

## BFED Committee

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**From:** Mizuno, Derek M <derek.m.mizuno@hawaii.gov>  
**Sent:** Thursday, March 6, 2025 9:47 AM  
**To:** BFED Committee  
**Subject:** EUTF Update  
**Attachments:** 25.03.18 EUTF Presentation for the County of Maui.pdf

BFED Committee,

Please find attached the EUTF presentation for the 3/18/25 Committee meeting. I plan to cover the first 20 slides which should take about 30 minutes. However, I can reduce if necessary.

Please provide any feedback on the slides. Its very similar to last year's presentation.

Derek Mizuno  
EUTF  
(808)586-1681

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WELCOME TO

**THE HAWAII EMPLOYER-UNION  
HEALTH BENEFITS TRUST FUND**  
**Maui County Council**

**2025**



This presentation is a brief summary and does not constitute a legal document or contract and is subject to change.

# Operations

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1. Benefits Administration System (BAS) implemented May 2022
  - All employers, except the County of Hawaii, regularly uploading human resource information system (HRIS) electronic files which eliminates the need for preparation, submission and processing of hard copy forms for demographic and employment (e.g., bargaining unit and department changes, and terminations) changes.
  - DOE, UH, the Judiciary, the County of Kauai and the County of Maui have new hires go online to enroll.
  - All employees can also complete qualifying event transactions (e.g., marriage or birth changes) online.
  - Online completion of 2024 active employee open employment was offered (hard copies were still allowed). Estimated 75% of members used this online option (over 60% needed no employer or EUTF staff intervention).

## Operations

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2. Closure of the HMSA HMO medical plan to new subscribers effective June 30, 2025.
3. Expansion of coverage for dependent children of active employee dental and vision and retiree medical, prescription drug, dental and vision until age 26 (same criteria as the current active employee medical and prescription drug under ACA) effective 7/1/25.
4. County of Kauai 100% coverage of the HMSA 75/25 PPO/CVS, Kaiser Standard and Verdegard supplemental medical and prescription drug; dental and vision plans effective September 1, 2024. See COK enrollment movement over time attached.

# Operations – Dependent Child Coverage

	Current Coverage	Coverage July 1, 2025
<b>Active employee plans</b>		
<b>Medical/prescription drug</b>	Until age 26 (1)	Until age 26 (1)
<b>Dental</b>	Until age 19 and age 24 if full-time student (2)	Until age 26 (1)
<b>Vision</b>	Until age 19 and age 24 if full-time student (2)	Until age 26 (1)
<b>Retiree plans</b>		
<b>Medical</b>	Until age 19 and age 24 if full-time student (2)	Until age 26 (1)
<b>Prescription drug</b>	Until age 19 and age 24 if full-time student (2)	Until age 26 (1)
<b>Dental</b>	Until age 19 and age 24 if full-time student (2)	Until age 26 (1)
<b>Vision</b>	Until age 19 and age 24 if full-time student (2)	Until age 26 (1)

(1) The dependent child may be married, does not have to be a full-time student (no student certifications are required) and does not have to live with the employee/retiree. EUTF will terminate the dependent child’s coverage(s) at the end of the month in which the dependent child turns age 26. For example, if the dependent child turns age 26 on September 2, 2025, EUTF will automatically terminate the dependent child’s coverage(s) at midnight on September 30, 2025.

(2) The dependent child must be unmarried, a full-time student (student certifications are required) and live with the employee/retiree.

# Operations

County of Kauai - Active Employee Enrollments																					
		Prior to Open Enrollment (4/30/24)					After Open Enrollment (7/1/24)					After Special Open Enrollment (9/1/24)					Change from 4/1/24 to 9/1/24				
		Single	2-party	Family	Total		Single	2-party	Family	Total		Single	2-party	Family	Total		Single	2-party	Family	Total	
<b>Medical/Rx</b>																					
	HMSA 90/10	29	4	7	40	3.1%	20	3	6	29	2.3%	14	3	4	21	1.6%	-15	-1	-3	-19	-47.5%
	HMSA 80/20	149	44	67	260	20.0%	108	31	45	184	14.4%	62	22	30	114	8.8%	-87	-22	-37	-146	-56.2%
	HMSA 75/25	288	109	192	589	45.3%	331	134	219	684	53.4%	339	177	289	805	62.4%	51	68	97	216	36.7%
	HMSA HMO	10	3	6	19	1.5%	8	1	4	13	1.0%	5	1	3	9	0.7%	-5	-2	-3	-10	-52.6%
	KP Comp	15	2	7	24	1.8%	12	2	3	17	1.3%	10		3	13	1.0%	-5	-2	-4	-11	-45.8%
	KP Standard	55	13	34	102	7.8%	56	14	39	109	8.5%	54	18	41	113	8.8%	-1	5	7	11	10.8%
	Verdegard	2	4	3	9	0.7%	2	4	1	7	0.5%	4	5	5	14	1.1%	2	1	2	5	55.6%
	Waived				258	19.8%				239	18.6%				202	15.6%	0	0	0	-56	-21.7%
	<b>Total</b>	<b>548</b>	<b>179</b>	<b>316</b>	<b>1301</b>	<b>100.0%</b>	<b>537</b>	<b>189</b>	<b>317</b>	<b>1282</b>	<b>100.0%</b>	<b>488</b>	<b>226</b>	<b>375</b>	<b>1291</b>	<b>100.0%</b>	<b>-60</b>	<b>47</b>	<b>59</b>	<b>-10</b>	
<b>Dental</b>																					
	Enrolled	530	258	309	1097	84.3%	519	266	312	1097	85.6%	483	289	365	1137	88.1%	-47	31	56	40	3.6%
	Waived				204	15.7%				185	14.4%				154	11.9%				-50	-24.5%
	<b>Total</b>	<b>530</b>	<b>258</b>	<b>309</b>	<b>1301</b>	<b>100.0%</b>	<b>519</b>	<b>266</b>	<b>312</b>	<b>1282</b>	<b>100.0%</b>	<b>483</b>	<b>289</b>	<b>365</b>	<b>1291</b>	<b>100.0%</b>	<b>-47</b>	<b>31</b>	<b>56</b>	<b>-10</b>	<b>-20.9%</b>
<b>Vision</b>																					
	Enrolled	536	241	292	1069	82.2%	523	246	299	1068	83.3%	487	273	350	1110	86.0%	-49	32	58	41	3.8%
	Waived				232	17.8%				214	16.7%				181	14.0%				-51	-22.0%
	<b>Total</b>	<b>536</b>	<b>241</b>	<b>292</b>	<b>1301</b>	<b>100.0%</b>	<b>523</b>	<b>246</b>	<b>299</b>	<b>1282</b>	<b>100.0%</b>	<b>487</b>	<b>273</b>	<b>350</b>	<b>1291</b>	<b>100.0%</b>	<b>-49</b>	<b>32</b>	<b>58</b>	<b>-10</b>	<b>-18.1%</b>



