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COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 24, 2021

Mr. Derek Mizuno, Administrator
Hawaii Employer-Union Health Benefits Trust Fund
201 Merchant Street, Suite 1700
Honolulu, Hawaii 96813

Via E-mail: derek.m.mizuno@hawaii.gov

Dear Mr. Mizuno:

SUBJECT: **PROPOSED FISCAL YEAR 2022 BUDGET FOR THE
COUNTY OF MAUI** (BFED-1)

May I please request your assistance in providing the following:

1. Background information on the Hawaii Employer-Union Health Benefits Trust Fund ("EUTF").
2. EUTF enrollment trends for Maui County.
3. Historical costs for Maui County.
4. Premium trends for active and retired employees.
5. Recent plan changes for active and retired employees.
6. Legislative proposals for 2021 and possible future legislative proposals.
7. Information on retiree benefits and other post-employment benefits.

May I further request your written response no later than **April 1, 2021**.
To ensure efficient processing, please transmit your response to

Mr. Derek Mizuno
March 24, 2021
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bfed.committee@mauicounty.us and include the relevant Committee item number in your response's subject line.

Should you have any questions, please contact me or the Committee staff (Lesley Milner at 270-7886, or Yvette Bouthillier at 270-7758).

Sincerely,



KEANI N.W. RAWLINS-FERNANDEZ, Chair
Budget, Finance, and Economic
Development Committee

bfed:ltr:001a01:lpcm

BFED Committee

From: BFED Committee
Sent: Wednesday, March 24, 2021 8:58 AM
To: derek.m.mizuno@hawaii.gov
Cc: BFED Committee
Subject: PLEASE READ attached letter re: PROPOSED FISCAL YEAR 2022 BUDGET FOR THE COUNTY OF MAUI (BFED-1). . .
Attachments: 001a01.pdf

Mr. Mizuno: Please refer to the attached letter from the Budget, Finance, and Economic Development (BFED) Committee Chair, dated March 24, 2021.

Thank you,
Yvette Bouthillier, Secretary
BFED Committee

WELCOME TO

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

2021



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



Background



Enrollment Trends



Historical Costs



Premium Trends



Recent Plan Changes



2021 Legislative Session



Retiree Benefits and OPEB

AGENDA



Background





Background

Fully Insured Plans



Active – Kaiser Comprehensive and Standard medical, prescription drug, and chiropractic; and Securian

Retiree – Kaiser Medicare Advantage and non-Medicare medical and prescription drug, and Securian Life

Fully Insured with One-Way Risk Sharing



Active – HMSA medical, HDS dental and VSP vision plans

Retirees – HMSA Medicare and non-Medicare medical, HDS dental and VSP vision plans

Self Insured Plans



Active and Retiree – prescription drug plan (pharmacy benefit manager CVS active and non-Medicare retirees, and SilverScript Medicare retirees)

Active – HMA supplemental medical and prescription drug plan



Fully-Insured versus Self-Insured Costs

- Claims in Star-Advertiser opinion articles are HMSA fee savings of \$175 million annually and elimination of retiree prefunding payments (claimed \$500 million annually for the State - \$15.9 million for COM).
 1. Difference in costs between HMSA fully-insured with refunding and HMSA self-insured is the insurance charge of approximately \$12-13 million annually.
 2. HMSA annual fees - \$50 million administrative fees (e.g. claims processing and network agreements) and \$18 million disease management and integrated health programs .
 3. Self or fully-insured has nothing to do with retiree prefunding payments. Prefunding payments are the result of the employers not prefunding during the retirees employment.



New Benefits Administration System

- Go-Live date of 2/1/22.
- Member self service – members can make changes on their own if they have a life event and during open enrollment
- Employers will be able to access the system to prepare reports.



Enrollment Trends

Active Enrollment – Medical & Drug (EUTF)

