

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Minutes of the Board of Trustees

Tuesday, April 22, 2025

TRUSTEES PRESENT

Mr. Robert Yu, Vice Chairperson
Mr. James Wataru, Secretary-Treasurer
Ms. Jacqueline Ferguson-Miyamoto
Mr. Christian Fern (entered at 9:25 a.m.)
Ms. Audrey Hidano

Mr. Wesley Machida (via video conference)
Ms. Sabrina Nasir (via video conference, excused at 10:19 a.m.)
Mr. Osa Tui
Ms. Maureen Wakuzawa

TRUSTEES ABSENT

Mr. Ryan Yamane, Chairperson

ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General

EUTF STAFF

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

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

CONSULTANTS (via video conference)

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

Ms. Mary Fedor, Segal Consulting
Mr. Stephen Murphy, Segal Consulting

OTHERS PRESENT

Mr. Blaise Aquino, HMSA
Ms. Salena Atencio, Verdegard
Ms. Stacia Baek, HDS
Ms. Amy Bell, TELUS Health
Ms. Sandra Benevides, CVS
Ms. Jessica Benson, Verdegard
Mr. Ty Bowers, CVS
Ms. Tonya Cauley, TELUS Health
Mr. Su Chai, Kaiser
Mr. Frances Cuenca, CVS
Mr. Joe Ebisa, WithIntelligence
Mr. Thomas England, Kaiser
Ms. Samantha Furutani, CVS
Dr. Rupal Gohil, HMSA
Ms. Serah Greenwalt, PSG
Ms. Lauren Johnson, PSG
Ms. Libby Johnson, PSG

Ms. Monica Kim, VSP
Ms. Meagan Kini-Ho, HMSA
Ms. Mae Kishimoto, HSTA-Retired
Ms. Joey Lee, HDS
Mr. Chris Letoto, HMSA
Ms. Charina Masatsugu, Kaiser
Ms. Denise Mercil, Securian
Dr. Christopher Miura, Kaiser
Mr. Ezra Ng, HMSA
Ms. Canela Queiruga, Verdegard
Ms. Taylor Relich, CVS
Mr. Dave Shiroma, Kaiser
Ms. Jenny Smith, Humana
Dr. Rodd Takiguchi, Kaiser
Ms. Mandy Thompson, PSG
Mr. Troy Tomita, Kaiser
Anonymous

I. CALL TO ORDER

The meeting of the Board of Trustees of the Hawaii Employer-Union Health Benefits Trust

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

April 22, 2025 Minutes

Page 2

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 Tuesday, April 22, 2025.

II. REVIEW OF MINUTES – MARCH 24, 2025

The Board reviewed the draft minutes of March 24, 2025. Since there were no edits or objections by the Trustees, the minutes stand approved.

III. NEW BUSINESS

A. Claims Audit Report – PSG Prescription Claims Audit of CVS/SilverScript for Active Employees July 1, 2021 – June 30, 2022 and Retirees January 1, 2021 – December 31, 2022

Ms. Serah Greenwalt, Ms. Lauren Johnson, Ms. Libby Johnson and Ms. Mandy Thompson of PSG presented the results of their claims audit of CVS/SilverScript for active employees July 1, 2021 – June 30, 2022 and retirees January 1, 2021 – December 31, 2022 noting that additional amounts are due from CVS/SilverScript related to the financial guarantees, generic dispensing rate guarantees and rebates. Trustee Wesley Machida asked if the findings were similar to prior years. Ms. Sandra Benevides, CVS, responded that there were similar findings in previous years. Because the previous audit timing (finalized in 2023), corrections to address the previous audit issues were implemented after this current audit period. Mr. Derek Mizuno noted that PSG will be auditing for active employees July 1, 2022 – June 30, 2024 and for retirees calendar year 2023 under the current supplemental contract.

Trustee Christian Fern entered the meeting at 9:25 a.m., during the audit presentation.

B. New Chairperson (Employee Trustee), Vice Chairperson (Employee Trustee) and Secretary-Treasurer (Employer Trustee) Effective July 1, 2025

Mr. Mizuno informed the Board that they can select a Chair and Vice Chair from the employee trustees and a Secretary-Treasurer from the employer trustees today, or at the May or June Board meetings for a July 1, 2025 effective date.

MOTION was made and seconded to appoint Trustee James Wataru as Chair of the Board and Trustee Osa Tui as Vice Chair of the Board effective July 1, 2025. (Fern/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-4/Employee-Beneficiary Trustees-5)

Selection of the Secretary-Treasurer was deferred to the next meeting.

C. Committee Assignments

Mr. Mizuno informed the Board that the current committee assignments were included in the packets as informational only.

IV. OLD BUSINESS

A. Benefits Administration System

1. Status Update

Ms. Amy Bell, TELUS Health, provided an update on the implementation of the new Benefits Administration System (BAS) noting that the payroll and other accounting reports, death file import and Medicare expiry issues from previous updates are all in

Production. TELUS Health and EUTF staff are working on the new items added this report and from the January 2025 report.

