

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Board of Trustees
Monday, January 13, 2025

TRUSTEES PRESENT

Mr. Ryan Yamane, Chairperson (entered at 9:01 a.m.)	Mr. Wesley Machida (via video conference)
Mr. Robert Yu, Vice Chairperson	Ms. Sabrina Nasir
Mr. James Wataru, Secretary-Treasurer (entered at 9:06 a.m.)	Mr. Osa Tui
Ms. Jacqueline Ferguson-Miyamoto	Ms. Maureen Wakuzawa

TRUSTEES ABSENT

Mr. Christian Fern	Ms. Audrey Hidano
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ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Administrator	Mr. Marvin Judd (via video conference)
Ms. Donna Tonaki, Assistant Administrator	Ms. Emily Kaimulua (via video conference)
Mr. David Okamoto, Chief Investment Officer (via video conference)	Ms. Katie Matsushima
Ms. Amy Cheung, Financial Management Officer (via video conference)	Ms. Lara Nitta (via video conference)
Ms. Jessica McDonald, Member Services Branch Manager	Ms. Debra Pfeffer
Mr. Todd Nishida, Information Systems Chief (via video conference)	Ms. Melissa Tom (via video conference)

CONSULTANTS (via video conference, unless otherwise noted)

Mr. Tyler Brotz, Segal Consulting	Mr. Joe Newton, GRS Consulting (in person)
Ms. Shelley Chun, Segal Consulting	Mr. Blake Orth, GRS Consulting (in person)
Ms. Mary Fedor, Segal Consulting (in person)	Mr. Lewis Ward, GRS Consulting (in person)
Mr. Quentin Gunn, Segal Consulting	Mr. Richard Ward, Segal Consulting
Mr. Stephen Murphy, Segal Consulting (in person)	

OTHERS PRESENT (via video or audio conference)

Ms. Tiffany Andrade, HMSA	Ms. Mae Kishimoto, HSTA-Retired
Mr. Blaise Aquino, HMSA	Ms. Joey Lee, HDS
Ms. Salena Atencio, Verdegard	Mr. Chris Letoto, HMSA
Ms. Stacia Baek, HDS	Ms. Charina Masatsugu, Kaiser
Ms. Amy Bell, TELUS Health	Ms. Denise Mercil, Securian
Ms. Sandra Benevides, CVS	Dr. Christopher Miura, Kaiser
Mr. Su Chai, Kaiser	Mr. Ezra Ng, HMSA
Mr. Francis Cuenca, CVS	Ms. Canela Queiruga, Verdegard
Mr. Thomas England, Kaiser	Mr. Dave Shiroma, Kaiser
Ms. Samantha Furutani, CVS	Mr. Donovan Silva
Mr. Galen Haneda, HMSA	Ms. Jenny Smith, Humana
Ms. Connie Kaneshiro	Mr. Troy Tomita, Kaiser
Ms. Meagan Kini-Ho, HMSA	Ms. Ann VanHaaren, CVS

I. CALL TO ORDER

The meeting of the Board of Trustees of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) was called to order at 9:00 a.m. by Vice Chairperson Robert Yu, in the EUTF Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Monday, January 13, 2025.

II. REVIEW OF MINUTES – DECEMBER 17, 2024

The Board reviewed the draft minutes of December 17, 2024. Since there were no edits or objections by the Trustees, the minutes stand approved.

Chairperson Ryan Yamane entered the meeting at 9:01 a.m.

III. OLD BUSINESS

A. Benefits Administration System Implementation Status Update

Ms. Amy Bell, TELUS Health, provided an update on the implementation of the new Benefits Administration System (BAS) noting that the remaining payroll and other accounting reports, death file import and Medicare expiry issues are expected to be completed by January 31, 2025. In addition, the new bargaining unit 15 (completion date should be March 31, 2025), retiree special open enrollment, active open enrollment and refunds to members were included in the presentation for follow up.

Trustee James Wataru entered the meeting at 9:06 during TELUS Health's presentation.

B. Proposed EUTF Administrative Rule Change

Ms. Katie Matsushima noted that there were no comments from the employers and unions on the proposed EUTF Administrative Rule Changes related to expansion of the eligibility criteria for dependent children for the active dental and vision plans and the retiree health plans that match the active employee medical/prescription drug plans.

MOTION was made and seconded to approve the proposed EUTF Administrative Rule changes for submission to the Governor. (Yu/Wataru) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

IV. NEW BUSINESS

A. Actuarial Valuation Report as of July 1, 2024

Mr. Joe Newton and Mr. Blake Orth, Gabriel Roeder Smith & Company (GRS), presented the results of their July 1, 2024 actuarial valuation of the State and counties other post-employment benefits noting the positive results primarily due to lower than expected retiree healthcare premiums for January 1, 2025. The aggregate and State unfunded actuarial accrued liability and funded ratio as of July 1, 2024 was \$7.3 billion and \$5.9 billion, respectively, and 52.1% and 46.7%, respectively. GRS noted that the employers and EUTF have already adopted best practice policies in funding the long-term liability.

MOTION was made and seconded to accept the July 1, 2024 actuarial valuation aggregate employer report and the assumptions and methods contained therein. (Yu/Wataru) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

B. Fiscal Year Ending June 30, 2024 Financial Statement Audit Report

Mr. Ralph Kanetoku and Ms. Robyn Kawamura, KKDLY LLC, presented the results of their audit of the EUTF's financial statements for the fiscal year ending June 30, 2024 including the presentation to the Board, the Report to the Auditor, the Schedule of Changes in Fiduciary Net Position by Employer, the Report on Census Data, management letter, and the audited financial statements noting the following:

- KKDLY issued unmodified opinions on the EUTF's financial statements, the Schedule

of Changes in Fiduciary Net Position by Employer, and the Report on Census Data.

