

Everett School Employees Benefit Trust

November 15, 2010

Minutes

Attendance

David Jones
Susan Lindsey
John Morrill
Molly Ringo
Betsy Selders

Absent

Mike Gunn

Also Attending

Gail Buquicchio
Howard Bye
Randi Seaberg
Darla Vanduren
Sean White

Recorder

Kellee Newcomb

Call to Order

The meeting was called to order by Susan Lindsey at 4:01 p.m.

Adoption of Agenda

A motion was made by Molly Ringo and seconded by Betsy Selders to approve the agenda as written. The motion passed unanimously.

Approval of Minutes

Minutes were presented from the September 20, 2010 and October 18, 2010 meetings. A motion was made by Molly Ringo and seconded by John Morrill to approve the minutes from the September 20, 2010 meeting as written. A motion was made by Betsy Selders and seconded by Molly Ringo to approve the minutes from the October 18, 2010 meeting as written. The motions passed unanimously.

Financial Report

Darla provided copies of the September and October 2010 financials. She reviewed the documents with the group.

Balance Sheet – The fund balance for the month of September decreased \$(146,010) resulting in an overall decrease for the fiscal year of \$(506,788). Consultant fees had a reduction in the credit balance of \$7,221. Free & Clear had a reduction in the credit balance of \$411. Corporate obligation (CD's) sales were \$190,000. Government obligations purchases were \$1,573,479 and pay downs were \$4,570.81. Overall assets for this fiscal year total \$13,605,316 compared to \$14,296,581 a year ago.

The Statement of Operations and Fund Balance – indicates payments to Stoel Rives of \$1,797 for ongoing legal fees for services in July. The second installment of audit fees was paid in the amount of \$2,300. Bank fees for the month were \$89.92. Wellness Program expenses equaled \$2,633. Investment fees were paid to Becker in the amount of \$5,375. Consultant fees were paid to Hyas for the next quarter in the amount of \$4,375. \$14,082 was paid to Magellan Behavior for the next quarter.

HMA claims are \$129,470 less this month than last September 2009 and overall claims this year are \$12,123 less than in 2009. ESI claims are \$70,496 more this month than last September 2009 and overall claims this year are \$241,503 more than in 2009.

Darla noted the Trust received a check from ESI in the amount of \$32,633.45. This amount has been offset against current claims for this month. A refund check from Sun Life was received in the amount of \$147,888.11.

Balance Sheet – The fund balance for the month of October decreased \$(650,204) resulting in an overall decrease for the fiscal year of \$(1,156,992). Consultant fees had a reduction in the credit balance of \$11,676. Corporate obligation (CD's) sales were \$475,000. Government obligations sales were \$250,000 and pay downs were \$5,188.11. Overall assets for this fiscal year total \$12,955,112 compared to \$14,250,874 a year ago.

The Statement of Operations and Fund Balance – indicates payments to Stoel Rives of \$1,897 for ongoing legal fees for services in August. The final installment of audit fees was paid in the amount of \$5,117. Bank fees for the month were \$3.46. Darla commented she would look into the fluctuation in monthly bank fee amounts. Wellness Program expenses equaled \$5,004 which was offset by fall pass sales of \$5,090.

HMA claims are \$594,428 more this month than last October 2009 and overall claims this year are \$582,305 more than in 2009. ESI claims are \$38,647 less this month than last October 2009 and overall claims this year are \$202,856 more than in 2009. The Trust received a refund check from Sun Life in the amount of \$11,925.60.

Darla noted that these months were not good from a large claims perspective and noted that November will probably not be much better. There has been \$758,000 in claims so far this month and the Trust will be receiving another stop loss check as a result of the large dollar claims amount.

Molly asked if there is a belief that HMA has other outstanding claims. Sean stated Mercer is researching the lag with HMA. He commented that it is not common but does happen from time to time. This is a concern especially as the end of the year nears with the possibility of claims being paid under one stop loss contract. Darla commented that the Trust might possibly be charged twice and she will look into that.

Review annual report and budget for the Office of Financial Management

Darla provided the group with copies of the 2010 Annual Self-Insured Health and Welfare Program Report for their review. She stated the information she provided was taken from the Trust's financial statements as of June 30, 2010.

Self-Insured Claims Audit Proposal

As a result of the request from the Trustees at the last meeting asking for audit proposals, Darla has one completed proposal, one incomplete proposal and two other proposals in the discussion process. She has made a request to the audit agencies that they provide her with completed proposals. She will report back at the next meeting.

Wellness Report

Gail provided information to the group on Wellness Program activities. There were 470 participants in Walktober 2010. During the campaign 118 people exercised for 30 minutes or more every day and 41 people exercised for at least 1 hour every day. The winning team was at Everett High School and the winning school was Heatherwood Middle School. Gail

noted there was a big improvement in activity during the campaign, as well as great team spirit.

There were 100 more flu vaccines administered this year than last year. A total of 654 vaccinations were administered at 7 district locations. The health fairs associated with the flu clinics offered over 30 vendors from the local community. Gail noted that overall this campaign was a great success.

New meetings of Weight Watchers at work began the week of November 8th. Meetings take place at 3 different schools with nearly 40 participants.

The launch of the Wellness Challenge is set for January 2011. Gail talked about the communications plan and strategies, and provided a letter for the Trustees' review. Gail indicated that the letter would be mailed to employees homes around December 15th. The group discussed the date for distributing the letter and suggested that it be sent out a week earlier and then again in January. They also suggested sending an email reminder to staff when they return from winter break. The group discussed the need to have 50% district participation as the Trust has already paid for 1,100 health risk assessments. Gail indicated that she would be talking to all principals at meetings in December.

