

RESOLUTION OF THE BOARD OF TRUSTEES
EVERETT SCHOOL EMPLOYEE BENEFIT TRUST

RESOLVED, that the following representatives of the Trust are authorized and empowered to execute and deliver all documentation and to provide all instructions and documents necessary or advisable to Union Bank, N.A. ("Bank") in connection with a custody arrangement between this Trust and the Bank. The named representatives hereby acknowledge this authorization and each, by affixing his/her signature next to his/her name, indicates his/her agreement.

RESOLVED FURTHER, that the representatives of the Trust and each of them are hereby authorized and directed to open such custodial or bank accounts at Union Bank as may be necessary or appropriate for the conduct of the business of the Trust, that all resolutions required by the Bank are hereby adopted, and that the Chair of the Trust is hereby authorized and directed to certify to the Bank as to the adoption of this resolution or any further resolution requested by the Bank.

RESOLVED, FURTHER, that this Resolution shall remain effective as to the Bank until the Bank is given written notice of its termination or change and that a copy of this and any further resolutions requested by the Bank and certified by the Trust shall be kept on as official documents of the Trust.

<u>Title</u>	<u>Name</u>	<u>Signature</u>
<u>Chair</u>	<u>Molly Ringo</u>	<u>Molly Ringo</u>
<u>Secretary</u>	<u>Elizabeth Selders</u>	<u>Elizabeth Selders</u>
<u>Trustee</u>	<u>Mike Gunn</u>	<u>Mike Gunn</u>
<u>Trustee</u>	<u>Susan Lindsey</u>	<u>Susan Lindsey</u>
<u>Trustee</u>	<u>David Jones</u>	<u>David W Jones</u>
<u>Trustee</u>	<u>John W. Morrill</u>	<u>John W. Morrill</u>
<u>Admin Manager</u>	<u>Darla Van Duren</u>	<u>Darla Van Duren</u>

- ☐ Only one signature is required
☒ two signatures are required
☐ All must sign

Passed and approved at a meeting of the Board of Trustees on August 17, 2009.

Kellee Newcomb
Kellee Newcomb
Recorder
Board of Trustees

CC B. Rogers
9/22/09

Everett School Employees Benefit Trust
August 17, 2009
Minutes

Attendance

Molly Ringo
Betsy Selders
Mike Gunn
John Morrill
Susan Lindsey
David Jones

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 8:05 am.

2. Adoption of Agenda

A motion was made by Betsy Selders and seconded by David Jones to approve the agenda as written.

3. Approval of the Minutes

A motion was made by David Jones and seconded by Mike Gunn to approve the minutes of the June 15, 2009 minutes as written.

4. Financial Report

Darla distributed an unaudited financial report for June 2009. There is no charge for Trust Consultant services for April and May which were more than offset by commissions. The pre-paid balance has been adjusted for year end to \$(57,480) to reflect this. The decrease for this month in the fund balance is (\$120,282) which results in an overall increase for the fiscal year of \$1,793,995. The IBNR decreased by \$2,000. The new IBNR number is \$1,135,000. Also included was comparison information for the year and Certificates of Deposit maturity information. HMA claims are within reason and ESI is slightly higher than usual. Preliminary numbers for July show an increase in fund balance of \$46,000. Darla hopes to be able to provide updated information next week.

5. Trust Audit by Toyer & Associates

The audit is underway but is proceeding a little slower than usual.

6. Banking Resolution

Darla provided an update on the change in banks. There are several issues that arise when moving large sums of money. As a result, Stoel Rives has reviewed the process and suggested legal documentation. Time was provided for the Trustees to review the documents. A motion was made by John Morrill and seconded by Mike Gunn to approve the Banking Resolution. A motion was made by David Jones and seconded by Susan Lindsey to approve the Certificate Regarding Trust Action. All documents were signed by the Trustees. Darla is anticipating that the banking transfer will be completed by mid September.