| Medical, Chiro and Rx | 7/1/16 Counts | 7/1/16 | 7/1/17 | 7/1/18 | 7/1/19 | 7/1/20 | 7/1/20 Counts | 7/1/16 Self EE Monthly | 7/1/17 Self EE Monthly | 7/1/20 Self EE Monthly |
|--------------------------|------------------|-----------|-----------|-----------|-----------|-----------|------------------|------------------------------|------------------------------|------------------------------|
| EUTF Plans | | | | | | | | | | |
| H - HMO | 2,201 | 5% | 3% | 3% | 2% | 2% | 949 | \$387 | \$443 | \$502 |
| H - 90/10 | 6,019 | 13 | 10 | 9 | 8 | 7 | 3,474 | 312 | 345 | 386 |
| H - 80/20 | 22,167 | 49 | 36 | 33 | 29 | 27 | 13,293 | 215 | 234 | 248 |
| K - Comp | 6,617 | 14 | 13 | 12 | 11 | 10 | 5,026 | 211 | 247 | 269 |
| K – Stan. | 5,629 | 12 | 14 | 15 | 17 | 18 | 8,476 | 66 | 59 | 67 |
| H - 75/25 | 2,202 | 5 | 22 | 27 | 31 | 34 | 16,437 | 142 | 54 | 64 |
| Supp. | 751 | <u>2</u> | <u>2</u> | <u>2</u> | <u>2</u> | <u>2</u> | 719 | 17 | 17 | 14 |
| Total EE | | 45,586 | 45,540 | 46,902 | 47,737 | 48,374 | | | | |
| Change | | 1.1% | -0.1% | 3.0% | 1.8% | 1.3% | | | | |

Active Enrollment – Medical & Drug (COM)

| Medical, Chiro and Prescription Drug | 7/1/15 | 7/1/16 | 7/1/17 | 7/1/18 | 7/1/19 | 7/1/20 | EUTF 7/1/20 |
|--------------------------------------|----------|----------|----------|----------|----------|----------|----------------|
| HMSA HMO | 4% | 3% | 2% | 2% | 1% | 1% | 2% |
| HMSA 90/10 | 10 | 9 | 7 | 6 | 5 | 4 | 7 |
| HMSA 80/20 | 40 | 38 | 25 | 21 | 20 | 18 | 27 |
| Kaiser Comp | 28 | 27 | 23 | 20 | 19 | 17 | 10 |
| Kaiser Standard | 15 | 19 | 25 | 28 | 30 | 32 | 18 |
| HMSA 75/25 | 2 | 3 | 18 | 22 | 24 | 27 | 34 |
| Supplemental | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> | 2 |
| Total Maui County | 2,034 | 2,000 | 2,025 | 2,034 | 2,031 | 2,051 | |
| Percentage Change | 0.7% | -1.7% | 1.3% | 0.4% | -0.1% | 1.0% | |



Enrollment Trends

Active Enrollment – Medical & Drug (HSTA VB and Totals)

| Medical, Chiro, Vision and Rx | 7/1/16 Counts | 7/1/16 | 7/1/17 | 7/1/18 | 7/1/19 | 7/1/20 | 7/1/20 Counts | 7/1/19 Self EE Monthly | 7/1/20 Self EE Monthly |
|----------------------------------|------------------|--------|-----------|-----------|-----------|-----------|------------------|------------------------------|------------------------------|
| HSTA VB Plans | | | | | | | | | |
| H - 90/10 | 1,796 | 29% | 28% | 27% | 26% | 26% | 1,086 | \$336 | \$338 |
| K - Comp | 1,155 | 18 | 19 | 20 | 20 | 20 | 827 | 218 | 229 |
| H - 80/20 | <u>3,307</u> | 53 | <u>53</u> | <u>54</u> | <u>54</u> | <u>54</u> | 2,204 | 224 | 222 |
| Total EE | <u>6,258</u> | | 5,251 | 4,822 | 4,409 | 4,117 | | | |
| Change | -6.8% | | -16.1% | -8.2% | -8.6% | -6.6% | | | |
| All Plans | | | | | | | | | |
| Total EE | 51,844 | | 50,791 | 51,274 | 52,146 | 52,491 | | | |
| Change | 0.05% | | -2.0% | 1.8% | 0.8% | 0.7% | | | |



Enrollment Trends

Retiree Enrollment – Medical & Drug (EUTF)