Lifetime Limits for Transplants

Howard Bye provided information to the group on 2011 changes to medical plans due to the healthcare reform (HRC) and essential health benefits proposed by HMA. The HRC prohibits dollar limits on essential health benefits but allows dollar limits to be placed on non-essential health benefits. The term "essential health benefits" has not yet been fully defined by the federal agencies in charge of HRC. Howard reviewed the information with the group. Regarding the transplants limits, there is a question as to whether it is legal to have a \$350,000 lifetime limit. Howard indicated that in researching this, it was determined that transplants are not currently identified in the general list of essential benefits. However, they continue to maintain that a lifetime limit for transplants is acceptable, provided that the limit is exhausted only by transplant related services. Non-transplant related services falling within the scope of essential benefits should be covered without limitations. Beginning next year there will be no lifetime limits in the plan, except the transplant if they chose. Howard indicated a multiple transplant could hold a significant exposure to the Trust.

The group discussed the information Howard provided. David stated he would like to know how many transplants have come close to the limit. Sean indicated that in 12 years he has only seen two instances of reaching the limit. He could provide more information on this at the December meeting. The group discussed the other plan limits provided including chiropractic services and smoking cessation. Howard stated federal regulators feel treatment of smoking is substance abuse and should have the same benefits. This is a major change for most health plans.

The group discussed the recommendations including the removal of the lifetime maximum on smoking cessation due to the federal agencies' position that the treatment of nicotine addiction is subject to the requirements of the Mental Health Parity and Addiction Equity Act. It is still acceptable to place medical management restrictions on smoking cessation treatments (i.e., stopping benefits for a treatment approach that has failed more than once.)

The statute specifically lists “rehabilitative services” as an essential health benefit; therefore, the recommendation would be the elimination of the \$5,000 yearly limit on rehabilitation services and converting the dollar limit for chiropractic care to a treatment or visit limit in order to avoid disputes with chiropractors over whether their services are “essential health benefits.” The group discussed what has been done in the past with regard to the number of allowed paid chiropractic visits. Commonly this has been 10 or 12 paid visits. The Trustees agreed that employees who felt adversely effected by a change could go through the appeal process. A motion was made by David Jones and seconded by Betsy Selders to make a change in the plan limit for chiropractic services converting from \$1,000 per calendar year to 12 treatments per calendar year, and to eliminate the plan limits for rehabilitation services and smoking cessation. The plan limit for transplants would remain as it is. The motion passed unanimously. Randi stated she would communicate the plan changes to employees.

Consultant Report

Stop-Loss insurance review/renewal

Sean provided a document outlining a request for bids for a stop loss insurer. The current rates from five bidders were compared. While Sun Life’s bid was the lowest, there still would be an increase to stay with Sun Life. However, given that their quote was the best financial offer, the contract with them would be on a paid basis, they would not require a signed disclosure, there would be no lasers at renewal and there would be no deviations from the current contract, Mercer’s recommendation would be to stick with them.

The total annual premium cost increase to maintain the \$175,000 ISL deductible level with unlimited maximum for the ISL is an increase of 45.3% over the current costs. Sean noted that in the Trust’s 2011 budget projections, there was an assumption of an overall stop-loss premium increase of 30%. With a 45.3% increase, the additional expense is approximately \$52,000 annually. Sean stated, while the resulting increase is high, Sun Life’s rate is within Mercer’s benchmarks, which show ISL for \$175,000 coverage rates ranging between \$38 and \$59.

A motion was made by Molly Ringo and seconded by David Jones to continue with the current stop loss coverage provider at the same deductible level. The motion passed unanimously.

Healthcare Reform Update

Sean provided copies of the Healthcare Reform plan and explained an appendix that had been added. Due to the significant changes in law, a suggestion was made to devote additional time to discuss the healthcare reform plan in depth. The group agreed to extend the meeting on January 24, 2011 by an hour and a half from 4:00-7:30. Dinner will be provided.

Open Enrollment Update

Randi provided an update regarding the changes thus far. She commented that employees had made 282 changes as of 5 p.m. with the majority of changes made via employee online. She said they are also receiving a lot of paperwork at the Human Resources department.

There have been a lot of questions regarding the flex plan and some confusion regarding dental plans. Changes will be tabulated and reported on at the January meeting.

There has been a lot of interest in the new weight loss program that launches on January 1st. Gail and Randi have discussed blending the messages for both the Wellness Challenge incentive and the new weight loss program. Randi is working with the information systems and technology department to create a wait list for the program as it has a 100 participant limit. She asked the Trustees if there was a huge response over the limit, if they would be willing to extend the 100 participant limit. The group discussed this and agreed they would like to see how many employees enroll first.

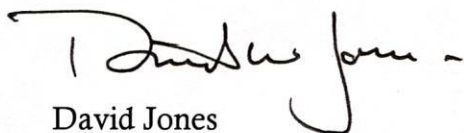
Review of Annual Calendar & Meeting Calendar

A suggestion was made to add healthcare reform updates to the annual calendar.

Adjournment

The meeting was adjourned at 5:55 p.m.

Sincerely,

A handwritten signature in black ink, appearing to read "David Jones", with a stylized flourish at the end.

David Jones
Secretary