

**Everett School Employees Benefit Trust**  
**September 21, 2009**  
**Minutes**

**Attendance**

Molly Ringo  
Mike Gunn  
John Morrill  
Susan Lindsey  
David Jones

**Absent**

Betsy Selders

**Also Attending**

Darla Van Duren  
Randi Seaberg  
Arlene Vollema-Rich  
Rene Boswell  
Gail Buquicchio  
Sean White

**Recorder**

Kellee Newcomb

**1. Call to Order**

The meeting was called to order by Molly Ringo at 4:01 p.m.

**2. Adoption of Agenda**

A motion was made by Mike Gunn and seconded by David Jones to approve the agenda as written. The motion passed unanimously.

**3. Approval of Minutes**

A motion was made by David Jones and seconded by Mike Gunn to approve the minutes from the August 17, 2009 and August 24, 2009 meetings as written. The motions passed unanimously.

**4. Financial Report**

Darla distributed a financial report for August 2009. The fund balance for the month increased to \$112,031 resulting in an overall increase for the fiscal year of \$158,471. The overall assets for this fiscal year total \$14,595,933 compared to \$12,622,396 a year ago. Due to the change in banks there was no activity in CDs, mortgages and bonds for the month of August. As is normal practice, bank fees were assessed and paid in the amount of \$95.00 to Morgan Stanley/Smith Barney as a result of the transfer of assets to Union Bank. HMA claims were \$82,586 more this August compared to August 2008. Overall, this year's claims are \$138,823 less than a year ago. ESI claims are \$21,418 less this August compared to August 2008. Overall, this is \$31,931 more than in 2008.

**Draft Audit Report**

Darla provided a draft copy of the auditors report and financial statement, and reported that the audit has been reviewed by Toyer and Associates. There were no changes this year. Darla asked the Trustees if they would like to add the new vendors to the document in the section listing the benefits the Trust offers. After discussion, the group decided to include the Employee Wellness Program in the description of benefits. A motion was made by John Morrill and seconded by Susan Lindsey to approve the audit with the update listing the Employee Wellness Program. The motion passed unanimously.



### Banking Update

Darla reported that all of the money and investments were moved from Morgan Stanley/Smith Barney to Union Bank at the end of August. A checking account for the Trust is not available at this time. As a result, Union Bank has been writing checks for the Trust as needed. Funds have been wired to pay HMA and ESI. A separate account is being created with Union Bank that would allow access to a check book. This account would be similar to what was used with Morgan Stanley/Smith Barney. As per usual, the language for this account has been reviewed by Howard Bye of Stoel Rives. Darla provided a document for the Trustees' signatures.

Darla reported that Becker and Associates are extremely anxious to begin investing and have begun the process of restructuring to begin buying and selling on the Trustees' behalf. At the Trustees request, Darla will contact Becker and Associates to determine when they might be available to provide a report to the Trust.

## **5. Wellness**

### Wellness Program Webpage

Gail demonstrated how to access the Wellness Program web page on the District's website. Staff will now have online access to *The Hope Health Letter* and be able to sign up for a variety of fitness, weight, wellness and stress management classes. Additional services available include links to information about the 24-Hour Nurse Line, Carena Urgent Care Services, Counseling Services and the Free & Clear Smoking Cessation Program. She is also collaborating with the Everett Parks Department regarding offering their programs to district staff.

### Flu Vaccine Proposal

Gail provided information on a proposal for providing annual flu shots for district staff. She clarified that this would be the seasonal flu vaccine, not the H1N1 vaccine. The proposal offered five different subsidy options for the Trustees to consider, and information about what other districts and companies provide for their employees. Sean commented that from a savings standpoint, studies show that offering to subsidize employee flu shots is a positive move for a business. The school district would benefit from the continuous productivity if staff members were not out sick with the flu. The group discussed the options and agreed unanimously to select Option A (Cover total cost of the vaccine @ \$25 per person for up to 500 participants—employees only). The estimated cost to the Trust is \$12,500.