| Medical | 1/1/17 | 1/1/18 | 1/1/19 | 1/1/20 | 1/1/21 | 1/1/20 - Self Med & Rx | 1/1/21 - Self Med & Rx |
|--------------------------|------------|-----------|-----------|-----------|-------------|---------------------------|---------------------------|
| EUTF Medicare | | | | | | | |
| HMSA 90/10 | 82% | 82% | 85% | 83% | 83% | \$479 | \$482 |
| Kaiser Sr. Adva. | 18 | 18 | 15 | 17 | 17 | 460 | 454 |
| UHC/Humana Advantage | <u>0.2</u> | <u>NA</u> | <u>NA</u> | <u>NA</u> | <u>0.07</u> | NA | 260 |
| Total Subscribers | 35,382 | 36,344 | 36,624 | 38,166 | 39,015 | | |
| Percentage Change | 3.3% | 2.7% | 0.7% | 4.2% | 2.2% | | |
| EUTF Non-Medicare | | | | | | | |
| HMSA 90/10 | 83% | 84% | 86% | 84% | 83% | 812 | 814 |
| Kaiser Comp | <u>17</u> | <u>16</u> | <u>14</u> | <u>16</u> | <u>17</u> | 760 | 749 |
| Total Subscribers | 6,830 | 6,944 | 7,600 | 6,670 | 6,640 | | |
| Percentage Change | 0.5% | 1.7% | 9.4% | -12.7% | -0.4% | | |
| All EUTF | | | | | | | |
| Total Subscribers | 42,212 | 43,288 | 44,224 | 44,836 | 45,655 | | |
| Percentage Change | 2.8% | 2.5% | 2.2% | 1.4% | 1.8% | | |

Retiree Enrollment – Medical & Drug (Maui)

| Medical | 1/1/16 | 1/1/17 | 1/1/18 | 1/1/19 | 1/1/20 | 1/1/21 | EUTF 1/1/21 |
|--------------------------|------------|------------|-----------|-----------|-----------|-----------|----------------|
| Maui Medicare | | | | | | | |
| HMSA 90/10 | 66% | 67% | 67% | 68% | 66% | 66% | 83% |
| Kaiser Sr. Advantage | 34 | 33 | 33 | 32 | 34 | 34 | 17 |
| UHC Advantage | <u>0.3</u> | <u>0.4</u> | <u>NA</u> | <u>NA</u> | <u>NA</u> | <u>NA</u> | NA |
| Total Subscribers | 952 | 989 | 1,012 | 1,063 | 1,092 | 1,156 | |
| Percentage Change | 5.7% | 3.9% | 2.3% | 5.0% | 2.7% | 5.9% | |
| Maui Non-Medicare | | | | | | | |
| HMSA 90/10 | 66% | 66% | 67% | 68% | 66% | 65% | 83% |
| Kaiser Comp | <u>34</u> | <u>34</u> | <u>33</u> | <u>32</u> | <u>34</u> | <u>35</u> | <u>17</u> |
| Total Subscribers | 385 | 392 | 384 | 398 | 433 | 457 | |
| Percentage Change | 3.8% | 2.1% | -2.3% | 3.6% | 8.8% | 5.5% | |
| All Maui | | | | | | | |
| Total Subscribers | 1,337 | 1,381 | 1,396 | 1,461 | 1,525 | 1,613 | |
| Percentage Change | 5.1% | 3.4% | 1.0% | 4.7% | 4.4% | 5.8% | |

Maui County Annual Costs (in millions)

| Active Employees | 6/30/15 | 6/30/16 | 6/30/17 | 6/30/18 | 6/30/19 | 6/30/20 |
|----------------------|------------|------------|------------|------------|------------|------------|
| Maui County costs | | | | | | |
| Medical and drug | \$13.2 | \$13.6 | \$14.6 | \$15.1 | \$16.2 | \$17.0 |
| Dental | 1.2 | 1.2 | 1.2 | 1.0 | 1.1 | 1.1 |
| Vision | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Life | <u>0.1</u> | <u>0.1</u> | <u>0.1</u> | <u>0.1</u> | <u>0.1</u> | <u>0.1</u> |
| Total Maui County | 14.6 | 15.1 | 16.1 | 16.4 | 17.5 | 18.4 |
| Maui County increase | 10.8% | 3.1% | 6.6% | 1.9% | 6.7% | 5.1% |
| Employee costs | <u>9.2</u> | <u>9.8</u> | <u>9.6</u> | <u>8.5</u> | <u>7.8</u> | <u>7.9</u> |
| Employee percentage | 38.5% | 39.3% | 37.2% | 34% | 31% | 30% |
| Total premiums | \$23.8 | \$24.9 | \$25.7 | \$24.9 | \$25.3 | \$26.2 |
| Total increase | 6.8% | 4.5% | 3.2% | -3.1% | 1.6% | 3.6% |

