

Everett School Employees Benefit Trust
December 13, 2010
Minutes

Attendance

Mike Gunn
David Jones
Susan Lindsey
John Morrill
Betsy Selders

Absent

Molly Ringo
Randi Seaberg

Also Attending

Gail Buquicchio
Melanie Curtice
Darla Vanduren
Arlene Vollema-Rich
Sean White

Recorder

Kellee Newcomb

Call to Order

The meeting was called to order by Susan Lindsey at 4:05 p.m.

Adoption of Agenda

Randi Seaberg was not able to attend the meeting due to illness. The New Free & Clear Mind & Body Program topic will be postponed until the next meeting. A motion was made by David Jones and seconded by Betsy Selders to approve the agenda. The motion passed unanimously.

Approval of Minutes

The minutes from the November 15, 2010 meeting were presented for approval. Darla Vanduren stated clarification was needed regarding the self-insured claims audit proposals. The minutes will be revised to reflect this clarification. A motion was made by John Morrill and seconded by Betsy Selders to approve the minutes from the November 15, 2010 meeting with the above stated revision. The motion passed unanimously.

New Free & Clear Mind & Body Program

This topic will be added to the January meeting agenda.

Open Enrollment Update

Due to Randi's absence, Arlene Vollema-Rich provided the group with an update on open enrollment activities thus far. She stated there was a total of 166 changes within the medical plans. This is 57 more than last year. A request has been for the creation of a report that would provide breakdowns of the PPO plans.

Arlene stated there were many changes within the plans (i.e., PacifiCare members changed to Group Health and vice-versa). A number of staff members who had previously waived their health insurance benefits now have re-enrolled. Arlene stated there was an increase in the number of flexible spending accounts and changes involving dental plans. There was also an increase in the number of spouses choosing to pay the additional \$100 fee for district insurance rather than their employer's insurance. A number of domestic partners were also added. A written report will be provided at the January meeting.

Policy Revisions and Updates

Melanie Curtice attended the meeting to provide the group with information regarding updated regulations affecting the Trust under WAC 82.65 – Local government self-insurance health and welfare program requirements. These regulations became effective November 1, 2010. Melanie reviewed the proposed revisions with the Trustees.

With regard to Trust Procedure 100.3P – Third Party Administrators, Consultants and Advisors, Mike asked about renewing current third party administrators, consultants and advisors. Melanie indicated that there was no need to change existing agreements; however, the Trust would need to comply for future TPAs. With regard to changes related to Trust investments, Melanie stated she would send copies of the proposed policies/procedures to the Hyas Group and Mercer for review.

The group discussed concerns with the new conflict of interest policy and procedure and the new open public meetings policy and procedure. Regarding the conflict of interest procedure, specifically item 1 B., questions were raised as to whether Darla and Kellee would be considered Trust employees. Melanie indicated that in this instance the two positions would be considered employed by the Trust. With regard to the new open public meetings policy and procedure, Melanie explained that the Trust would need to advertise their meetings on the District's website. While the School Board meetings are advertised in the local newspaper, Melanie did not feel this was necessary for the Trust meetings.

Melanie suggested that the group review the proposed revisions to the existing policies and procedures, as well as the new policies and procedures. She will provide Jayson at Hyas Group and Sean at Mercer the investment and fund approval policies and procedures for their review. She indicated there is a requirement for the fund balance policy to have a resolution. Melanie will prepare the resolution for the January meeting.

The group discussed the implications of adopting the new policies and procedures, and that clarification was needed on a few items, including the office location of the Trust, where the Trust records will be kept, the implications of sharing information with others on the Wellness Program, and how the open public meetings requirement will affect the Trustees. The Trustees asked for training prior to adopting the policy. Melanie will provide the Trustees with more information on the requirements for the open public meetings policy at the January meeting. The reserve and contingency reserve policies and procedures will be adopted in January, while the other revisions will be adopted at the February meeting.

Financial Report

Darla indicated she was not able to email the financial reports prior to this month's meeting due to the quick meeting turn around time. She provided the group with copies of the November 2010 financials and reviewed the documents with the group.

Balance Sheet – The fund balance for the month of November decreased \$(191,752) resulting in an overall decrease for the fiscal year of \$(1,348,743). Consultant fees had a reduction in the credit balance of \$3,817. Corporate obligation (CD's) sales were \$190,000. Government obligations sales were \$400,000, purchases were \$951,318 and pay downs were \$4,938.43. Overall assets for this fiscal year total \$12,763,360 compared to \$14,427,932 a year ago.

The Statement of Operations and Fund Balance – indicates payments to Becker Capital for the quarter beginning October 1st in the amount of \$5,270. The last courier fee of \$32.90 was paid to ENA couriers. Darla indicated that with the move of banks, she will now be able to make the deposits directly at the branch rather than having to use a courier service. Bank fees for the month were \$427.88. Darla stated a bank fee analysis report was provided to her this morning; however, she has not had time to review it. She will review the report and provide information regarding the fluctuation in monthly fees at the next meeting. Wellness Program expenses for the month were \$9,341 which were offset by the fall fitness pass sales and Weight Watchers program fees of \$5,576. Darla indicated that the Wellness Program is now accepting checks from staff for the fitness classes and the Weight Watchers program. Rather than collecting the fees and giving them to the instructors as has been done in the past, the instructors are being paid directly through the Wellness program. Darla stated they are also looking into setting up a link by which payment could be made with a debit or credit card online.