# Retiree Benefits and OPEB

## What is EUTF Retiree Benefit?

### Employer Contribution

- Employer contributions to retiree (and dependents) health premiums
  1. Based on years of service and hire date. No employer contributions for dependents of retirees hired after 6/30/01.
  2. Equal to a percentage of the base monthly contribution (BMC), not the premium.
    - ✓ There are different BMCs for Medicare and non-Medicare; and self, two-party or family tiers.
    - ✓ By statute, the BMC increases at the same rate as Medicare Part B premiums

### Contribution Determination

- Employers reimburse retiree and spouse Medicare Part B premiums (Part B reimbursements) including income related monthly adjustment amounts (IRMAA). No Part B reimbursements for spouses and IRMAA reimbursements for new hires after 6/30/23.

### Medicare Part B Premium Reimbursement

1. If eligible (65 and over or disabled), participants in EUTF retiree medical and prescription drug plans are required to enroll in Medicare Parts B and D (Kaiser and SilverScript handle Part D enrollment).
2. Retiree Part B reimbursements are not dependent on hire date (spouses of employees hired after 6/30/01 but before 7/1/23 also receive the reimbursement), years of service and whether the retiree and spouse are enrolled in medical and or prescription drug plans.
3. Part B reimbursements totaled \$120.9 million in FY24 (\$94.1 million for the State)
4. Part B reimbursements represent over 24% (or \$2.8 billion) and over 29% (\$67.7 million) of the State's AAL and normal cost, respectively.
5. Spouse Part B reimbursements are approximately 25% of total reimbursements.

### Retiree Benefits for Spouse

- Spouses of employees hired after 6/30/01 may enroll in the EUTF retiree plans but with no employer contributions to EUTF health plan premiums. Retirees pay EUTF premiums for dependent coverage.

- Medicare Part D premiums are NOT reimbursed.



## Retiree Benefits and OPEB

### What is the EUTF Retiree Benefit?

Retiree Hire Date and Years of Service	Employer Contribution %age of BMC
1) Retiree hired prior to 7/1/96	
< 10 years	50%
10 or more years	100%
2) Retiree hired after 6/30/96 and before 7/1/01	
< 10 years	0%
10-14 years	50%
15-24 years	75%
25 or more years	100%
3) Retiree hired after 6/30/01	
Same as 06/30/96-7/1/01 hires but self only coverage	
Surviving spouses of retirees step into the place of the retiree as long as they do not enter into another marriage or domestic partnership. For hires after 6/30/01, the surviving spouse receives ½ of the deceased retiree's benefit.	



## 2025 Legislative Session Proposed Bill (HB1040/SB1359)

Amend HRS 87A-33(c) so that the Base Monthly Contribution (BMC) effective January 1, 2027 will be based on the change in Medicare Part B premiums from 2025 to 2026. We will know the BMC effective January 1, 2027 in mid-October to late November 2025, about one-year before retiree OE for 2027.

For the BMC effective January 1, 2026 (gap year), we propose use of 5.2% which is the 5- and 10-year annualized growth rate through 2025.

BMC Year	BMC Available	Change
<u>Current</u>		
2025	November 2024	2024 to 2025 Medicare Part B premiums
2025	Oct/Nov 2024	2025 to 2026 Medicare Part B premiums
2027	Oct/Nov 2026	2026 to 2027 Medicare Part B premiums
<u>Proposed</u>		
2025 (no change)	November 2024	2024 to 2025 Medicare Part B premiums
2026	Passage of bill	5.2%
2027	Oct/Nov 2025	2025 to 2026 Medicare Part B premiums



## 2023 Legislative Session Highlights

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1. Act 040 – Elimination of Part B reimbursements for spouses of new hires. Actuaries estimated a reduction in COM’s ARC by \$64 million over the next 30 years.
2. Act 041 – Elimination of reimbursement of Medicare Part B income-related monthly adjustment amounts (IRMAA) for new hires and their spouses. Estimated reduction in COM’s ARC of \$17 million over the next 30 years.

# Retiree Enrollment – Medical & Drug (Maui)

Medical	1/1/19	1/1/20	1/1/21	1/1/23	1/1/24	1/1/25	EUTF 1/1/24
<b>Maui Medicare</b>							
HMSA 90/10	68%	66%	66%	65%	66%	66%	83%
Kaiser Sr. Advantage	32	34	34	35	34	34	17
Humana	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.2</u>
Total Subscribers	1,063	1,092	1,156	1,253	1,291	1,325	
Percentage Change	5.0%	2.7%	5.9%	4.1%	3.0%	2.6%	
<b>Maui Non-Medicare</b>							
HMSA 90/10	68%	66%	65%	66%	66%	65%	83%
Kaiser Comp	<u>32</u>	<u>34</u>	<u>35</u>	<u>34</u>	<u>34</u>	<u>35</u>	<u>17</u>
Total Subscribers	398	433	457	459	468	476	
Percentage Change	3.6%	8.8%	5.5%	0%	2.0%	1.7%	
<b>All Maui</b>							
Total Subscribers	1,461	1,525	1,613	1,712	1,759	1,801	
Percentage Change	4.7%	4.4%	5.8%	3.0%	2.8%	2.4%	

