

Everett School Employees Benefit Trust
August 11, 2008
Board Room
1:00 pm

Attendance

Mike Gunn
John Morrill
Wayne Kettler
Susan Lindsey
Molly Ringo
Betsy Selders

Also Attending

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

Recorder

Susan Sacha

1. Call to Order

The meeting was called to order by Betsy Selders at 1:00 pm

2. Adoption of Agenda

The order of the agenda was revised and approved.

3. Approval of Minutes

The minutes from the June 16th meeting were corrected and approved.

4. Financial Report

Darla Van Duren reported on the June financials.

5. Trust audit by independent auditor

Darla distributed the independent auditor's report from Toyer and Associates (draft). As of June 30, 2008, the excess of net assets available for benefits over benefit obligations was \$11,506,467. The only change in the notes to the financial statement was the elimination of flexible spending.

6. Quarterly EAP Report

Randi Seaberg reported that during the last quarter (April through June) there were ten employees who used the EAP program. Services utilized included clinical (counseling) and legal. One employee was referred outside the program and one employee dropped out of the program.

7. Consultant presents proposed plan renewals and rates for upcoming fiscal year to the trustees

- Health & Welfare Trust Investment Education Session

Tom Pursley provided information in response to the trustee's interest in securing an independent investment consultant to provide investment education services. The session would include a high level review of the investment guidelines of

the Trust, provide the trustees with an overview of the their pool of assets from a return as well as risk standpoint, and examine the investment expenses being paid to Smith Barney. Costs for this service would be \$5,750. If approved, Mercer will send a formal engagement letter. After discussion a motion was made and seconded to engage Mercer to prepare the education presentation. The motion passed.

2009 Plan renewal and rates

Sean distributed the consultant report and a handout to the trustees to use as a frame for the discussion. Mike felt the format in the handout was good and could be used to show all of the benefits. The consultant's report provided information on the health and welfare benefit plans currently offered to staff, summaries of key renewal issues and the financial impact on the renewal recommendations provide by each of the current carriers. The key issues included the following:

- Self-Funded Programs
 - Combined overall projected funding increase for the PPO plans is 0.5% for 2009 including margin for claims fluctuation of 3%.
 - Mercer is recommending no change in funding rates for the self-funded plans in 2009.
 - Included in the above increase is a proposed fee increase of 3.9% for HMA and an assumed increase in stop-loss fees of 30%.
- Insured Programs:
 - Group Health has proposed a 3.97% decrease for the HMO plan.
 - PacifiCare proposed a 5% increase but, through negotiations reduced it to 3%.
 - The premium for the WDS plan through WEA will not change effective October 21, 2008.
 - The premium for the Willamette plan through WEA will increase 5.4% effective October 1, 2008.
 - MetLife rates are guaranteed through December 31, 2010.
 - Standard initially proposed an 8.5% increase on the LTD plan and a 3% increase on the STD plan. Through negotiations, the LTD increase was reduced to 4% with LTD and STD rates guaranteed for two years. Mercer recommends acceptance of these proposals. No change in the EAP fee and no changes in Long Term Care rates.
 - The UNUM LTC rates will not change for 2009.

- Self-Insured Plan Renewals
 - The renewal offer from HMA proposed a 3.9% increase (\$24.50 to \$25.45 per employee) which is low. Fee costs from other administrators in the market range between \$45 and \$50 or more.
- Stop-Loss
 - The stop-loss insurance is an 18 month contract and renews January 1, 2009. Mercer has not yet received a renewal from Sun Life and have assumed an increase of 30% in their financial projection. The percentage increase in fees for 2009 would be 3.9%.
- Total Health Management
 - Fee increased by 6.3%.

Additional Optional Changes for Consideration

- Alternative Care (acupuncture, naturopathy) is not covered on the PPO plans administered by HMA. The estimated annual cost impact to add this coverage is \$50,000.
- Mammograms and prostate exams under PPO II and III are subject to the deductible and coinsurance. The estimate to cover one exam per member per year at 100% is about \$25,000 annually.
- The cost increase to align the chemical dependency benefit with the state mandate for insured plans is \$50,000 annually.

Reserve Analysis

The Trust's liability for incurred but not paid (IBNR) claims is re-determined each year. In total, the revised liability estimate as of 12/31/08 increased 2%.

Tom indicated that the current level of unallocated reserves was approximately equal to six months of projected expenses. This reserve is generally considered adequate to provide year to year financial stability, precluding the need to budget for a surplus in 2009.

Part-Time Employee Contributions

Mercer revisited the methodology used for part-time employee contributions so that the Trustees could determine whether modifications were desirable at this time.

Wellness Programs

- Tobacco Cessation program (Free & Clear proposal) – The estimated total annual cost for employee-only coverage is \$9,000 to \$50,000 and \$13,000 to \$69,000 if spouses participate.

- Behavioral Health (Magellan proposal) – The estimated annual costs ranges from \$21,000 to \$54,000 which is a 10% increase over the EAP services through Standard.
- Health Advocacy – Total estimated cost would be \$38,000 for Care Counsel and \$28,000 for Health Advocates.
- Weight Management (Sound Health Solutions proposal)– Programs targeted toward obese members range between \$82,000 - \$247,00 for a 12-week program to \$183,000-\$549,000 for a 52-week program. For employees desiring to lose a modest amount of weight the Trust is pursuing a program through Weight Watchers at Work independent of Mercer.
- Home Care (Carena proposal)– The program fee is \$450 per visit. The medical professional fee is in addition and will vary based on the specific medical care provided by the physician.
- Disease Management – no proposal.
- Health Risk Assessment and Lifestyle Coaching (Health Fitness, Mayo and Staywell proposals) – Health Fitness estimated annual program cost is \$158,000 based on 60% HRA participation. Mayo costs would be close to Health Fitness dependent on actual levels of program participation and Staywell costs would be around \$107,000 assuming approximately 2,200 adult employee and spouse members participated.
- Web Portal Administration (Health Force Partners proposal) – estimated annual cost for this program is approximately \$69,000 excluding the HRA component and \$78,000 including the HRA component.

Decision Parking Lot items

- Group Health – Expand network to include Everett Clinic & Virginia Mason under Group Health Options contract. **Taken off table**
- Coverage for dependent children to age 25 **Yes**
- Acupuncture and naturopathy **Keep on list**
- Mammogram & Prostate Exams **Keep on list**
- Chemical dependency **Keep on list**
- Contribution **Keep on list**
- Massage therapy **Sean will bring cost information to the August 25th meeting.**

Wish Lists

- Mike would like to see a reduction for part-timers

8. Wellness

Gail Buquicchio presented a Power Point presentation of her proposed plans for the Employee Wellness Program. Her benchmarks included capturing CEO support; creating a cohesive wellness team; collecting data to drive health efforts; crafting an operating plan; choosing appropriate interventions; creating a supportive environment and carefully evaluating outcomes. The total budget for 2008-09 is \$209,600 which amounts to approximately \$116.00 per employee. Finalization of the plan will occur at the August 25th meeting.

9. Review of Annual Calendar

No changes.

10. Other

The minutes of the June 16th executive session were approved.

11. Adjournment

Meeting was adjourned at 5:10 pm.

Sincerely,

Molly Ringo
Secretary

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