### The Wellness Challenge

Gail provided a sample letter of introduction regarding the Wellness Challenge which begins in January 2010. The letter will be provided to staff members in late October. Gail will follow up with visits to staff at schools/buildings. The group suggested some revisions to the letter and asked that it be printed on letterhead with the Trustees names listed. Another suggestion was to emphasize that this will not affect 2010 rates. Gail has had initial conversations with Jeff Moore and Gayla Jenner regarding providing the cash incentives for the program. She will revise the letter and provide a draft to the Trustees for review before sending it out to staff.



**6. Free and Clear Recommendation**

At a previous meeting the Trustees asked Randi to inquire whether Free & Clear would offer their services to dependents under the age of 18. She reported that she received confirmation that they do not provide coverage for dependents under the age of 18.

She stated that at this time the number of participants in the program has not changed. The no co-pay benefit will be advertised as part of the open enrollment conversations with staff. The group discussed the possibility of removing the co-pay as soon as possible to encourage staff to take advantage of the program sooner. Randi will work with Free & Clear to see how soon that can be accomplished.

**7. Consultant Report**

Sean provided Paid Claims Experience Reports for the Trustees review. The report provided information on self-insured medical claim activity (including prescriptions) for the first eight months of the 2009 plan year. \$6,821,166 is the total recommended plan funding for the three PPO plans intended to cover administrative fees, stop-loss premiums, medical, vision and prescription drug claims and any recommended adjustment to the IBNR. Sean reported the plan continues to perform well in spite of the economic downturn with low claims in July and increasing claims in August. They will continue to monitor this closely. On a per employee per month basis, claims costs have increased 13.92% from \$657.94 in 2008 to \$749.52 in 2009 while the average number of employees has been steady. Also provided was a Cumulative Medical Claim Liability Report. The report provided information regarding the Trust's total estimated medical claim liability for the 2009 policy year.

Sean reported that Mercer has received and reviewed HMA's medical plan change recommendations for 2010. They are working with HMA to finalize some detailed benefit language to be included. A number of recommendations were discussed.

- **Federal Mental Health and Substance Abuse Parity Reimbursements**

Based on past Trust actions, Mercer has elected to follow the federal requirements and have assumed compliance with the federal MHSA parity requirements. Sean noted that the Trust does have the option of "opting out" of the federal requirement and explained the steps needed to do this. There was no discussion at this time regarding this option.

- **Prescription Drugs and Medical Lifetime Maximums**

HMA's recommended changes explicitly list prescription drug expenses as applying to the lifetime maximum. For the stop loss, Sun Life applies the combined medical and prescription claims to the specific lifetime maximum. For this reason, Mercer recommended that the Trust accept the change. After discussion, the Trustees unanimously agreed to accept the change.



- Transplants

The current plan includes a lifetime maximum of \$225,000. HMA recommended an increase to \$350,000 which follows recently passed Washington State legislation. Sean noted that on the fully insured Group Health and PacifiCare plans, the increase on the minimum level of transplant maximum allowed will apply. The Trustees unanimously agreed to accept the change. Regarding transplant related transportation expenses, HMA recommended listing the common coinsurance level at the current in-network percentage for this benefit. Sean stated this is not a change, just a clarification.

- Home Health

HMA recommended clarification that a Master of Social Work (MSW) be covered under the Home Health benefit. Sean stated this is not a change, just a clarification.

- Medicare Coverage of End-Stage Renal Disease (ESRD)

HMA recommend clarification for members undergoing treatment for ESRD, in a case where the provider accepts Medicare's reimbursement schedule, the eligible expenses under the Trust plan will be the lesser of what would be covered under Medicare or what would have been ordinarily covered under the Trust plan. This is a clarification in the SPD, not a change in administration or benefit.

- Surrogacy Arrangements

HMA reports an increased interest from clients in protecting against cost exposure to pregnancy under surrogacy arrangements. The proposed language would require that the surrogate be required to reimburse the plan for pregnancy-related expenses if the participant receives compensation or reimbursement as a part of the surrogacy arrangement. The Trustees unanimously agreed to accept the change.

