

Everett School Employees Benefit Trust
Wednesday, April 17, 2013
Minutes

Attendance

Gregg Elder

Mike Gunn

David Jones

Jared Kink

Susan Lindsey

Molly Ringo

Absent

Also Attending

Liz Abersold

Chris Bosket

Gail Buquicchio

Melanie Curtice

Jayson Davidson

Jay Dyer

Aanya Lee

Keene Satchwell

Randi Seaberg

Darla Vanduren

Arlene Vollema-Rich

Sean White

Recorder

Kellee Newcomb

Call to Order

The meeting was called to order by Susan Lindsey at 4:03 p.m.

Adoption of Agenda

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

Randi introduced Chris Bosket who replaced retiring staff member Rene Boswell. Chris worked for the Finance department and also has past work experience with Premera. The Trustees welcomed Chris.

Approval of Minutes

A motion was made by Jared Kink and seconded by Mike Gunn to approve the minutes from the January 16, 2013 meeting as written. The motion passed unanimously.

Health Care Exchanges

Melanie noted that she is on the governing board of the Washington insurance exchanges and will only provide information that is open to the public. She said the insurance exchanges are now being referred to as insurance marketplaces and only 18 states are implementing them. October 1, 2013 through February 28, 2014 is open enrollment for the exchanges. She said there is a considerable amount of information coming this summer that the Trust and district will need to discuss how best to communicate to staff. Melanie estimated a 50% increase in employee questions regarding insurance exchanges. She said people often think of exchanges like Travelocity but they are much more difficult and complicated. Melanie reviewed the information with the group.

The Trustees discussed how best to proceed with a communications plan. Employers must provide a notice to employees that the exchanges are coming. The group discussed bringing other district administrators or EEA leaders together to discuss providing support for benefit staff. Sean said he met recently with the human resources team regarding specific issues of concern for K-12 organizations. He suggested beginning with the human resources team to gather recommendations and then bring those to the district and EEA leadership.

Financials

Monthly Financials

Darla previously provided the January and February financials electronically to the Trustees. She reviewed the highlights with the group. Things to note were run out claims have been completed by HMA and ESI and the Trust is no longer offsetting the IBNR liability set aside for HMA and ESI claims.

Fiduciary Liability Insurance Update

Darla reminded the group that in January she was working to renew the fiduciary liability insurance with Marsh. Because they had a new platform, Darla was waiting for them to provide more information before renewing. The Trust was given a 60-day extension but as of April 1 the insurance was paid for the year. Darla said if the Trustees did not want to continue with Marsh, she can begin the process of shopping for another carrier. She is still working with Marsh but they have not yet been able to get the information needed from Chub. Howard has been reviewing the documentation and Sean will also provide assistance. Darla will bring the information to the Trustees once it is completed. Marsh is assessing a 10 % penalty but Darla is working with them to eliminate the penalty because of the delay in getting the needed documentation. The Trustees thanked Darla for her work.

Investment Manager Presentation

Jayson shared that the founder of Becker Capital Management retired at end of year and that the remaining employees are now the owners. A letter regarding this change was mailed to Darla's attention. Jayson said it has been business as usual and that the Hyas Group is supportive of the employee ownership.

Keene shared the good news that the Trust's portfolio outperformed the benchmark. However, the bad news is the benchmark is low. He reviewed the information with the group. The Trust's cash requirements have been less which has allowed for a buildup. Recent purchases will mature in 2015. Becker is being cautious now because there is a dip projected in cash balances in early 2015 which they will continue to watch. They are putting the cash to work by buying CDs but are staying under the \$250,000 limit. David asked about targeted cash accumulation and whether Becker needs direction from the Trustees. Becker is good with the current projections. Jayson asked if there should be a change to the direction the Trustees want to take, how far out do they want to invest. Sean said that the 2015 timing makes sense for now because of the planned legislative actions. The Trustees agreed and thanked Jayson, Keene and Jay for their work.

Wellness Program Update

Gail shared that she is starting her fifth year with the Wellness Program. She said one of the disadvantages to changing to the WEA insurance plans was that the Trust lost the ability to see claims data. The data that she can collect now is in participation rates. She presented an objective overview of participation rates and data collection over the past five years. She presented questions to the Trustees asking them to provide her with the direction they wanted the Wellness Program to go in the future and what they thought the next steps for the program should be. The group reviewed her questions and provided feedback. Gail said she can meet privately with each Trustee to talk, brainstorm, etc. The Trustees have great appreciation of what Gail has brought to the district through the Wellness Program. There is potential work for the Wellness Program and new connections with the move to the new administration building (CRC).

The group discussed the issue of not being able to get the claims data from the WEA and how that hinders Gail's and the Trust's work to continue to promote a culture of wellness. The group discussed their thoughts and ideas of the Wellness Program. This discussion will continue at the next meeting.

Preliminary Discussion of 2014 Plan Renewals

Sean shared materials regarding health care reform updates. There is a broad amount of detail with employer shared responsibility requirements. He explained the penalties that will come from not offering benefits to all. This could include substitute teachers, coaches, bus drivers, food services staff, etc. This requirement would be paid by the district not the Trust. He reviewed the employer penalty with the group and talked about what some other businesses are planning to do to meet the requirement, such as dropping coverage. Large employers continue to plan to offer coverage. He reviewed the laws' definition of full time employees and "Look-Back Safe Harbor" which employers can use to determine if employees work

full-time. Special rules apply to educational institutions. In general, Sean is seeing large part-time work forces leaning toward safe harbor. The Tacoma School District is thinking about using it. Discussion with human resources will include what approach to take, what the district will do, and establishing a measurement process. Internal discussions between the Trust and the district need to happen.

Sean reviewed market update survey results with the group. Growth in total health benefit costs per employee slowed to a 15-year low in 2012, but is expected to increase in 2013. With costs averaging well over \$10,000 per employee, employers are wary of covering more employees in 2014. Employers may be subject to an excise tax if they do not make changes to their current plans. Despite the added cost pressure, most employers will continue to provide health benefits.

Sean has met with the district's benefits team and showed them the recommendations for 2014. He will table any decisions on the recommendations to the next meeting.

Sean shared that in 2013 the WEA plan year will change from October 1 to November 1. The Trust would have the option to maintain their current plan year or change to align with the WEA plan year. Sean emphasized that communication to employees is critical if there is going to be a change to the plan year. The group discussed the pros and cons of changing. The Trustees were not ready to make a decision on this topic at this meeting.

Human Resources Update

This item will be discussed at the next meeting

Review Operational Manual

This item will be discussed at the next meeting

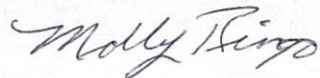
Review of Annual Meeting Calendar & Annual Calendar

Molly explained to the Trustees the challenges in scheduling monthly meetings for the district and the EEA throughout the year and the conflicts that often arise. She felt it was a priority for the Trust to set their yearly calendar sooner than later. The Trustees agreed. A motion was made by Jared Kink and seconded by Gregg Elder to adopt the 2013-14 annual meeting calendar as presented. The motion passed unanimously. This item will also be moved to this month on the Trust's annual calendar.

Adjournment

The meeting was adjourned by Susan Lindsey at 7:03 p.m.

Sincerely,



Molly Ringo
Secretary

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