Maui County Annual Costs (in millions)

| Retirees | 6/30/15 | 6/30/16 | 6/30/17 | 6/30/18 | 6/30/19 | 6/30/20 |
|---------------------------|------------|------------|------------|------------|------------|------------|
| Maui County costs | | | | | | |
| Medical and drug | \$10.4 | \$11.6 | \$12.9 | \$13.8 | \$14.5 | \$16.1 |
| Medical and drug increase | 2.1% | 11.7% | 11.2% | 7.0% | 5.1% | 11.0% |
| Dental | 0.7 | 0.8 | 0.9 | 1.0 | 1.1 | 1.1 |
| Vision | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Life | <u>0.1</u> | <u>0.1</u> | <u>0.1</u> | <u>0.1</u> | <u>0.1</u> | <u>0.1</u> |
| Maui County premiums | 11.3 | 12.6 | 14.0 | 15.0 | 15.8 | 17.4 |
| Retiree costs | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.3 |
| Medicare Part B reimburse | <u>1.5</u> | <u>1.6</u> | <u>1.8</u> | <u>1.9</u> | <u>2.3</u> | <u>2.4</u> |
| Total costs | \$12.9 | \$14.3 | \$15.9 | \$17.1 | \$18.3 | \$20.1 |
| Total increase | 2.6% | 11.4% | 11.2% | 7.5% | 7.0% | 9.8% |



Premium Trends

Active Premium Trends (EUTF)

| EUTF Medical and Prescription Drug Plans | Premiums 1/1/12 excluding ACA and EUTF fees | Premiums 7/1/21 excluding ACA and EUTF fees | Annualized Growth (with drug) | Nat'l Trend |
|---|---|---|----------------------------------|----------------|
| HMSA 90/10 medical | \$341.54 | \$755.94 | 8.7% (8.5%*) | 6.5% |
| HMSA 80/20 medical | 325.90 | 555.54 | 5.8 (6.0*) | 6.5 |
| HMSA 75/25 medical (from 7/1/13) | 307.38 | 343.24 | 1.4 (2.6*) | 6.7 |
| HMSA HMO medical | 387.86 | 758.40 | 7.8 (7.3*) | 6.3 |
| Prescription drug | 60.80 | 120.18* | 7.4* | 7.5 |
| Kaiser Comp HMO medical & drug | 430.72 | 722.18 | w/drug 5.6 | See above |
| Kaiser Standard HMO medical & drug (from 7/1/13) | 323.92 | 448.08 | w/drug 4.1 | See above |

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



Premium Trends

Retiree Premium Trends (EUTF)

| EUTF Medical and Prescription Drug Plans | Premiums 1/1/12 excluding ACA and EUTF fees | Premiums 1/1/21 excluding ACA and EUTF fees | Annualized Growth (with drug) | Nat'l Trend |
|--|---|---|----------------------------------|-------------------|
| Medicare | | | | |
| HMSA 90/10 medical | \$175.88 | \$264.24 | 4.6% (2.7%) | 4.0% |
| Prescription drug | 203.54 | 217.54 | 0.7 | 7.4 |
| Kaiser Comp medical & drug | 362.76 | 453.58 | w/drug 2.5 | HMO 2.2 Rx 7.4 |
| Non-Medicare | | | | |
| HMSA 90/10 medical | 379.24 | 597.16 | 5.2 (5.8) | 6.5 |
| Prescription drug | 109.56 | 216.40 | 7.8 | 7.5 |
| Kaiser Comp medical & drug | 657.04 | 748.58 | w/drug 1.5 | HMO 2.2 Rx 7.5 |



Recent Plan Changes (1/1/21 Retirees)

HMSA Medical

HSTA VB

Addition of the Medical Nutrition Therapy benefit

Humana Medical

EUTF

New Medicare Advantage plan (medical only) – mainly for retirees who pay a portion of their premiums and/or retiree living on the mainland

VSP Vision

EUTF and HSTA VB

Increase of frame allowance every other year from \$120 to \$150

Increase annual contact lens benefit from \$120 to \$130

Separation of contact lens fitting and evaluation from the contact lens benefit and cap at \$60 copayment



Recent Plan Changes (7/1/21 Actives)

HMSA Medical

EUTF and HSTA VB

Expansion of the Nutritional Counseling benefit to the Medical Nutrition Therapy benefit for EUTF HMSA plans

Addition of the Medical Nutrition Therapy benefit for the HSTA VB plans

Kaiser Med and Rx

EUTF

Increase in copayment from \$10 to \$20 for basic laboratory tests and general imaging under the Kaiser Standard plan



2021 Legislative Session

- No EUTF Board proposed bills.
- HB468 – eliminates Medicare Part B reimbursements for retiree spouses for new hires after 6/30/21.
- SB1087 – suspends Act 268 prefunding requirements for four additional fiscal years FY2022 – FY2025.
- SB675 – provides lifetime coverage for disabled dependents of retirees



Retiree Benefits and OPEB

EUTF Retiree Benefit

Employer Contribution

The employer contribution is based on the base monthly contribution or BMC (HRS 87A 33-36). The BMC increases at the same rate that Medicare Part B premiums increase.