7. Vendor Usage Updates

Quarterly EAP Report—Randi stated the report is quite comprehensive. Eighty employees have accessed Magellan Telephonic. Forty-four accessed the library; thirty-six spoke with a live person; 18 were first time users. Most callers were employees but some were spouses, children/dependents. Online services were the most popular. There were 651 page views which is significant. The most views were on the provider service search, and elder and child care. The number one library topic was job loss followed by surviving grief and loss (relating to the loss of a staff member at one of the schools this spring.) Some employees have set up "My Magellan" which offers them a personalized link to the site. This service has been well used by employees and has been very helpful in providing services.

Free and Clear Usage Update and Rate Discussion—Randi reported that there are three steady participants in the tobacco cessation program. Overall, there has been 0.6% employee participation in this program. The group discussed ways to better promote or market the program and whether waiving the co-pay fee amount of \$50 would increase participation. Gail and Randi stated they can make sure informational posters are up in buildings and can provide more as needed. Gail also plans to advertise the program when promoting the National Smoke Out Day in November. Randi stated she can talk with Mary Waggoner regarding including information about the program in district-wide communications. The group discussed the different possibilities for rebate or reimbursement and how that money would be refunded. Randi was asked to do some research on how a rebate/refund might work and report back with a recommendation at the next meeting.

8. Consultant Report by Mercer

Sean White provided a Consultant's Report with information on the health and welfare benefit plans currently offered to the employees of Everett Public Schools. It also included summaries of key renewal issues and the financial impact of the January 1, 2010 renewal recommendations provided by each of the current carriers. Sean reviewed all of the information with the group. Items needing a decision were reviewed at the end of Sean's presentation. Key issues included:

Trust Financial Projections:

- Projected budget deficit of approximately \$1.8 million. (Added to "Parking Lot" items list)

Self-Funded Programs:

- Overall projected funding increase for the PPO plans of 6.99%.
- Proposed fee increase of 2.0% for HMA and an assumed increase in stop-loss fees of 30%.

Insured Programs:

- Group Health has proposed a 10.2% increase for the HMO plan.
- PacifiCare initially proposed a 17.2% increase, subsequently reduced to 12.5% through negotiations.
- The premium for the WDS plan through WEA will increase 5.6% and the premium for the Willamette plan will increase 1.8% effective October 1, 2009.

Paid Claim Experience Report

- From January through June 2009, total PPO paid claims were \$4,429,421, which is an increase of 11.3% over the same period last year. Total costs through June 2009 were \$4,719,277 which included administrative, stop-loss fees and the recommended adjustment to IBNR reserves. Recommended funding totaled \$5,124,711, for a loss ratio of 92.1%. On a per employee per month basis, costs increased 11.4% from \$684.03 to \$762.25. The loss is more than expected but all in all PPO plans continue to perform well against budget.

Insured Contract Renewals

Group Health

- The renewal offer calls for a 10.2% increase to current rates. In addition to the rates for the current plan design, Group Health also provided rates to expand their network to include Virginia Mason and The Everett Clinic under a Group Health Options contract. (Added to "Parking Lot" items list)
- The maximum chemical dependency of \$14,500 every 24 consecutive months will be removed. Inpatient and outpatient chemical dependency services will be subject to the applicable inpatient or outpatient services cost share as any other medical service. Acute detoxification will be covered as any other medical service.
- The mental health day and visit limits will be removed. Services will be subject to the applicable inpatient or outpatient services cost share.
- Changes will be made to the organ transplant benefit as mandated by state law. Transplant lifetime maximum increases from \$250,000 to \$350,000 and creditable coverage will be applied to the 6 month transplant waiting period.
- Allergy serum is now covered subject to the pharmacy co-pay.
- State registered domestic partners will be covered with the same rights as spouses.