HMA claims are \$669,075 more this month than last November 2009 and overall claims this year are \$1,251,380 more than in 2009. ESI claims are \$47,081 more this month than last November 2009 and overall claims this year are \$249,937 more than in 2009.

Darla noted the Trust received two refund checks from Sun Life this month totaling \$490,786.70. ESI made a double payment of \$75,649.18 that was credited back to the Trust's account on November 29, 2010. The payment was part of a claim payment on November 15th of \$758,175.18.

Approval of Annual Report and Budget for the Office of Financial Management

Darla reminded the group that at the November meeting she provided the draft document Annual Self-Insured Health and Welfare Program Report 2010. She indicated that she had not received any documentation from the Office of Financial Management regarding preferred documentation. With the Trust's approval, she would like to send the information in the same format as had been done in the past. A motion was made by David Jones and seconded by Betsy Selders to provide the annual report and budget to the Office of Financial Management in the same format as in the past. The motion passed unanimously.

Fiduciary Liability Insurance Renewal

Darla reported that for the past five or six years the cost of this insurance has been \$8,700. It expires on January 12, 2011. She asked the Trustees if they would like to continue with this insurance. The group discussed continuation of the insurance and potential cost increases. A motion was made by Betsy Selders and seconded by David Jones authorizing Darla to renew the fiduciary liability insurance if the rate comes in under \$9,500. The motion passed unanimously. Darla will notify the Trustees if the rate is above \$9,500.

Self-Insured Claims Audit Proposal Follow-Up

Darla commented that this has been an interesting process and provided information received on the bids. One of the complete proposals was from Mercer. However, some concern was expressed by the Trust's legal counsel that accepting the Mercer proposal may pose a conflict of interest based on the Trust's current relationship with Mercer. Sean stated, while Mercer has confirmed with the Office of Financial Management that the claims audit and consulting would be two separate entities, he agreed that the Trust should follow the advice of their legal counsel.

Another proposal received was from Toyer; however, they recently notified Darla that they did not feel they had the proper knowledge to provide the audit at this time. Darla also had conversations with AON Consulting who have worked with the WEA. They felt working with the Trust might present a conflict of interest. The other completed proposal was from Moss Adams. Darla stated the rate proposal was \$7,000 to \$9,000 for the claims audit and \$3,000 to \$5,000 for the internal audit. Darla indicated she has electronic copies of the proposal that she could provide to the Trustees at their request. The Trust has used Moss Adams in the past and had a good working relationship with them. Darla recommended that the Trust start the 3-year audit next year. The group discussed the proposed fees for the audit and whether or not the fees would remain the same over the 3-year audit. A motion was made by David Jones and seconded by John Morrill to authorize Darla to negotiate with Moss Adams for a 3-year full claims audit in the amount of \$7,000 to \$9,000 beginning in 2011, followed by an internal audit in the amount of \$3,000 to \$5,000 in 2012 and 2013. The motion passed unanimously.

Wellness Report

Due to a previous commitment, Gail was not able to stay to report on the Wellness Program.

David commented that Gail had talked with him about her concerns regarding not having appropriate access to district leadership (at the level principal's meetings) in an effort to promote the Wellness Challenge. David stated he had shared the Wellness Challenge information with the Elementary Principals at their meeting that morning, and that he encouraged them to be a role model for their staffs. He also reported that Gail would be going out to schools to talk with staff and would be working with the principals regarding encouraging their staff to participate.

Consultant Report

Stop-Loss insurance renewal update

Sean provided the group with a paid claims experience report on the non-HMO medical coverage for the plan year January through December 2010. He reviewed the information with the group.

Last week Sean emailed the Trustees regarding the 2011 ESEBT Stop-loss Renewal. He explained that, as in years past, initial proposals received from the vendors are pending receipt of updated claims data through October. Based on the addition of several large claims, Sun Life revised their proposal previous. The revised premium level is an additional annual cost increase to the Trust of about \$44,000. Even with this increase, Sun Life remains the lowest bid of those received in the RFP process. The resulting premium rate from Sun Life is about \$43 PEPM for the individual coverage which is still toward the low end of Mercer's benchmarks for stop-loss premiums at the \$175,000 ISL level. Sean's recommendation would be to stay with Sun Life at the higher rate. The group discussed the information provided and agreed with Sean's recommendation. Because the Trustees had approved a motion at their November 15, 2010 meeting to continue with the current stop loss coverage provider at the same deductible level, there was no need for another motion. The Trustees noted that Sean had informed them of the revised proposal with no change to the deductible level.

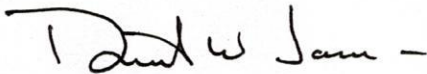
Review of Annual Calendar & Meeting Calendar

The group requested an updated annual calendar be provided to them.

Adjournment

The meeting was adjourned at 6:01 p.m.

Sincerely,



David Jones
Secretary