# Key Actuarial Measurements July 1, 2024

(\$ millions)								
	State of Hawaii	Honolulu w/ HART	County of Hawaii	County of Maui	County of Kauai	Kauai DOW	Honolulu BWS	Hawaii DWS
AAL	\$ 11,122	\$ 2,430	\$588	\$609	\$282	\$20	\$149	\$35
<u>AVA</u>	<u>5,196</u>	<u>1,412</u>	<u>374</u>	<u>535</u>	<u>236</u>	<u>17</u>	<u>134</u>	<u>31</u>
UAAL	\$ 5,927	\$ 1,019	\$214	\$74	\$45	\$3	\$15	\$4
Historical Funded Ratio								
7/1/2019	16.1%	23.8%	30.7%	46.0%	48.1%	54.1%	53.9%	54.5%
7/1/2020	21.0%	29.4%	36.4%	52.5%	53.4%	59.8%	58.8%	60.4%
7/1/2021	30.0%	36.0%	42.2%	60.2%	60.2%	66.4%	65.1%	63.5%
7/1/2022	35.0%	45.1%	50.4%	72.2%	71.2%	77.2%	76.5%	74.7%
7/1/2023	39.3%	49.6%	54.7%	76.2%	74.2%	80.0%	79.9%	79.3%
7/1/2024	46.7%	58.1%	63.5%	87.8%	83.9%	86.4%	90.1%	88.7%
Projected Full Funding	2040	2033	2033	2028	2029	2029	2027	2028

- AAL – actuarial accrued liability
- AVA – actuarial value of assets
- UAAL – unfunded AAL

# Annual Change in Premiums, BMC and Investment Performance

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



# Retiree Benefits and OPEB

## EUTF Retiree Benefit

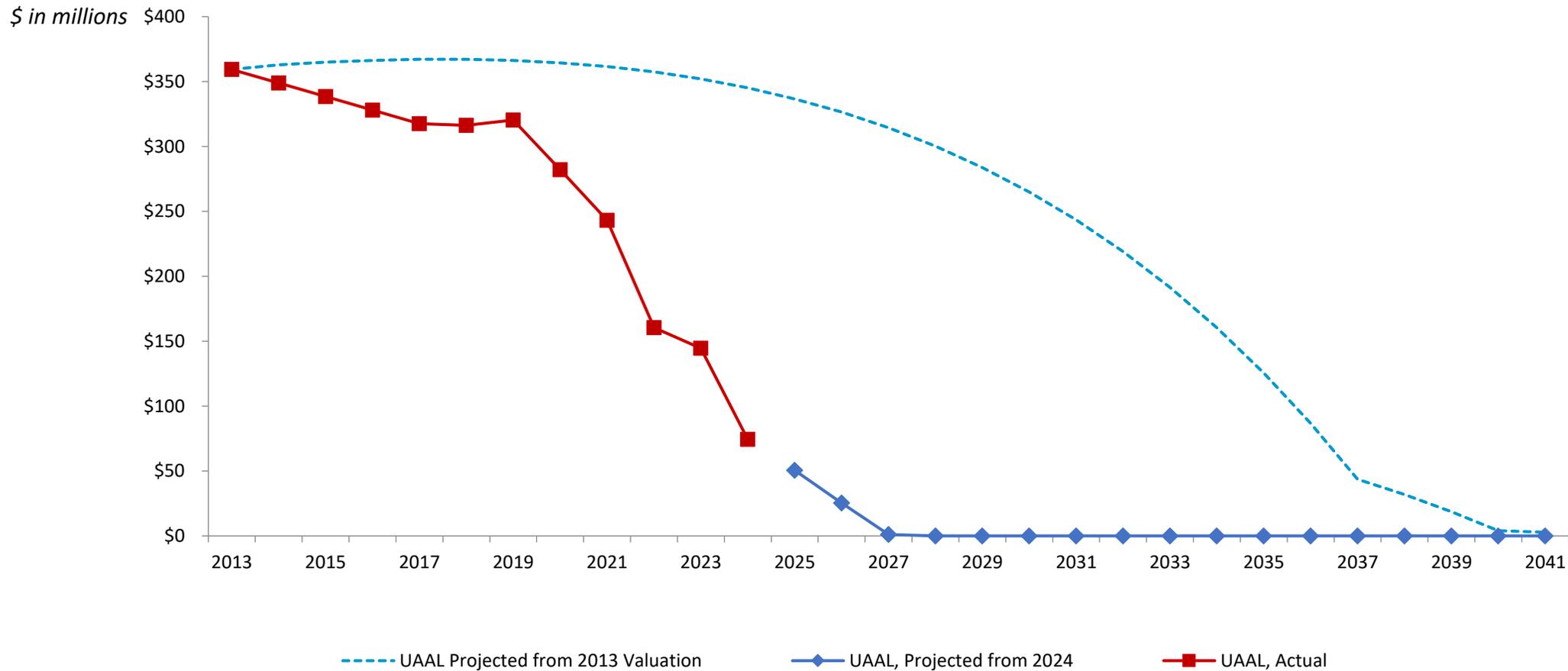
2025 BMC and Premiums	Humana	Kaiser	HMSA	100% BMC	75% BMC	50% BMC
<u>Medicare (including medical, Rx, dental and vision)</u>						
Self	\$290	\$532	\$523	\$924	\$693	\$462
2-Party	569	1,037	1,020	1,852	1,389	926
Family*	821	1,512	1,487	2,697	2,023	1,348
<u>Non-Medicare (including medical, Rx, dental and vision)</u>						
Self	NA	\$839	\$974	\$1,297	\$973	\$648
2-Party	NA	1,692	1,899	2,614	1,960	1,307
Family	NA	2,472	2,790	3,826	2,869	1,913

\* Enrollment in the Humana plan is limited to three people.



# Projections

Positive claims experience combined with disciplined funding have reduced the UAAL much sooner than originally projected. This reduces the interest paid and total contributions required to finance the benefits.

