

Everett School Employees Benefit Trust
Minutes of February 26, 2007
Board Room
3:30 pm

Attendance

Kay Nickel
Molly Ringo
Sue McCann
Mike Gunn

Also Attending

Darla Van Duren
Sean White

Recorder

Susan Sacha

Absent

Betsy Selders

I. Call to Order

Kay Nickel called the meeting to order at 3:35 pm.

II. Adoption of Agenda

The agenda was adopted as presented.

III. Approval of Minutes

The minutes from the January 22, 2007 meeting were approved as written.

IV. Financial Report

Darla presented the January financial. She reported that the fund balance decreased by \$109,625 for the month but the balance was still an increase of \$706,042 for the year. Two CD's matured in the amount of \$15,000 and \$95,000 and two CD's were purchased one for \$50,000 and one in the amount of \$95,000. The new CDs will mature in January and February 2010. The trust consultants invoicing is still in a credit position and the December services were offset by commissions resulting in a credit balance of \$(19,288). HMA claims were high this month because of the December extra run-out claims. An extra payment of \$448,577 was paid for December 29th claims. Darla noted that the ESI is now shown on the financials. She said that costs were not excessive with NMHC claims being reduced. The comparison between HMA and NMHC claims combined are \$219,000 more compared to a year ago. For the month of February the claims have realigned back to normal. The comparison for the year shows the fund balance this month at \$6,847,590 compared to \$5,399,615 a year ago. Overall assets for this fiscal year total \$8,011,590 compared to \$6,556,615 a year ago.

Darla spoke with the Office of Financial Management about the Trust's reserves regarding questions from the last Trust meeting. IBNR reserves should be equal to eight weeks worth of total expenses. The Trust's reserves are basically equal to six months, so we are a good four months more than they are recommending. According to their recommendation, our IBNR reserves are a little low, but our assets are six months out. The Office of Financial Management thinks the trust is very stable and they have no concerns. Right now our revenue is going up and expenses are going down, but we need to consider that things may change in the future and having the extra revenue is a good cushion.

V. Review Previous Years Medical Claim Data

Sean reviewed the Paid Claims Experience report with the trustees. Costs for the year as a whole were up 2.5% from the prior year with total plan costs up 7.4%. There was a surplus of \$423,905 for the year and claims were 4% lower than expected. Sean said that all and all the plan performed well against budget and the projections are still appropriate. He said that trends are in line with the market and that the extra 4% added to the surplus is good.

VI. IBNR Mid-Year Review

Sean said the mid-year review was delivered last year in April and he suggested continuing that time frame. He said the purpose of the mid-year review was to reassess six months forward on the IBNR and giving a couple more months of run-out would increase the accuracy. Darla pointed out that the reason for looking at this now was that if the trust was out of alignment an adjustment could be made to the IBNR Reserves on the Financials. That was the reasoning when Tom suggested this years ago. Sean and Darla will talk about this to decide what is best. Darla thinks because of the time frame this year we will be at fiscal year-end but that it should remain on the January calendar for next year then adjustments could be made for February if necessary

VII. Review of Annual Calendar

The Annual Calendar was reviewed and no changes were made.

VIII. Other

A motion was made, seconded and approved to cancel the March 19th trust meeting. The next meeting is scheduled for April 16th.

IX. Adjournment

The meeting was adjourned at 4:10 pm.

Sincerely,

Mike Gunn
Secretary

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