PacifiCare

- The renewal offer calls for an increase of 12.5%, an annual premium reduction of just over \$174,000. PacifiCare's standard benefit revisions are not available at this time. The federal mandate requires that mental health and substance abuse benefits be provided in parity with the medical plan benefits.

Dental Coverage

- The current rate for the WDS Plan V is \$85.85 PEPM. The renewal rate is \$90.70 for the period October 2009 through September 2010, an increase of 5.6%. The rate is estimated to increase 5% effective October 1, 2010. No benefit changes are indicated.
- The current rate for the Willamette Plan is priced at \$71.75 PEPM through September 30, 2009. This rate will increase 1.8% to \$73.05 for the period October 2009 through September 2010. The rate is estimated to increase 5% effective October 1, 2010. No benefit changes are indicated.

Life and AD&D Insurance Coverage

- MetLife offers enhancements without rate increase (through December 31, 2010). (Added to "Parking Lot" items list) Enhancements include:
- Improved accelerated death benefit options.
- If a beneficiary is not named, the current policy pays the estate first while the new policy pays the estate last.
- Enhanced schedule of covered losses for accidental death and dismemberment insurance as summarized.
- Additional AD&D benefits for death as a result of accidental injury.

Voluntary Short-Term and Long-Term Disability Coverage and Long Term Care Plan

- No rate changes.

Wellness Programs

- Free & Clear—no change in fees.
- Magellan—no change in fees.
- Sound Health Solutions—no change in fees. However, since implementation participants have reported experiencing service issues. As an organization, Sound Health Solutions has been struggling, closing one clinic earlier this year and recently filing for Chapter 11 bankruptcy protection. (Added to "Parking Lot" items list)
- Carena—no change in fees.
- Disease Management Services—Nationwide Better Health was selected as the DM vendor based on their best in class provider rating. (Added to "Parking Lot" items list)

Web Portal Administration, Health Risk Assessment and Lifestyle Coaching

- Programs are in the process of being implemented. There is no change in fees.

Self-Insured Plan Renewals

- HMA proposed a rate increase of 2.0% from \$25.45 to \$25.95 per employee per month.
- Sun Life stop-loss insurance renews on January 1, 2010. At this time a renewal has not been received from Sun Life. An assumed increase of 30% has been added to financial projections.

Prescription Drugs

- ESI administers the pharmacy benefits for the three PPO plans. Current pharmacy pricing will remain in place through 2010; however, ESI was asked to provide information on a Specialty Pharmacy management program to be considered by the Trustees. (Added to "Parking Lot" items list)

Under ESI's Curascript program, participants are allowed to fill their Specialty prescriptions at the retail pharmacy two times and outreach is done to both the patient and prescribing physician to move the prescription into the Curascript Specialty Pharmacy to eliminate the need for the patient to get a new prescription. Once the patient completes the intake process which includes verifying insurance, creating a patient profile, assigning a Nurse Case Manager and offering social services, as well as financial assistance if needed, patients are then contacted at a minimum of twice monthly. When the initial order is shipped, patients are provided with necessary medical items (needles, syringes, alcohol swabs, etc.) at no additional cost to either the patient or the plan.

There are currently 29 specialty patients identified of which 6 are already filling their Specialty medications through Curascript Specialty pharmacy. ESI estimates savings based on current utilization of \$8,533 through introduction of the program. Future savings would be expected to increase as additional specialty medications reach the market. There are no additional costs to the plan to implement this program. (Added to "Parking Lot" items list)

Large Claims Analysis

- Through June of this year, large claims incidence has been higher than expected with 5 claims in excess of \$100,000 accounting for 18.4% of total paid claims. The increase in large claims has brought the PPO plans' loss ratio up from prior levels; however, the loss ratio is still low through June in spite of the large claims.