2. Member Portal Demonstration

Ms. Jessica McDonald walked the Trustees through the new hire member portal experience and obtained feedback for staff to discuss with TELUS Health. In addition, she presented the updated EC-1 enrollment form that makes the monthly premiums more visible for the members.

Trustee Nasir was excused from the meeting at 10:19 a.m. during the demonstration.

B. 2025 EUTF Related Legislation

Mr. Mizuno noted that the EUTF Board's bill related to the base monthly contribution was enrolled with the Governor and the request to add an Investment Officer position was included in both the House and Senate budget drafts. Mr. Mizuno also highlighted the following bills:

- SB1651 SD1 HD2 – requires posting of board materials at least two business days prior to the meeting. EUTF is currently in compliance.
- HB250 HD2 SD2 – requires organizations that process prior authorizations to report data to the State and establishes a working group, which includes two EUTF Board appointees, to study and make recommendations regarding the use of prior authorizations.
- SB935 SD2 HD3 – changes ERS vesting requirements for those hired on or after July 1, 2012 (and still employed) to 5-years instead of 10-years. If this bill passes, employers will only be responsible for reimbursing Medicare Part B premiums for the retiree and spouse, if the retiree was hired prior to July 1, 2023, since employers are not required to contribute any portion of the base monthly contribution for health care and life insurance premiums for retirees with less than 10-years of service.

V. COMMITTEE REPORTS

A. Investment Committee

1. Diversifying Strategies Education

Mr. Colin Bebee, Meketa Investments, summarized the education provided to the Investment Committee regarding diversifying strategies and the investment strategy basis (i.e., rules based, systematic and/or fundamental/discretionary) of a new manager in the alternative risk premia asset class.

2. Long Volatility Benchmark Change

Mr. Bebee presented the Investment Committee's recommendation to change the EUTF's long volatility benchmark. The long volatility strategy is a component of Diversifying Strategies and was incorporated into the portfolio in the summer of 2023. The strategy is currently benchmarked to the EurekaHedge Long Volatility Index (ELVI). Given changes in the ELVI benchmark construction, Meketa recommends the following steps:

- Maintain usage of the ELVI benchmark from inception through December 31, 2024.
- From January 1, 2025, transition to the With Intelligence Long Volatility Index.

- Adopt the HFR Long Volatility Index as the new long-term benchmark which was recently published and backfill performance to January 1, 2025, replacing any index returns from the With Intelligence Long Volatility Index.

MOTION was made and seconded to approve the Investment Committee's recommendation to change the Long Volatility benchmark from the Eureka hedge Long Volatility Index to the With Intelligence Long Volatility Index effective January 1, 2025, then to the HFR Long Volatility Index. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

B. Benefits Committee

1. CVS/SilverScript Semi-Annual Utilization Reports for the period ending December 31, 2024

Mr. Mizuno summarized the Benefits Committee Report related to this item.

2. Proposed CVS Prescription Drug Plan Changes

Mr. Mizuno summarized the Benefits Committee's recommendation regarding the EUTF active and non-Medicare retiree prescription drug plans as follows:

1. Discontinue General Step Therapy Program (GSTP) for nine drug classes due to low savings.
 2. Continue GSTP for five drug classes
 3. Add GSTP to the antipsychotics class with grandfathering to not disrupt treatment.
- The Committee noted that CVS will discontinue two drug classes and no new classes will be added for the HSTA VB plans due to the court order.

MOTION was made and seconded to approve the Benefits Committee's recommendation to continue all available generic step therapy program options and add the anti-psychotic class to the generic step therapy program with grandfathering effective April 1, 2025 to the EUTF active and non-Medicare retiree prescription drug plans administered by CVS. (Tui/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

The Committee will discuss possible delegation of GSTP changes to CVS at the next Committee meeting.

Mr. Mizuno summarized the Benefits Committee's recommendation to add the CVS non-specialty dermatological bundle with grandfathering. The bundle will require trial of lower cost options for 12 non-specialty dermatological drugs. Grandfathering is recommended due to a high number of members being disrupted and low projected savings.

MOTION was made and seconded to approve the Benefits Committee's recommendation to add the non-specialty dermatologic bundle with grandfathering to the EUTF active and non-Medicare retiree prescription drug plans administered by CVS effective July 1, 2025 and January 1, 2026, respectively. (Tui/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

3. Segal Retiree Annual Prescription Drug Report for the period ending December 31, 2024

Mr. Mizuno summarized the Benefits Committee Report related to this item.

4. Draft Strategic Plan 2025-2029

Mr. Mizuno summarized the Benefits Committee's recommendation to approve goals #1 and #2 of EUTF's draft 2025-2029 Strategic Plan that pertain to 1) the active employee medical and prescription drug claims trends and 2) the projected unfunded actuarial accrued liability and annual required contributions.

