

Everett School Employee Benefit Trust
Minutes of June 12 2006
Board Room
3:30 p.m.

Attendance

Trustees

Molly Ringo
Sue McCann
John Morrill
Kay Nickel
Betsy Selders
Kay Nickel
Mike Gunn

Also Attending

Randi Seaberg
Darla Van Duren
Sean White

Recorder

Susan Sacha

I. Call to Order:

The meeting was called to order by Molly Ringo at 3:40 p.m. Molly introduced Carol Stoltz, the new Director of Employment for HR, who observed the meeting. Carol is replacing Steve Katz who is retiring.

II. Adoption of Agenda

The agenda was adopted as written.

III. Approval of Minutes

The minutes from the May 15th meeting were adopted as revised.

IV. Financial Report

Darla distributed the May financials and reviewed with trustees. Her comments included:

- ✓ Increase of \$58,662 in the fund balance for the month with an overall increase for the year of \$1,555,525.
- ✓ One CD matured for a total of \$45,000 with an interest rate of 4.55. With the maturing CDs Curt is purchasing more CDs to keep the cash below \$1 million. He is also starting to fill in the 2009-2010 ladder.
- ✓ Purchased three CD's for a total of \$285,000 with interest rates of 5.269, 5.256 and 5.37.
- ✓ No payment was made to Symetra this month.
- ✓ HMA claims were less for the month than a year ago. Overall there has been an increase of \$502,984 for the year.
- ✓ The trust is in a little better position than a year ago with an overall increase in the fund balance from July 2005 of \$1,555,535 compared with a year ago at \$1,337,776. Overall the fund balance is \$5,927,480 compared to \$4,452,994 a year ago. The overall assets total \$7,084,480 compared to \$5,378,794 last year.

Molly asked if the financials could be sent to the trustees ahead of the meetings. Darla said she would be able to provide them prior to the trust meetings. A motion was made seconded and passed to approve the May Financial Report.

V. Auditor's Proposal

Darla provided audit proposals from Moss Adams and Toyer & Associates. She said that Hascal Sjöholm declined to quote due to a recent turnover in staff who were not familiar enough with this type of quote. The quote from Moss Adams was \$10,000 for a limited scope audit with a full audit costing between \$15,000 and \$17,500. Toyer & Associates' quote was much lower at \$5,295 for a limited scope and \$6,495 for a full audit. Darla said Toyer is a local company that has been in business for 29 years. She recommended using them for a full audit. Discussion followed. Mike recommended that Darla do some follow-up reference checks. A special trust meeting will be held on Friday, June 23rd at 8:00 am in the Facilities & Planning conference room to review the reference checks and make a decision on which company to use for the audit.

VI. Consultant's Report

- Paid Claims Experience.

Sean reported on the self-insured medical claim activity for the first four months of the 2006 plan year including prescriptions. He said claim costs increased modestly at 4.1%. Monthly claim costs per employee increased by 8.7% which is on the low end of Mercer trend benchmarks for PPO plans.

- Stop-loss Insurance

Sean provided the renewal offer from Symetra along with Mercer's summary. He said that the cost of the renewal was a 16.1% increase over the current plan which in general is towards the low end of other stop loss renewals in the market place. Sean said that Mercer was recommending the renewal but suggested remarketing the coverage next year. A motion was made, seconded and approved to renew the plan with Symetra.

- Optional Approaches to Explore Alternative Pharmacy Vendors

In response to the trust's request for various options to explore alternative pharmacy vendors Sean presented three. Option 1: full marketing (Mercer's fee \$25,000), Option 2: limited scope marketing (Mercer's fee \$20,000) and Option 3 explore Mercer's PBM Qualified Vendor Program (Mercer's fee \$10,000 – includes offsetting commission fees). Sean recommended the PBM Qualified Vendor Program. He said Mercer receives commissions as part of the arrangement with the PBM vendors and that they will credit all commissions against the consulting fees billed to the trust. Discussion followed. A motion was made, seconded and passed to accept Option 3: exploring Mercer's PBM Qualified Vendor Program. Sean requested time on an upcoming agenda to bring Mercer's pharmacy specialist in to present in depth information regarding the program. The item will be added to the agenda.

- Mercer Scope and Services/Fee Renewal

Sean presented information for Mercer's scope of services and fees for the upcoming year. He said there would be a 3% increase in cost which would be offset by any

commissions they receive. For special projects, Mercer will provide a separate project work engagement letter defining the scope and fees. After discussion Molly asked Sean to provide additional details regarding the information provided on Attachment A. This item will be added to the June agenda. Darla will provide the trustees with Mercer's costs for the year.

VII. Total Health Management

Randi reported that the survey incentive period ended on May 31st. She said there was a little difficulty accessing the survey towards the end of the month. Most likely this was probably due to the fact that the incentive period was ending and a large number of staff may have been trying to get on the system. All and all Randi felt the process went well. She said there were four survey winners and they received Mariner or symphony tickets. Randi will report on how many staff members participated in the survey at the August meeting. To date, 28 people were identified for outreach disease management. The outreach will start in the fall beginning with a letter to employees. Information will also be shared with all new employees during their benefit orientation.

VIII. Employee Assistance Program

Randi provided information on how many employees use the EAP program and what services it provides. She said 10-15 employees used the services per quarter at a cost of \$1.19 per employee. Staff on long term disability are not on standard insurance but are covered at a cost of about \$252 per month. Randi will provide EAP quarterly reports to the trustees.

IX. Unused Flex Plan Dollars

Randi provided flexible spending account information which gave a breakdown on the use of the program. 166 employees are currently enrolled in health care and 31 in dependent care. Of those on health care 18 employees failed to claim money and three went over the amount contributed. In addition, 2 employees failed to claim dependent care.

X. Benefit Coverage for Unpaid Medical Leave

Randi distributed a list and cost of those employees on unpaid leave with district paid medical premiums. Molly said that half of the employees would not be returning to work. This plan is pre-cobra and John felt it was a Trust policy. Discussion was held about discontinuing the current policy. Concern was expressed about how much time before the coverage would be discontinued. It was suggested ending the practice January 1 or grandfathering those that have already been notified they have 12 months. Molly will work with Melanie Curtice on a new policy and then bring it to the June 23rd meeting.

XI. Investment Reports

- Quarterly Investment Report

Curt is making more investments to reduce cash to under \$1 million.

- Annual Investment Report

This will be added to September on the annual calendar.

XII. Establish Trust Meeting Schedule for Upcoming Fiscal Year

A draft of the 2006-07 meeting scheduled was distributed and approved. "Consultants attending" will be added to the August 20, 2007 meeting.

XIII. Rotation of Trust Officers

The 2006-07 chairperson will be Kay Nickel and the secretary will be Mike Gunn.

XIV. Annual Calendar

The annual calendar was reviewed and revised.

XV. Other

- Bird Flu

A question was asked about whether there was a policy established for Bird Flu. Jim McNally is working on a policy in conjunction with the Snohomish County Health Department.

- August 21st meeting time

The August 21st meeting will be held from 8:00 am to noon in the boardroom.

XVI. Executive Session

Non-trustees were excused from the meeting so that an executive session could be held

XVII. Adjournment

The meeting was adjourned at 6:25 pm.

Sincerely,

Betsy Selders
Secretary