserves for self-funding – Segal recommended reserves are approximately \$135 million for a self-insured medical plan = \$70 million (20% of annual claims) for actives and \$65 million (35% of annual claims).

Recommendation

A consideration from the 2024 EUTF Permitted Interaction Group was to extend the waiver of the administration fee for an additional four years. EUTF staff would like to recommend extension of the waiver five more years through 12/31/34 retirees and 6/30/35 active employees.