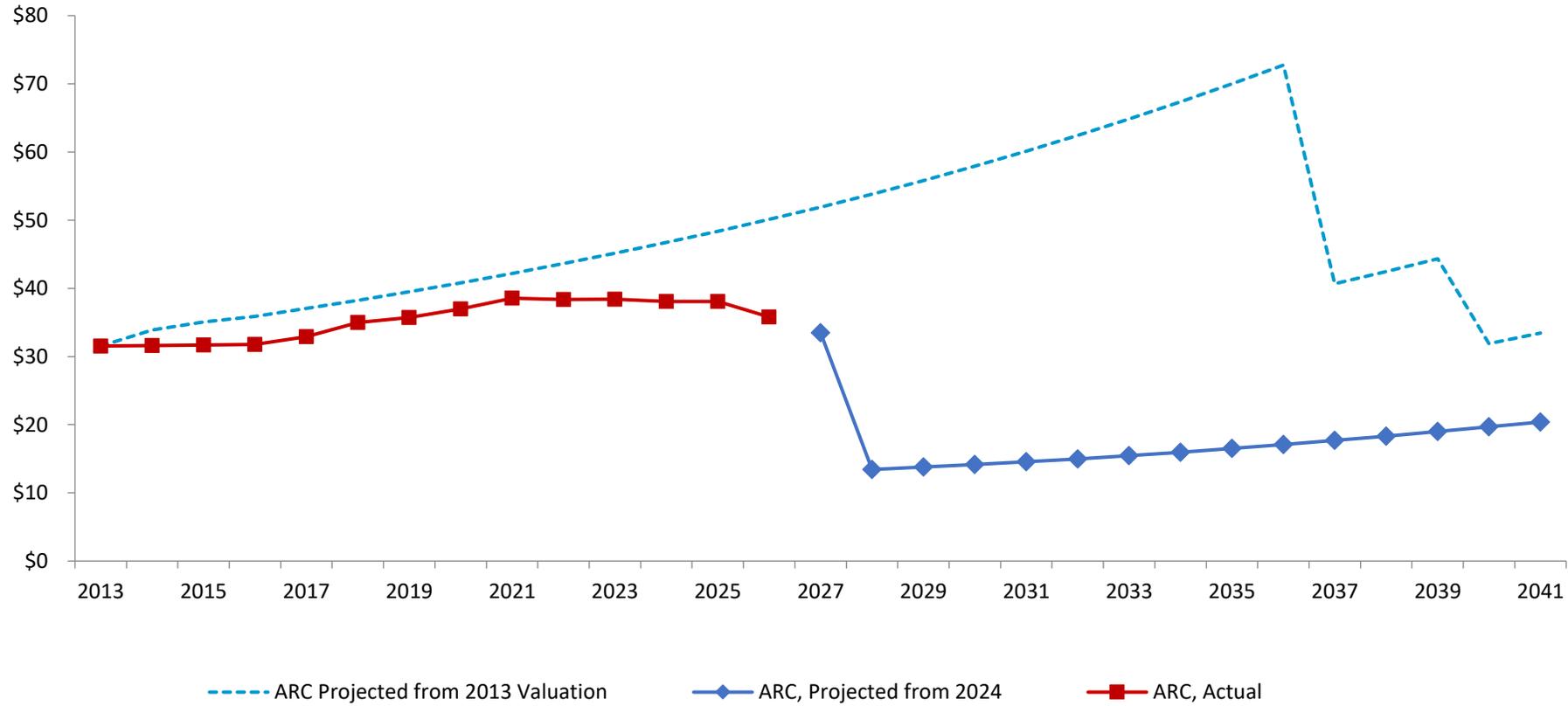




# Projections

While FYE2027 contributions are about \$14 million less than original projections, that gap is expected to widen further within the next few years.

*\$ in millions*



## Projection of Funding Progress

Over the next 34 years, the sum of the ARCs equals \$0.84 billion while the trust will payout \$2.13 billion in benefits.