MOTION was made and seconded to approve the Benefits Committee's recommendation of Goals #1 and #2 and the related objectives and tactics for the Strategic Plan for the period July 1, 2025 to June 30, 2029. (Tui/Ferguson-Miyamoto)
The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

VI. REPORTS

A. Administrator

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

Mr. Mizuno summarized personnel changes.

B. 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 January 31 and February 28, 2025

C. Carrier Reports

1. CVS Caremark

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

April 22, 2025 Minutes

Page 6

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)

VII. EXECUTIVE SESSION

MOTION was made and seconded to move into Executive Session at 11:03 a.m. (Ferguson-Miyamoto/Wakuzawa) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

The regular meeting reconvened at 11:15 a.m.

Vice Chairperson Yu reported that during Executive Session, the Board:

- Approved a commitment of funds to a private real assets fund, subject to contract negotiations.
- Approved a commitment of funds to a private credit fund, subject to contract negotiations.
- Approved a new custodian contract.
- Extended a banking services contract.
- Reviewed and discussed the March 24, 2025 minutes. Since there were no edits or objections, the minutes stand approved.

VIII. NEXT MEETING

Tuesday, May 27, 2025, 9:00 a.m. – EUTF related legislation and Benefits and Investment Committee Reports

IX. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 11:16 a.m. (Ferguson-Miyamoto/Tui) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-5)

APPROVED on May 27, 2025.

Documents Distributed:

1. Draft Board Minutes for March 24, 2025. (5 pages)
2. EUTF, Active Employee and Non-Medicare Retiree Prescription Drug Plans Administered by CVS Caremark, PBM Engagement Summary of CVS, Period Reviewed: Active Employees July 1, 2021 – June 30, 2022, Non-Medicare Retirees January 1, 2021 – December 31, 2022, prepared by PSG, dated December 2024. (5 pages)
3. EUTF, Retiree EGWP Prescription Drug Plans Administered by SilverScript, PBM Engagement Summary of SilverScript, Period Reviewed: January 1, 2021 – December 31, 2022, prepared by PSG, dated December 2024. (5 pages)
4. EUTF Committees, dated April 16, 2025. (1 page)
5. EUTF – Ariel BAS Update, prepared by TELUS Health, dated April 22, 2025. (6 pages)

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

April 22, 2025 Minutes

Page 7

6. Memorandum to BOT from Member Services Branch Manager, regarding Benefits Administration System Member Portal Demonstration, dated April 11, 2025. (2 pages)
7. EUTF Legislative Update, dated April, 16, 2025. (2 pages)
8. Memorandum to EUTF BOT from Investment Committee, regarding April 1, 2025 Investment Committee Meeting Report, dated April 15, 2025. (2 pages)
9. Memorandum to EUTF BOT from EUTF Benefits Committee, regarding Benefits Committee Report, dated April 11, 2025, Redacted Version, Redacted Version. (2 pages)
10. Administrator's Monthly Report to the Board for March 15 – April 11, 2025, dated April 11, 2025. (1 page)
11. Memorandum to BOT from Member Services Branch Manager, regarding March – April 2025 Member Services Operations Report, dated April 11, 2025. (6 pages)
12. Memorandum to BOT from Information Systems Chief, regarding March 2025 – April 2025 Information Systems (IS) Operations Report, dated April 11, 2025. (9 pages)
13. Memorandum to Administrator from Eligibility Specialist regarding March – April 2025 Eligibility and Enrollment Report, dated April 11, 2025. (2 pages)
14. Memorandum to EUTF BOT from Health and Wellness Specialist regarding March – April Health and Wellness Specialist Report, dated April 11, 2025. (4 pages)
15. Memorandum to BOT from EUTF Financial Management Officer regarding March 2025 – April 2025 Financial Services Branch (FSB) Report, dated April 11, 2025. (25 pages)
16. CVS/Caremark Monthly Carrier Report for March 2025 dated April 1, 2025. (12 pages)
17. SilverScript Monthly Carrier Report for March 2025 dated April 1, 2025. (2 pages)
18. HDS Monthly Carrier Report for March 2025 dated April 9, 2025. (2 pages)
19. HMSA Monthly Carrier Report for March 2025 dated April 8, 2025. (4 pages)
20. Humana Monthly Carrier Report for March 2025 dated April 8, 2025. (3 pages)
21. Kaiser Permanente Monthly Carrier Report for March 2025 dated April 9, 2025. (2 pages)
22. Securian Financial Monthly Carrier Report for March 2025 dated April 9, 2025. (1 page)
23. Verdegard Hawaii Monthly Carrier Report for March 2025 dated April 7, 2025. (2 pages)
24. VSP Vision Care Monthly Carrier Report for March 2025 dated April 7, 2025. (6 pages)