Contribution Determination

The employer contributes a percentage of the BMC based on the hire date and years of service.

Medicare Part B Premium Reimbursement

The Medicare Part B premium reimbursement is not dependent on hire date, years of service and whether they are enrolled in plans. This represents 22% (or \$2.4 billion) and 27% of the State's OPEB liability and normal cost from the 7/1/20 actuarial valuation.

Retiree Benefits for Spouse

Spouses of employees hired after 6/30/01 may enroll in the EUTF retiree plans and receive Medicare Part B premium reimbursement.



Retiree Benefits and OPEB

EUTF Retiree Benefit

| Hire Date and Years of Service | Employer Contribution %age of BMC |
|--|-----------------------------------|
| 1) Hired prior to 7/1/96 | |
| < 10 years | 50% |
| 10 or more years | 100% |
| 2) 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) 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. | |



Retiree Benefits and OPEB

EUTF Retiree Benefit

| 2021 BMC and Premiums | Humana | Kaiser | HMSA | 100% BMC | 75% BMC | 50% BMC |
|--|--------|--------|-------|----------|---------|---------|
| <u>Medicare (including medical, Rx, dental and vision)</u> | | | | | | |
| Self | \$309 | \$502 | \$530 | \$742 | \$557 | \$371 |
| 2-Party | 604 | 979 | 1,033 | 1,488 | 1,116 | 744 |
| Family* | 873 | 1,428 | 1,509 | 2,167 | 1,625 | 1,084 |
| <u>Non-Medicare (including medical, Rx, dental and vision)</u> | | | | | | |
| Self | NA | \$797 | \$862 | \$1,042 | \$782 | \$521 |
| 2-Party | NA | 1,607 | 1,680 | 2,101 | 1,576 | 1,050 |
| Family | NA | 2,348 | 2,467 | 3,075 | 2,306 | 1,537 |

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



- Pay as you go versus annual required contribution (ARC)
- The ARC is comprised of the normal cost and amortization of the unfunded liability over a period of 30 years
- Act 268, SLH 2013 requires the employers to fully fund the ARC beginning in FY 18-19 (phase in began FY 14-15). Act 268 prefunding contributions are suspended for FY21 and there is a legislative bill to extend through FY25 (employers are required to fund the retiree premiums).
- As of 12/31/20, the OPEB Trust is at \$4.3 billion (up from \$3.6 billion at 12/31/19)

Key Actuarial Measurements July 1, 2020

| (\$ millions) | State of Hawaii | Honolulu w/ HART | County of Hawaii | County of Maui | County of Kauai | Kauai DOW | Honolulu BWS | Hawaii DWS |
|-------------------------------|-----------------|------------------|------------------|----------------|-----------------|-----------|--------------|------------|
| AAL | \$ 11,273 | \$ 2,465 | \$587 | \$593 | \$282 | \$19 | \$159 | \$35 |
| <u>AVA</u> | <u>2,371</u> | <u>726</u> | <u>214</u> | <u>311</u> | <u>151</u> | <u>11</u> | <u>93</u> | <u>21</u> |
| UAAL | \$ 8,902 | \$1,739 | \$373 | \$282 | \$131 | \$7 | \$66 | \$14 |
| Funded Ratio | | | | | | | | |
| 7/1/2017 | 8.6% | 16.6% | 24.4% | 39.3% | 40.1% | 49.0% | 49.0% | 46.9% |
| 7/1/2018 | 12.1% | 19.7% | 27.3% | 42.9% | 43.0% | 51.7% | 52.2% | 51.2% |
| 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% |
| ARC as a % of Payroll | | | | | | | | |
| FYE22 | 24.4% | 26.5% | 24.4% | 19.6% | 20.8% | 17.6% | 21.0% | 18.6% |
| FYE23 | 22.8% | 24.8% | 22.1% | 19.7% | 18.8% | 16.1% | 18.4% | 17.5% |
| Normal Cost as a % of Payroll | | | | | | | | |
| FYE23 | 7.0% | 6.6% | 7.1% | 7.0% | 7.1% | 6.8% | 6.3% | 7.2% |