Fiscal Year Ending	Payroll	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Unfunded AAL (UAAL)	Funded Ratio	Annual Required Contribution	Contribution as % of Payroll	Benefit Payment Total	Benefits as % of Payroll	ARC minus Benefit Payments
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
2025	\$204,595,000	\$609,114,000	\$534,794,000	\$74,320,000	87.8%	\$38,085,000	18.6%	\$25,564,000	12.5%	\$12,521,000
2026	210,733,000	638,155,000	587,644,000	50,511,000	92.1%	38,095,000	18.1%	26,800,000	12.7%	11,295,000
2027	217,055,000	668,334,000	643,036,000	25,298,000	96.2%	35,801,000	16.5%	28,678,000	13.2%	7,123,000
2028	223,567,000	699,082,000	698,064,000	1,018,000	99.9%	33,484,000	15.0%	30,674,000	13.7%	2,810,000
2029	230,274,000	751,418,000	751,418,000	0	100.0%	13,429,000	5.8%	32,802,000	14.2%	(19,373,000)
2030	237,182,000	784,149,000	784,149,000	0	100.0%	13,779,000	5.8%	34,937,000	14.7%	(21,158,000)
2031	244,297,000	817,212,000	817,212,000	0	100.0%	14,149,000	5.8%	37,056,000	15.2%	(22,907,000)
2032	251,626,000	850,705,000	850,705,000	0	100.0%	14,548,000	5.8%	39,295,000	15.6%	(24,747,000)
2033	259,175,000	884,605,000	884,605,000	0	100.0%	14,986,000	5.8%	41,628,000	16.1%	(26,642,000)
2034	266,950,000	918,909,000	918,909,000	0	100.0%	15,463,000	5.8%	43,844,000	16.4%	(28,381,000)
2035	274,959,000	953,812,000	953,812,000	0	100.0%	15,967,000	5.8%	45,855,000	16.7%	(29,888,000)
2036	283,207,000	989,595,000	989,595,000	0	100.0%	16,499,000	5.8%	47,967,000	16.9%	(31,468,000)
2037	291,704,000	1,026,248,000	1,026,248,000	0	100.0%	17,072,000	5.9%	50,128,000	17.2%	(33,056,000)
2038	300,455,000	1,063,821,000	1,063,821,000	0	100.0%	17,683,000	5.9%	52,572,000	17.5%	(34,889,000)
2039	309,468,000	1,102,125,000	1,102,125,000	0	100.0%	18,318,000	5.9%	55,167,000	17.8%	(36,849,000)
2040	318,752,000	1,141,082,000	1,141,082,000	0	100.0%	18,981,000	6.0%	57,593,000	18.1%	(38,612,000)
2041	328,315,000	1,180,939,000	1,180,939,000	0	100.0%	19,676,000	6.0%	59,973,000	18.3%	(40,297,000)
2042	338,164,000	1,221,841,000	1,221,841,000	0	100.0%	20,397,000	6.0%	62,447,000	18.5%	(42,050,000)
2043	348,309,000	1,263,791,000	1,263,791,000	0	100.0%	21,155,000	6.1%	64,988,000	18.7%	(43,833,000)
2044	358,759,000	1,306,830,000	1,306,830,000	0	100.0%	21,956,000	6.1%	67,393,000	18.8%	(45,437,000)
2045	369,521,000	1,351,220,000	1,351,220,000	0	100.0%	22,795,000	6.2%	69,849,000	18.9%	(47,054,000)
2046	380,607,000	1,397,043,000	1,397,043,000	0	100.0%	23,674,000	6.2%	72,484,000	19.0%	(48,810,000)
2047	392,025,000	1,444,253,000	1,444,253,000	0	100.0%	24,598,000	6.3%	75,102,000	19.2%	(50,504,000)
2048	403,786,000	1,493,014,000	1,493,014,000	0	100.0%	25,568,000	6.3%	77,623,000	19.2%	(52,055,000)
2049	415,900,000	1,543,580,000	1,543,580,000	0	100.0%	26,580,000	6.4%	80,232,000	19.3%	(53,652,000)
2050	428,377,000	1,596,031,000	1,596,031,000	0	100.0%	27,633,000	6.5%	82,953,000	19.4%	(55,320,000)
2051	441,228,000	1,650,426,000	1,650,426,000	0	100.0%	28,735,000	6.5%	85,701,000	19.4%	(56,966,000)
2052	454,465,000	1,706,922,000	1,706,922,000	0	100.0%	29,891,000	6.6%	88,540,000	19.5%	(58,649,000)
2053	468,099,000	1,765,629,000	1,765,629,000	0	100.0%	31,106,000	6.6%	91,504,000	19.5%	(60,398,000)
2054	482,142,000	1,826,632,000	1,826,632,000	0	100.0%	32,382,000	6.7%	94,520,000	19.6%	(62,138,000)
2055	496,606,000	1,890,104,000	1,890,104,000	0	100.0%	33,717,000	6.8%	97,560,000	19.6%	(63,843,000)
2056	511,504,000	1,956,250,000	1,956,250,000	0	100.0%	35,123,000	6.9%	100,664,000	19.7%	(65,541,000)
2057	526,849,000	2,025,267,000	2,025,267,000	0	100.0%	36,593,000	6.9%	103,956,000	19.7%	(67,363,000)
2058	542,655,000	2,097,226,000	2,097,226,000	0	100.0%	38,129,000	7.0%	107,571,000	19.8%	(69,442,000)

# Maui County Annual Costs (in millions)

Retirees	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24
Medical and drug	\$13.8	\$14.5	\$16.1	\$17.0	\$17.4	\$17.6	\$17.8
Medical and drug increase	7.0%	5.1%	11.0%	5.6%	1.8%	1.1%	1.1%
Dental	1.0	1.1	1.1	1.2	1.3	1.3	1.3
Vision	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Life	<u>0.1</u>						
Maui County premiums	15.0	15.8	17.4	18.4	18.9	19.1	19.3
Retiree costs	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Medicare Part B reimburse	<u>1.9</u>	<u>2.3</u>	<u>2.4</u>	<u>2.7</u>	<u>3.1</u>	<u>3.4</u>	<u>3.5</u>
Total costs	\$17.1	\$18.3	\$20.1	\$21.4	\$22.3	\$22.8	\$23.1
Total increase	7.5%	7.0%	9.8%	6.5%	4.2%	2.2%	1.3%



# Enrollment Trends

## Active Enrollment – Medical & Drug (EUTF)

Medical, Chiro and Rx	7/16	7/17	7/19	7/20	7/21	11/22	7/23	7/24	7/24 Counts	7/1/16 Self EE Monthly	7/1/17 Self EE Monthly	7/1/24 Self EE Monthly
<b>EUTF Plans</b>												
H - HMO	5%	3%	2%	2%	2%	2%	1%	1%	677	\$387	\$443	\$591
H - 90/10	13	10	8	7	6	6	5	5	2,398	312	345	556
<b>H - 80/20</b>	<b>49</b>	<b>36</b>	<b>29</b>	<b>27</b>	<b>26</b>	<b>24</b>	<b>23</b>	<b>22</b>	<b>10,608</b>	<b>215</b>	<b>234</b>	<b>337</b>
K - Comp	14	13	11	10	10	9	9	8	3,904	211	247	334
<b>H - 75/25</b>	<b>5</b>	<b>22</b>	<b>31</b>	<b>34</b>	<b>37</b>	<b>39</b>	<b>41</b>	<b>43</b>	<b>20,931</b>	<b>142</b>	<b>54</b>	<b>52</b>
K – Stan.	12	14	17	18	18	19	19	20	9,514	66	59	52
Supp.	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	547	17	17	14
Total EE	45,586	45,540	47,737	48,374	47,776	47,569	47,096	48,579				
Change	1.1%	-0.1%	1.8%	1.3%	-0.1%	-0.4%	-1.0%	3.2%				