Self-Insured Plans – Trend Analysis

- Trending medical claims data for the 36-month period ending June 2009 results in an annual group-specific trend factor of 5.3%. More recent trends on the plan range between 6.7% and 13.5%, although the most recent result is somewhat skewed by some unusually low paid claims months at the start of and some large claims activity at the end of the trend experience period.
- Trending prescription drug claims data for the 36-month period ending June 2009 results in an annual group specific trend of 5.0%. More recent pharmacy trends range between 8% and 11.1%.

Self-Insured Plans – 2010 Funding Projections

- In total, a projected composite funding amount of \$943.55 PEPM including a 3% margin for claims fluctuation, which represents an increase of 6.99% over the current composite funding rate of \$881.90 PEPM. Excluding margin, the projections call for an increase of 4.07%. All estimates, based upon the information available at a point in time, are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely variability from the estimate. Proposed changes are based on expected final legislation (expected in October) to current mental health/substance abuse benefits to comply with Federal MH/SA Parity Regulations. In the event that final legislation requires additional or alternate changes an update will be provided to ESEBT upon receipt of final guidance.

Reserve Analysis

- The revised liability estimate as of December 31, 2009 increased 8% from the prior estimate as of June 30, 2009 due to the trend assumption applied to historical per capital incurred claims levels for medical and the most recent estimate for the pharmacy.

Trust Financial Projections

- Projections for the coming year are based on estimated revenues and expenses including the new proposed State allocation of \$745.00 effective September 1, 2009 (1.8% increase) per "Benefit FTE" and a subsequent increase to \$768.00 effective September 1, 2010, an increase of 3.1%.

The group discussed the rate changes and that there has been no increase in rates over the past 4 or 5 years. The District's level of increase is well below market rates. The group provided feedback and direction to Sean regarding specific items.

Decision Parking Lot Items

- Proposed contribution structure using \$1.8 million of reserves—**no decision made, to be discussed at a future meeting.**
- Group Health Option to expand the network to include Virginia Mason and The Everett Clinic—**no acceptance**
- MetLife contract—**accept revised contract**
- Sound Health Solutions experiencing service issues and filing Chapter 11—**discontinue program (allow employees already active to complete) and look for other options.**
- Introduce Disease Management services to Wellness Program—**no decision made, to be discussed at a future meeting.**
- Add ESI Specialty Pharmacy management program—**accepted**

9. Wellness

- Strategic Plan

Gail provided an overview of the Wellness Program's strategic plan and budget for 2009-2010. She discussed making a shift this year due to additions to the program in 2010. Programs that will begin in January 2010 are Health Risk Assessment, Wellness Challenge, and Health Coaching. Data gathered this year will be used as benchmarks. Goals for the year include: Health Awareness; Employee Health Risk Reduction; Prevention Awareness; Employee Success; Employee Satisfaction; and Program Recognition. Gail talked specifically about each goal.

- Budget

The budget total for 2009-2010 is \$138,748 which is less than last year's budget. Gail made the request to add a part-time clerical support person to assist her with basic clerical duties related to the Wellness Program and factored in the cost of that position in her budget. A motion was made by David Jones and seconded by Betsy Selders to approve the addition of a general office assistant to support the Wellness Program.

- Sound Health Solutions

Information regarding this program was previously provided under the Consultant Report.

10. Review of Annual Calendar and Meeting Calendar

- Annual Calendar

A change was made moving approval of the annual Wellness Program plan and budget from September to August. A revised calendar will be provided at the next meeting.

- 2009-10 Meeting Calendar

The September 14th meeting has been deleted. The February 15, 2010 meeting has been cancelled due to the observance of President's Day and February 22nd has been added. A revised calendar will be provided at the next meeting.

11. Other

Trust members thanked Betsy for recognizing Susan Sacha on their behalf. A gift certificate to J. Matheson was presented to Susan for cooking classes or store purchases. A thank you card from Susan was received and will be shared at the next meeting.

Everett School Employees Benefit Trust

August 17, 2009

Minutes - continued

12. Adjournment

The meeting was adjourned at 10:42 am.

Sincerely,

Betsy Selders
Secretary

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