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

Actuarial Results 7/1/20 – County of Maui Only

| (\$ millions) | July 1, 2019 | Expected July 1, 2020 | Actual July 1, 2020 | \$ Difference | % Difference |
|--------------------------------|--------------|--------------------------|------------------------|---------------|---------------|
| | (1) | (2) | (3) | (3) - (2) | (3) / (2) - 1 |
| 1. Actuarial Accrued Liability | \$593.0 | \$627.7 | \$593.4 | (\$34.3) | -5.5% |
| 2. Actuarial Value of Assets | \$272.8 | \$308.4 | \$311.4 | \$2.9 | 0.9% |
| 3. UAAL (1 - 2) | \$320.3 | \$319.2 | \$282.0 | (\$37.2) | -11.7% |
| 4. Funded Ratio (2 / 1) | 46.0% | 49.1% | 52.5% | | |
| For Fiscal Year | 2022 | 2023 | 2023 | | |
| 6. Required Contribution (ARC) | \$38.5 | \$39.7 | \$38.3 | (\$1.4) | -3.4% |

Projection of Funding Progress

| 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) = (g) - (i) |
| 2021 | \$ 181,724,000 | \$ 593,392,000 | \$ 311,362,000 | \$ 282,030,000 | 52.5% | \$ 36,984,000 | 20.4% | \$ 21,063,000 | 11.6% | \$ 15,921,000 |
| 2022 | 188,084,000 | 626,263,000 | 349,579,000 | 276,684,000 | 55.8% | 38,547,000 | 20.5% | 22,545,000 | 12.0% | 16,002,000 |
| 2023 | 194,667,000 | 660,360,000 | 390,553,000 | 269,807,000 | 59.1% | 38,344,000 | 19.7% | 24,578,000 | 12.6% | 13,766,000 |
| 2024 | 201,481,000 | 695,217,000 | 432,080,000 | 263,137,000 | 62.2% | 38,919,000 | 19.3% | 26,686,000 | 13.2% | 12,233,000 |
| 2025 | 208,532,000 | 730,592,000 | 474,927,000 | 255,665,000 | 65.0% | 39,503,000 | 18.9% | 28,901,000 | 13.9% | 10,602,000 |
| 2026 | 215,831,000 | 766,642,000 | 519,084,000 | 247,558,000 | 67.7% | 40,096,000 | 18.6% | 31,107,000 | 14.4% | 8,989,000 |
| 2027 | 223,385,000 | 803,462,000 | 564,661,000 | 238,801,000 | 70.3% | 40,971,000 | 18.3% | 33,530,000 | 15.0% | 7,441,000 |
| 2028 | 231,204,000 | 840,924,000 | 611,826,000 | 229,098,000 | 72.8% | 42,423,000 | 18.3% | 36,017,000 | 15.6% | 6,406,000 |
| 2029 | 239,296,000 | 879,059,000 | 661,220,000 | 217,839,000 | 75.2% | 44,003,000 | 18.4% | 38,671,000 | 16.2% | 5,332,000 |
| 2030 | 247,671,000 | 917,796,000 | 712,959,000 | 204,837,000 | 77.7% | 45,658,000 | 18.4% | 41,309,000 | 16.7% | 4,349,000 |
| 2031 | 256,340,000 | 957,236,000 | 767,299,000 | 189,937,000 | 80.2% | 47,389,000 | 18.5% | 43,937,000 | 17.1% | 3,452,000 |
| 2032 | 265,312,000 | 997,484,000 | 824,514,000 | 172,970,000 | 82.7% | 49,204,000 | 18.5% | 46,480,000 | 17.5% | 2,724,000 |
| 2033 | 274,597,000 | 1,038,734,000 | 884,978,000 | 153,756,000 | 85.2% | 51,106,000 | 18.6% | 49,136,000 | 17.9% | 1,970,000 |
| 2034 | 284,208,000 | 1,080,994,000 | 948,892,000 | 132,102,000 | 87.8% | 53,104,000 | 18.7% | 51,621,000 | 18.2% | 1,483,000 |