# Active Enrollment – Medical & Drug (COM)

Medical, Chiro and Prescription Drug	7/1/17	7/1/18	7/1/19	7/1/20	11/22	7/1/23	7/1/24	EUTF 7/1/24
HMSA HMO	2%	2%	1%	1%	1%	1%	1%	1%
HMSA 90/10	7	6	5	4	3	3	3	5
HMSA 80/20	25	21	20	18	16	15	13	22
Kaiser Comp	23	20	19	17	14	14	14	8
Kaiser Standard	25	28	30	32	35	35	37	20
HMSA 75/25	18	22	24	27	30	31	32	43
Supplemental	<u>1</u>	1						
Total Maui County	2,025	2,034	2,031	2,051	2,030	2,096	2,147	
Percentage Change	1.3%	0.4%	-0.1%	1.0%	-1.0%	3.3%	2.4%	

# Maui County Annual Costs (in millions)

Active Employees	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24
Medical and drug	\$15.1	\$16.2	\$17.0	\$18.3	\$18.5	\$19.0	\$21.5
Dental	1.0	1.1	1.1	1.1	1.1	1.1	1.1
Vision	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Life	<u>0.1</u>						
Total Maui County	16.4	17.5	18.4	19.7	19.9	20.4	22.8
Maui County increase	1.9%	6.7%	5.1%	7.1%	1.0%	2.5%	11.8%
Employee costs	<u>8.5</u>	<u>7.8</u>	<u>7.9</u>	<u>7.9</u>	<u>8.5</u>	<u>8.2</u>	<u>7.5</u>
Employee percentage	34%	31%	30%	29%	30%	29%	25%
Total premiums	\$24.9	\$25.3	\$26.2	\$27.6	\$28.4	\$28.6	\$30.4
Total increase	-3.1%	1.6%	3.6%	5.3%	2.9%	0.1%	6.3%

# Appendix





# Background





# Fully-Insured, Fully-Insured with Refunding and Self-Insured Plans

## Fully Insured Plans



**Risk of loss and gain is retained by the insurer.  
EUTF pays an insurance charge.**

Kaiser medical, prescription drug, and chiropractic; Humana Medicare Advantage medical and Securian life plans

## Fully Insured with Refunding



**Risk of loss is retained by the insurer but gains are returned to EUTF.  
EUTF pays an insurance charge.**

HMSA medical, HDS dental and VSP vision plans

## Self Insured Plans



**Risk of loss and gain is retained by the EUTF.  
There is no insurance charge.**

Prescription drug (pharmacy benefit manager CVS and SilverScript) and supplemental medical and prescription drug plans (administered by HMA)

**The EUTF Board with the advice of their benefits consultant evaluates whether to fully insure, fully insure with refunding, or self insure during each RFP cycle.**



## How carriers are selected



A Request for proposals is issued



Contracts up to four years inclusive of extensions.



Medical and prescription drug contract extensions end 12/31/28 for retirees and 6/30/29 for active employees.



Dental, vision and life insurance contract extensions end 12/31/26 for retirees and 6/30/27 for active employees.

# HMSA Medical/Prescription Drug Plans

In-network benefit	HMO	90/10 PPO	80/20 PPO	75/25 PPO
Calendar year maximum out-of-pocket (MOOP) (Single/Family)	\$1,500/\$3,000 (Rx \$4,350/\$8,700)	\$2,000/\$4,000 (Rx \$4,350/\$8,700)	\$2,500/\$5,000 (Rx \$4,350/\$8,700)	\$5,000/\$10,000 (Rx \$3,150/\$6,300)
Deductible (Single/Family)	None	None	None	\$300/\$900
Employee (EE) Share of Costs				
Inpatient services	No charge	10%	20%	25%
Outpatient services (e.g., physician visits, surgery)	No charge or \$15	10%	20%	25%
Emergency room	\$100	10%	20%	25%
Prescription Drug Benefits	Copayments/coinsurance and prescription drugs covered are the same. Only difference is the MOOP noted above.			
# of EEs Enrolled at 7/1/24	677	2,398	10,608	20,931
%age of Total EEs Enrolled at 7/1/24	1%	5%	22%	43%
<b>EE's <u>Monthly</u> Share of Premiums 7/1/24</b>				
Self	\$590.64   53.9%	\$555.98   52.4%	\$336.66   40.0%	\$52.40   10.0%
Two-Party	1,435.00   53.9%	1,350.64   52.4%	817.68   40.0%	127.26   10.0%
Family	1,829.96   53.9%	1,722.26   52.4%	1,042.42   40.0%	162.20   10.0%

# Kaiser Permanente Medical/Prescription Drug Plans

In-network benefit	Comprehensive	Standard
Calendar year maximum out-of-pocket including prescription drugs (MOOP) (Single/Family)	\$2,000/\$6,000	\$2,500/\$7,500
Deductible (Single/Family)	None	None
Employee (EE) Share of Costs		
Inpatient services	No charge	15%
Outpatient services (e.g., physician visits, DXL, surgery)	\$15	\$20, 15% or 20%
Emergency room	\$50	\$100
Prescription Drug Benefits	See Employee Health Benefits Reference Guide for details. In general, the Comprehensive plan has lower copayments than the Standard plan.	
# of EEs Enrolled at 7/1/24	3,904	9,514
%age of Total EEs Enrolled at 7/1/24	8%	20%
<b>EE's <u>Monthly</u> Share of Premiums 7/1/24</b>		
Self	\$334.08   39.8%	\$52.06   10.0%
Two-Party	812.34   39.8%	126.50   10.0%
Family	1,037.40   39.8%	161.38   10.0%



## Retiree Benefits and OPEB

### Retiree Medical and Prescription Drug Plan Options

#### Non-Medicare

- HMSA 90/10 PPO medical plan – similar to the active employee HMSA 90/10 plan but with no chiro (\$673 self per month – 1/1/25)
- CVS non-Medicare prescription drug plan – same drugs covered as the CVS active employee plan with a richer benefit (e.g. \$5/\$15/\$30 30-day generic, preferred and non-preferred, respectively, versus \$5/\$25/\$50 for active CVS plans). Plan is not bundled with the HMSA medical plan. There's no spread pricing. (\$251 self per month)
- Kaiser HMO medical and prescription drug plan – similar to the Kaiser Comprehensive active employee plan (same annual maximum-out-of-pocket and emergency room, physician office visit and inpatient charges) but with no chiro. (\$789 self per month)