- There were no material weaknesses identified in internal control over financial reporting and no instances of noncompliance with other matters noted.
- There was one management letter comment, similar to 2023, related to disposition of net amounts due to employers and retirees. Mr. Derek Mizuno noted that EUTF staff are working with TELUS Health to have the benefits administration system electronically identify and process refunds related to late processing of terminations and EUTF staff are re-starting the process with the State Department of Accounting and General Services to upload numerous refunds at one-time to replace the current one at a time process. The one-time increase in amounts due to retirees was caused by retroactive processing of deaths back to March 2022. The electronic upload of deaths from the State Department of Health was stopped in March 2022 and restarted in October 2024 because of the new benefits administration implementation.
- Mr. Mizuno noted that the number of auditor journal entries were reduced from 16 last year to 10 this year. Nine auditor journal entries relate to areas in which information is not available at the time EUTF staff close the books and one related to temporary hazard pay.

V. REPORTS

A. EUTF Benefits Consultant (Segal)

1. Five-Year Rate Projection with Approved Active Employee Rates
Mr. Stephen Murphy, Segal, summarized the Segal report.

B. Administrator

1. Meetings with Legislators and Unions
2. Staffing Update
3. Training

Mr. Mizuno noted that there are five vacancies. However we expect the Investment Analyst to be filled by the end of the month or beginning of next month and two employees submitted resignations for promotions within the State.

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

MOTION was made and seconded to move into Executive Session at 10:01 a.m. (Wataru/Yu)
The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

The regular meeting reconvened at 10:23 a.m.

Chairperson Yamane reported that during Executive Session, the Board

- Approved an appeal for late newborn enrollment.
- Approved extension of a contract under RFP 20-004 Benefit Plan Audit Services.
- Reviewed and discussed the December 17, 2024 minutes. Since there were no edits or objections, the minutes stand approved.

VII. NEXT MEETING

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

VIII. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 10:24 a.m. (Yu/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-4)

APPROVED on January 13, 2025.

Documents Distributed:

1. Draft Board Minutes for December 17, 2024. (7 pages)
2. Hawaii EUTF – Ariel BAS Update, prepared by TELUS Health, dated January 13, 2025. (5 pages)
3. Memorandum to EUTF BOT from Eligibility Specialist, regarding Proposed EUTF Administrative Rule Changes, dated January 3, 2025. (2 pages)
4. EUTF, July 1, 2024 Retiree Healthcare Valuation (OPEB), prepared by GRS Consulting, dated January 2025. (12 pages)

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5. EUTF, Retiree Health Care Plan, Actuarial Valuation Report as of July 1, 2024, prepared by GRS Consulting. (64 pages)
6. Presentation to BOT EUTF, Financial Audit of the EUTF Year Ended June 30, 2024, prepared by KKDLY, dated January 13, 2025. (9 pages)
7. EUTF, Management Letter, prepared by KKDLY, dated June 30, 2024. (5 pages)
8. EUTF, Communication with Those Charged with Governance, prepared by KKDLY, dated June 30, 2024. (9 pages)
9. EUTF, Financial Statements and Supplementary Information (With Independent Auditor's Report), prepared by KKDLY, dated June 30, 2024. (96 pages)
10. EUTF, Schedule of Changes in Fiduciary Net Position by Employer (With Independent Auditors' Report Thereon), prepared by KKDLY, dated June 30, 2024 and 2023. (22 pages)
11. EUTF, Report on Census Data (With Independent Accountants' Report Thereon), prepared by KKDLY, dated June 30, 2024. (2 pages)
12. Administrator's Monthly Report to the Board for December 7, 2024 – January 3, 2025, dated January 3, 2025. (1 page)
13. Memorandum to BOT from Member Services Branch Manager, regarding December 2024-January 2025 Member Services Operations Report, dated January 3, 2025. (6 pages)
14. Memorandum to BOT from Information Systems Chief, regarding December 2024-January 2025 Information Systems (IS) Operations Report, dated January 3, 2025. (9 pages)
15. Memorandum to Administrator from Eligibility Specialist regarding December 2024-January 2025 Eligibility and Enrollment Report, dated January 3, 2025. (2 pages)
16. Memorandum to EUTF BOT from Health and Wellness Specialist regarding December -January Health and Wellness Specialist Report, dated January 3, 2025. (2 pages)
17. Memorandum to BOT from EUTF Financial Management Officer regarding December 2024-January 2025 Financial Services Branch (FSB) Report, dated January 3, 2025. (15 pages)
18. CVS/Caremark Monthly Carrier Report for December 2024 dated January 2, 2025. (2 pages)
19. SilverScript Monthly Carrier Report for December 2024 dated January 1, 2025. (2 pages)
20. HDS Monthly Carrier Report for December 2024 dated January 7, 2025. (2 pages)
21. HMSA Monthly Carrier Report for December 2024 dated January 6, 2025. (3 pages)
22. Humana Monthly Carrier Report for December 2024 dated January 8, 2025. (3 pages)
23. Kaiser Permanente Monthly Carrier Report for December 2024 dated January 7, 2025. (2 pages)
24. Securian Financial Monthly Carrier Report for December 2024 dated January 7, 2025. (1 page)
25. Verdegard Hawaii Monthly Carrier Report for December 2024 dated January 7, 2025. (2 pages)
26. VSP Vision Care Monthly Carrier Report for December 2024 dated January 6, 2025. (6 pages)