| 2035 | 294,156,000 | 1,124,573,000 | 1,016,775,000 | 107,798,000 | 90.4% | 55,195,000 | 18.8% | 53,862,000 | 18.3% | 1,333,000 |
| 2036 | 304,451,000 | 1,169,869,000 | 1,089,251,000 | 80,618,000 | 93.1% | 57,381,000 | 18.8% | 56,125,000 | 18.4% | 1,256,000 |
| 2037 | 315,107,000 | 1,217,038,000 | 1,166,717,000 | 50,321,000 | 95.9% | 59,665,000 | 18.9% | 58,532,000 | 18.6% | 1,133,000 |
| 2038 | 326,136,000 | 1,266,120,000 | 1,249,477,000 | 16,643,000 | 98.7% | 27,128,000 | 8.3% | 61,239,000 | 18.8% | (34,111,000) |
| 2039 | 337,550,000 | 1,316,995,000 | 1,301,571,000 | 15,424,000 | 98.8% | 28,375,000 | 8.4% | 64,057,000 | 19.0% | (35,682,000) |
| 2040 | 349,365,000 | 1,369,721,000 | 1,355,683,000 | 14,038,000 | 99.0% | 29,681,000 | 8.5% | 66,852,000 | 19.1% | (37,171,000) |
| 2041 | 361,592,000 | 1,424,506,000 | 1,412,039,000 | 12,467,000 | 99.1% | 30,126,000 | 8.3% | 69,659,000 | 19.3% | (39,533,000) |
| 2042 | 374,248,000 | 1,481,543,000 | 1,469,894,000 | 11,649,000 | 99.2% | 31,308,000 | 8.4% | 72,564,000 | 19.4% | (41,256,000) |
| 2043 | 387,347,000 | 1,540,942,000 | 1,530,014,000 | 10,928,000 | 99.3% | 32,735,000 | 8.5% | 75,655,000 | 19.5% | (42,920,000) |
| 2044 | 400,904,000 | 1,602,732,000 | 1,592,617,000 | 10,115,000 | 99.4% | 34,245,000 | 8.5% | 78,719,000 | 19.6% | (44,474,000) |
| 2045 | 414,936,000 | 1,667,182,000 | 1,657,991,000 | 9,191,000 | 99.4% | 35,832,000 | 8.6% | 81,833,000 | 19.7% | (46,001,000) |
| 2046 | 429,458,000 | 1,734,503,000 | 1,726,358,000 | 8,145,000 | 99.5% | 37,486,000 | 8.7% | 85,153,000 | 19.8% | (47,667,000) |
| 2047 | 444,489,000 | 1,804,748,000 | 1,797,783,000 | 6,965,000 | 99.6% | 39,548,000 | 8.9% | 88,526,000 | 19.9% | (48,978,000) |
| 2048 | 460,046,000 | 1,878,147,000 | 1,872,849,000 | 5,298,000 | 99.7% | 41,723,000 | 9.1% | 91,921,000 | 20.0% | (50,198,000) |
| 2049 | 476,148,000 | 1,954,970,000 | 1,951,903,000 | 3,067,000 | 99.8% | 42,349,000 | 8.9% | 95,409,000 | 20.0% | (53,060,000) |
| 2050 | 492,813,000 | 2,035,435,000 | 2,033,526,000 | 1,909,000 | 99.9% | 43,714,000 | 8.9% | 99,022,000 | 20.1% | (55,308,000) |
| 2051 | 510,062,000 | 2,119,752,000 | 2,118,532,000 | 1,220,000 | 99.9% | 45,682,000 | 9.0% | 102,755,000 | 20.1% | (57,073,000) |
| 2052 | 527,914,000 | 2,207,660,000 | 2,207,660,000 | 0 | 100.0% | 46,958,000 | 8.9% | 106,629,000 | 20.2% | (59,671,000) |
| 2053 | 546,391,000 | 2,300,334,000 | 2,300,334,000 | 0 | 100.0% | 49,126,000 | 9.0% | 110,717,000 | 20.3% | (61,591,000) |
| 2054 | 565,515,000 | 2,397,504,000 | 2,397,504,000 | 0 | 100.0% | 51,400,000 | 9.1% | 114,833,000 | 20.3% | (63,433,000) |