# Retiree Benefits and OPEB

## Retiree Medical and Prescription Drug Plan Options

### Medicare

- HMSA 90/10 PPO medical plan – plan coordinates with Medicare Parts A and B. Charge is first paid by Medicare (e.g. if physician charge is \$100, Medicare generally pays 80%) with the remaining (\$20) paid by HMSA. The HMSA plan without Medicare would have paid 90% or \$90 but is only left with \$20 to pay, so it pays the full \$20. Oftentimes, the member does not have any copayment/coinsurance. No chiro. (\$287 self per month – 1/1/25).
- Humana Medicare Advantage medical plan – plan combines Medicare Parts A and B in a 90/10 PPO plan. Humana pays claims and receives subsidies from CMS. There is no claim payment coordination with Medicare. No chiro. (\$54 self per month).
- SilverScript (subsidiary of CVS) prescription drug plan – Medicare Part D plan called an employer group waiver plan (EGWP) with a wrap. Similar drugs covered as the CVS active employee and non-Medicare plans but differences in preferred or non-preferred status. There is no claim payment coordination with Medicare. The plan pays the claims from the pharmacies (i.e. no spread pricing) and receives Part D subsidies (47% of net plan costs). (\$186 self per month)
- Kaiser Senior Advantage medical and prescription drug plan – plan combines Medicare Parts A, B and D into a HMO plan with benefits similar to the non-Medicare Kaiser plan. Kaiser pays claims and receives subsidies from CMS. There is no claim payment coordination with Medicare. No chiro. (\$481 self per month).



## Retiree Benefits and OPEB

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### What is OPEB and how is it funded?

- OPEB stands for other postemployment benefits
  - ✓ The unfunded actuarial accrued liability (UAAL) is the difference between the actuarial accrued liability (AAL) and the actuarial value of assets (AVA).
  - ✓ The funded ratio is the AVA divided by the AAL.
  
- Generally prior to FY2014, the State and counties only paid the retiree premiums (pay-as-you-go).
  
- Act 268, SLH 2013 requires employers to fully fund the annual required contribution (ARC) beginning in FY 18-19 (phase in began FY 14-15). The ARC is comprised of the normal cost and an amortization payment to paydown the UAAL initially over 30 years. Future actuarial losses are paid over a 20-year amortization period.



### Ways to address the UAAL - Assets

- Achieve higher returns than the 7% hurdle rate within prudent levels of risk
- Act 30, SLH 2016 – expanded the EUTF’s permissible investments to include all asset classes of the ERS including private equity, real estate and credit; and options and futures
- Investment office of four staff (new position added in FY2022) works with investment consultants, Meketa and Callan, to manage the investment portfolio.



# Retiree Benefits and OPEB

## OPEB Investment Returns

▪	Investment hurdle:		7.0%
▪	Historical net returns	<b>EUTF (net)</b>	<b>Median (gross)</b>
1.	07/01/11 – 06/30/12:	5.9%	1.1%
2.	07/01/12 – 06/30/13:	9.3	12.1
3.	07/01/13 – 06/30/14:	15.3	16.9
4.	07/01/14 – 06/30/15:	3.1	3.4
5.	07/01/15 – 06/30/16:	2.6	0.5
6.	07/01/16 – 06/30/17:	9.5	12.7
7.	07/01/17 – 06/30/18:	7.4	8.7
8.	07/01/18 – 06/30/19:	4.1	5.9
9.	07/01/19 – 06/30/20:	1.8	1.2
10.	07/01/20 – 06/30/21:	27.7	26.7
11.	07/01/21 – 06/30/22:	-1.8	-7.4
12.	07/01/22 – 06/30/23:	4.6	7.9
13.	07/01/23 – 06/30/24:	8.2	9.6
	07/01/11 – 06/30/24:	7.3	7.0



# Retiree Benefits and OPEB

## OPEB Assets (Continued)

Strategy	Investment Vehicle	6/30/24	LT Target
<b>Aggressive Growth</b>			
Private Equity/Non-Core RE	Active partnerships	10%	15%
U.S. Microcap	Active separate accounts	5	3
<b>Traditional Growth</b>			
Global Equity	Passive commingled	30	30
<b>Stabilized Growth</b>			
Global Options	Active separate accounts	6	0
Real Assets	Active partnerships	9	12
Private Credit	Active partnerships	7	10
<b>Diversifying</b>			
TIPS	Active commingled	5	2.5
U.S. Treasuries	Passive separate	5	5
Alternative Risk Premia	Active separate accounts	3	5
Trend Following	Active separate/commingled	10	10
Reinsurance	Active separate	5	5.5
Tail Risk/Long Volatility/Cash	Active separate	5	2



### Measures Taken Over the Past 5-10 Years to Address the AAL

1. Eliminated reimbursement of Medicare Part B for spouses and IRMAA for retirees hired on or after 7/1/23.
2. Management of medical and prescription drug claims trend and premiums – member education (e.g. emergency room utilization, generic and mail order prescription drug usage, advance care directives) and HMSA payment transformation and new benefits (e.g. palliative care and online diabetes management programs). Utilization management programs on the non-Medicare retiree prescription drug plan.
3. Maximize Medicare program subsidies – increased subsidies under the EGWP plan (2013 and 2019) and added a low premium Medicare Advantage medical plan.
4. Claims audits – auditing all plan years since our current pharmacy benefit manager began providing service back to 2012 and also conducting periodic audits of the other benefit plans. These will continue.
5. Enrollment audits – removal of ineligible people and timely termination of Medicare Part B reimbursements (e.g. ineligible adult children, ex-spouses, surviving spouses who remarry, unreported deaths, non-payment of Medicare Part B premiums, retiree status and category).



### Limitations on Measures to Address the AAL

1. Dannenberg lawsuit – Hawaii Supreme Court ruled that accrued retiree health benefits are protected by the State Constitution. Significant restrictions on changes to the current retiree health benefit for retirees; vested, terminated employees; and current employees.
2. Current benefit has been reduced by 50% (combined impact of the 1996 and 2001 changes). Normal cost is approximately 7% of pay.