- New SPDs

HMA presented three options for the SPD. After discussion, the Trustees agreed to choose option 1 (complete rewrite for a cost of \$1,000 and an additional \$250 for additional SPDs if necessary.) Sean will contact HMA to determine how quickly this can be completed.

- Disease Management Follow-Up

At a previous meeting, the Trustees expressed concerns about the Disease Management option, including cost and the lack of clear data to support the program. At the Trustee's request, Sean contacted HMA to relay their concerns. He reported that at this time, HMA will not be changing their fee structure. Based on this information, the Trustees unanimously agreed not to introduce this option to the Wellness Program.



- Proposed contribution structure for 2010 Follow-Up

At a previous meeting, the Trustees agreed to delay a decision on this proposal until the teacher's contract negotiations were settled. They also asked Sean to present some different scenarios with variations of percentages to see how the projections might change. Sean provided this information with a variety of options to consider. The group discussed the information provided. Mike Gunn expressed concern about the language in the recently negotiated contract and how there is a perception about holding employee contribution rates unchanged. Over time costs will increase and this hold will not be sustainable if district contributions are not available. John Morrill commented that this was done in order to have the district's contribution have a direct, identifiable effect to reduce employee's contribution rates. It was only meant to be a one-year solution and was not intended to be sustainable. Susan Lindsey agreed.

John Morrill made a motion that based on the district's contribution of \$200,000 employee rates for the 2010 school year would remain the same as the 2009 school year. Susan Lindsey seconded the motion. Mike Gunn commented that this arrangement made him feel uncomfortable because it felt like an outside political process was being used to influence the Trust's operations. He felt this really discounted the good work that the Trust has been doing. He also expressed concern about whether the Trust could sustain this approach as decisions are made about issues like increasing employee benefits and enhancing participation in the Wellness Program through incentives. John responded that there have been district contributions before with direct impact. He felt this was no different than in past years. Mike stated that he agreed with John's motion because it doesn't make sense to do otherwise at this point, but that it just didn't feel good to him. John commented that it is a product of the Trust operations in the sense that the association bargained with the district for the pool. There is no direct correlation to what it did. The dollar amount has a direct impact in other districts...that is not the case here. The decision is still on behalf of the employees of the district.

Molly Ringo restated the motion in support of continuation of the current rate structure for the 2010 school year. All Trustees were in favor and the motion passed unanimously.

- Stop-Loss insurance review

This item will be reviewed at the next meeting.

- Fourth quarter investment report

This item will be addressed at a future meeting.

**8. Approve Annual Budget**

This item will be addressed at the October meeting.

**9. Open Enrollment**

Randi reported the only major change this year will be not providing large posters. The plan is to use more electronic communication options in an attempt to be more environmentally friendly. Communication will be provided via the Human Resources Monthly Update, Newslinks and the Communication to Principals packet. Employees can also choose to make changes to some benefit options using the Employee Online system.

**10. Trust Meeting Calendar**

Now that a school calendar has been established, a decision was made on the tentative dates for the 2009-2010 Trust meetings. The dates for all meetings are the same with the exception of December, January, February and March. The Trustees agreed on the following:

December 7, 2009  
January 11, 2010  
February 8, 2010  
March 15, 2010

An updated calendar will be provided at the next meeting.

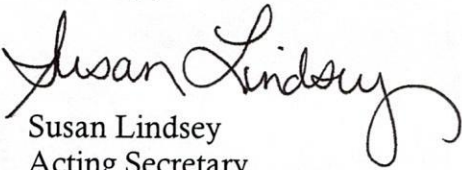
**11. Other**

- Mike Gunn will be absent for the October meeting.
- Molly noted that Gail recently provided a nice presentation to the Board of Directors on the Wellness Program.

**12. Adjournment**

The meeting was adjourned at 5:32 p.m.

Sincerely,

  
Susan Lindsey  
Acting Secretary

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