The projection includes liabilities for future employees.

The ARC is projected to equal the ARC without Limitation starting in FYE27



Retiree Benefits and OPEB

OPEB Assets – Investment Returns

| | | | |
|--------------------------|----------------------|-------------------|-----------------------|
| ■ Investment hurdle: | | 7.0% | |
| ■ Historical net returns | | EUTF (net) | Median (gross) |
| 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 |
| | 07/01/11 – 06/30/20: | 6.5 | 6.3 |
| | 07/01/11 – 12/31/20 | 7.6 | 7.7 |



Retiree Benefits and OPEB

OPEB Assets (Continued)

| Strategy | Investment Vehicle | 12/31/20 | LT Target |
|----------------------------|----------------------------|----------|-----------|
| Aggressive Growth | | | |
| Private Equity/Non-Core RE | Active partnerships | 5% | 12.5% |
| U.S. Microcap | Active separate accounts | 8 | 6 |
| Traditional Growth | | | |
| U.S. Equity | Passive commingled | 21 | 16 |
| Non-U.S. Equity | Passive commingled | 16 | 11.5 |
| U.S. REITS | Passive separate account | 2 | 0 |
| Stabilized Growth | | | |
| Global Options | Active separate accounts | 7 | 5 |
| Core Real Assets | Active partnerships | 8 | 10 |
| Private Credit | Active partnerships | 3 | 8 |
| Diversifying | | | |
| Core Fixed Income | Passive commingled | 1 | 0 |
| TIPS | Active commingled | 5 | 5 |
| U.S. Treasuries | Passive separate | 6 | 6 |
| Alternative Risk Premia | Active separate accounts | 5 | 5 |
| Trend Following | Active separate/commingled | 9 | 10 |
| Reinsurance | Active separate | 4 | 5 |



1. Enrollment audits
2. Favorable pricing from service providers and adherence to the contracts
3. Reducing the health benefits claims trend
4. Cost shifting from the employers to the retirees
 - Shifting more premiums to the retirees
 - Shifting more out-of-pocket costs to the retiree



1

Completed and ongoing projects over the last 18 months

- Adult disabled children (actives) – estimated annual savings of \$26,000 (10 terminations) – recurring every seven years)
- Unreported divorces (actives and retirees) –\$289,000 (77) – recurring monthly
- Domestic partner recertification (active and retirees) –\$632,000 (187) – recurring every other year
- Surviving spouse remarriage –\$93,000 (25) – recurring every other month
- Single and two party plans (actives and retirees) – \$21,000 (14) – recurring annually
- Medicare Savings Program (retirees) - \$45,000 (36) – recurring monthly
- Death validation – monthly



2

Future Audits

- Verification of employee and retiree eligibility
- Certification of dependents (actives and retirees)



1. Price inflation

- HMSA payment transformation

2. Utilization

- Education on how to use the benefits – e.g. mail order and generic drug, emergency room utilization and advance care planning.
- Plan design – incentives, addition of annual physical examination benefit at 100%, and advance care planning
- Prescription drug programs
- Disease management programs
- Wellness programs



1. Over the years the legislature has reduced the benefits for new employees, most recently for new hires after 6/30/01.
 - Tier 1 (pre 7/1/96) retirees to Tier 2 (7/1/96 – 6/30/01) retirees was a 24% reduction in benefits.
 - Tier 2 retirees to Tier 3 (7/1/01 and later) was a 29% reduction in benefits.
 - Tier 3 normal cost is approximately 7% of payroll with a longer term rate of 10% of payroll.
2. The BMC serves as a cap on the employer contributions for retiree premiums and has the potential to serve as a cap on the carriers premiums. The BMC increases with Medicare Part B premiums. However, the cap was increased by the legislature effective 1/1/14.
3. Termination of spousal Medicare Part B premium reimbursements for new hires



- Dannenberg lawsuit – Hawaii Supreme Court ruled that accrued retiree health benefits are protected by the State Constitution
- Recent changes to enhance retiree benefits – colonoscopy screenings for non-Medicare HMSA retirees, increase in the retiree dental maximum and annual physical examinations for HMSA retirees.
- New plan design for new hires

MAHALO



BFED Committee

From: Mizuno, Derek M <derek.m.mizuno@hawaii.gov>
Sent: Wednesday, March 24, 2021 10:01 AM
To: BFED Committee
Cc: Lesley J. Milner
Subject: RE: PLEASE READ attached letter re: PROPOSED FISCAL YEAR 2022 BUDGET FOR THE COUNTY OF MAUI (BFED-1). . .
Attachments: 2021 EUTF informaiton for Maui County Council.pdf

As requested.

Derek Mizuno
EUTF
(808)586-1681

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Customer service survey: <https://www.surveymonkey.com/r/WY8F7BG>

From: BFED Committee <BFED.Committee@mauicounty.us>
Sent: Wednesday, March 24, 2021 8:58 AM
To: Mizuno, Derek M <derek.m.mizuno@hawaii.gov>
Cc: BFED Committee <BFED.Committee@mauicounty.us>
Subject: [EXTERNAL] PLEASE READ attached letter re: PROPOSED FISCAL YEAR 2022 BUDGET FOR THE COUNTY OF MAUI (BFED-1). . .

Mr. Mizuno: Please refer to the attached letter from the Budget, Finance, and Economic Development (BFED) Committee Chair, dated March 24, 2021.

Thank you,
Yvette Bouthillier, Secretary
BFED Committee