### Future Measures To Address the AAL

#### 1. Legislative Action

**It should not be assumed that the items listed below are supported by the EUTF Board**

- A. Limiting new hires to a medical and prescription drug plan with a lower benefit when they retiree (e.g. 90/10 medical plan and a prescription drug plan equal to the current CVS active employee plans). Actuaries estimated a reduction in the State's ARC by \$1.1 billion over the next 30 years.
- B. New tiers (i.e. 1996 and 2001 changes) or reduction of Part B reimbursements.



### Future Measures To Address the AAL

#### 1. Legislative Action (continued)

C. Repeal or modification of Act 226, SLH 2013 which prohibits exclusive dispensing of specialty medication from the EUTF's pharmacy benefit manager (PBM).

i. Allowing EUTF to require that members only obtain their specialty medication through the PBM.

- Pro – better clinical patient management of complex, chronic disease. Care coordination with dedicated pharmacists and nurses who are experts in the disease type.
- Pro – reduction in EUTF plan costs, including specialty rebate programs, by approximately \$8.8 million (\$6.6 million actives and \$2.2 million non-Medicare retirees)
- Pro – reduction in the UAAL by approximately \$48.1 million.
- Con – negative impact to non-PBM specialty pharmacies and members who are not near a PBM specialty pharmacy.
  - There are approximately 3,000 active and non-Medicare retire plan members obtaining specialty medication of which 54% obtain them from the PBM. The PBM can have the specialty medication delivered through Longs Drugs or by mail.



### Future Measures To Address the AAL

2. No legislative action to increase the BMC and allow it to continue to increase with Medicare Part B premium increases.
3. EUTF Action – manage the claims trend and premiums
  - A. Working with the benefits consultant and carriers to implement programs to improve member health and to obtain cost effective treatment.
    - i. Clinically manage complex, chronic diseases.
    - ii. Encourage healthy behaviors – regular visits to primary care providers, annual dental cleanings and eye exams, screenings and vaccinations.
    - iii. Educate members of wasteful spend on medications with no clinical efficacy and eliminated unnecessary spend.



# Enrollment Trends

## Retiree Enrollment – Medical & Drug (EUTF)

Medical	1/1/21	1/1/22	1/1/23	1/1/24	1/1/25	1/1/24 - Self Med & Rx	1/1/25 - Self Med & Rx
<b>EUTF Medicare</b>							
HMSA 90/10	83%	83%	83%	83%	83%	\$487	\$473
Kaiser Sr. Adva.	17	17	17	17	17	463	481
Humana Advantage	<u>0.07</u>	<u>0.1</u>	<u>0.1</u>	<u>0.2</u>	<u>0.2</u>	287	240
Total Subscribers	39,015	40,019	40,993	41,798	41,683		
Percentage Change	2.2%	0.4%	2.4%	2.0%	-0.3%		
<b>EUTF Non-Medicare</b>							
HMSA 90/10	83%	83%	83%	83%	83%	826	924
Kaiser Comp	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	763	789
Total Subscribers	6,640	6,610	6,602	6,626	6,215		
Percentage Change	-0.4%	0.1%	0.0%	0.4%	-6.2%		
<b>All EUTF</b>							
Total Subscribers	45,655	46,629	47,595	48,424	47,898		
Percentage Change	1.8%	0.4%	2.1%	1.7%	-1.1%		



# Premium Trends

## Active Premium Trends (EUTF)

EUTF Medical and Prescription Drug Plans	Premiums 1/1/12 excluding ACA and EUTF fees	Premiums 7/1/24 excluding ACA and EUTF fees	Annualized Growth (with drug)	Nat'l Trend
HMSA 90/10 medical	\$341.54	\$828.18	7.5% (7.5%*)	6.1%
HMSA 80/20 medical	325.90	608.86	5.1 (5.6*)	6.1
HMSA 75/25 medical (from 7/1/13)	307.38	419.68	2.9 (3.9*)	6.1
HMSA HMO medical	387.86	862.84	6.6 (6.8*)	6.3
Prescription drug	60.80	154.38*	7.7*	8.5
Kaiser Comp HMO medical & drug	430.72	839.04	w/drug 5.5	6.3 medical 8.5 Rx
Kaiser Standard HMO medical & drug (from 7/1/13)	323.92	520.56	w/drug 4.4	6.3 medical 8.5 Rx

\* Amount represents and percentage utilizes the composite CVS self-funded prescription drug premiums for all EUTF self-funded prescription drug plans.

# Benefit Plans

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1. Increased utilization of GLP-1s for diabetes (Rybelsus is the pill form of Ozempic)

- Active employee utilizers (7/1/22-6/30/23 to 7/1/23-6/30/24)

Ozempic                      16% (1,455 to 1,692)

Rybelsus                      13% (569 to 643)

Mounjaro                      103% (343 to 696)                      FDA approved in May 2022

- Non-Medicare retiree utilizers (calendar year 2022 to 2023)

Ozempic                      53% (389 to 589)

Rybelsus                      27% (164 to 208)

Mounjaro                      298% (40 to 159)

- Medicare retiree utilizers (calendar year 2022 to 2023)

Ozempic                      36% (1,043 to 1,415)

Rybelsus                      49% (412 to 615)

Mounjaro                      -45% (496 to 275)



## Benefit Plans (continued)

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### 2. Increased utilization of GLP-1s for weight loss (Wegovy same active ingredient as Ozempic/Rybelsus and Zepbound – Mounjaro)

- Active employee utilizers (7/1/22-6/30/23 to 7/1/23-6/30/24)

Wegovy 168% (173 to 464)

Zepbound 0 to 135 FDA approved in November 2023

- Non-Medicare retiree utilizers (calendar year 2022 to 2023)

Wegovy 217% (18 to 57)

Zepbound 0 to 0

- Medicare retiree utilizers (calendar year 2022 to 2023)

Wegovy -42% (24 to 18)

Zepbound 0 to 3

# MAHALO

