

Everett School Employees Benefit Trust
Monday, April 18, 2011
Minutes

Attendance

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

Absent

Also Attending

Gail Buquicchio
Randi Seaberg
Darla Vanduren

Recorder

Kellee Newcomb

Call to Order

The meeting was called to order by Susan Lindsey at 4:00 p.m.

Adoption of Agenda

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

Approval of Minutes

The minutes from the March 14, 2011 and the March 31, 2011 meetings were presented for approval. A motion was made by Betsy Selders and seconded by Mike Gunn to approve the minutes from the March 14, 2011 meeting as written. A motion was made by Molly Ringo and seconded by Mike Gunn to approve the minutes from the March 31, 2011 meeting as written. The motions passed unanimously.

Wellness

Gail provided a combined report for Wellness activities in March and April. She commented on the Washington School Personnel Association Spring Conference that she attended in Vancouver, Washington stating there were double the attendees this year at the session she presented. She said there is heightened interest across the state in wellness programs.

The Wellness Challenge update holds good news and bad news. Staff are considerably less engaged than she had hoped. Gail is still encouraging staff to participate. She said some staff continue to have concerns regarding confidentiality which deters them from participating. A detailed report has been generated from the initial data provided. Gail will provide the report if requested. A letter was posted on the Wellness web page announcing that the Wellness Challenge would now be open to non benefit eligible staff. She also communicated directly with those staff members who had expressed interest to her.

Financial Report

Darla reviewed the financials with the group. There were no questions regarding the February financials that she previously emailed to the Trustees.

Balance Sheet – The fund balance for the month of March decreased \$187,475 resulting in an overall decrease for the fiscal year of \$(2,071,159). There was no activity with Corporate Obligations (CD's). Government obligations purchases were \$962,467 with sales of \$250,000 and pay downs of \$3,710.45. Overall assets for this fiscal year total \$12,040,945 compared to \$14,556,987 a year ago.

The Statement of Operations and Fund Balance – indicates payments to Free and Clear for the Mind & Body program in the amount of \$12,465; and payments to Magellan Behavior of \$14,082 for the next quarter. Wellness program expenses for the month were \$2,692 which were offset by fall fit pass sales and Weight Watchers program of \$675.

Bank fees for the month were \$202. Payment was made to Stoel Rives for ongoing legal fees through January in the amount of \$4,681. Payment was made for office and printing costs of \$84. \$39.96 was paid for copier and paper reimbursement at the Center and \$43.75 was paid for 100 postage stamps for mailings. Payment in the amount of \$4,375 was made to Hyas Group for the next quarter.

HMA claims are \$55,136 less this month than last March 2010 and overall claims this year are \$1,414,708 more than in 2010. ESI claims are \$9,956 less this month than last March 2010 and overall claims this year are \$353,886 more than in 2010.

Darla noted a refund check was received from Sun Life this month in the amount of \$96.24. Also received was a rebate check from ESI in the amount of \$33,872.85.

Molly asked with regard to ESI and HMA claims, if Darla had a sense as to what was driving the significant costs. Sean responded that it was due to ongoing specialty claims. With regard to HMA, the first quarter of 2010 was a low month with a loss ratio and the same month this year is more normal. Also, HMA made a change in their internal processing. All claims used to be pushed through at the end of the year. Now they are only focusing on pushing through the large claims at the end of the year to protect stop loss. More claims remain to be processed. Mike asked with regard to the cost projections from last year, if the fund balance was where it should be. Sean reviewed the paid claims expense with the group and stated the Trust fund balance is on target. He reminded the Trustees that they had decided to spend down the reserves for two months. The expenses are coming in where they expected them to be.

Darla reported that auditors Moss Adams have made a selection of claims that they will audit and have requested documentation. They are performing onsite audits this week with HMA. They are planning on having a draft ready for the May 16th Trust meeting. Darla will confirm this once she hears from Moss Adams.

Consultant's Report

Sean provided documents and reviewed them with the Trustees.

Paid Claims Experience Reports

These reports provide information on self-insured medical claim activity (including prescriptions) for the 2010 plan year and the first two months of the 2011 plan year. The group discussed age demographics and head count. Sean stated they will want to continue to monitor the self funded PPO plan levels as they go through the year because these plans could have a flow down affect for 2012. These plans are the largest portion of the overall budget.

2012 Renewal Planning

Gail mentioned that she was part of the meeting with Mercer and the Everett Public Schools benefit staff on April 15, 2011 to discuss 2012 renewals and identify any current issues or changes to pursue through the renewal process. Sean reviewed the document with the Trustees to present a recommended renewal strategy based on feedback received, and solicit additional changes or direction and approval to proceed.

Molly asked about a conflict of interest with Sean and brokering a product. Sean indicated there is no conflict of interest. Molly asked that something be added to indicate that they have no conflict of interest. Sean stated he will have something regarding that request.

The group discussed the incentive structure for the Wellness Challenge rather than cash. Sean provided some examples of other options. He will provide the Trustees with some straw models of what to expect on a participation rate. Molly suggested that they wait until the June meeting to

discuss future Wellness Challenge incentives due to the status of the state budget and not knowing what the state's budget status will be next year. Sean stated if they are targeting higher levels of engagement and participation, higher incentives would need to be provided. Communicating incentives would need to be done sooner and the cost would also need to be included in the 2012 budget.

The group discussed the current status of programs and initial recommendations for renewal:

- For 2011 HMA increased fees of .6% overall. Consideration will need to be given as to whether the Trust can maintain grandfathered status. If the grandfathered status cannot be maintained plan changes would be required.
- 2012 rates for ESI are in the second year of a 2-year pricing guarantee. There are no desired changes.
- Sun Life Stop-Loss Insurance rates for 2011 increased 58.5% overall due to continuing large claims and removal of the lifetime maximum. Sun Life retained the Trust's business with proposed rates that proved to be competitive through the formal marking process. There are no issues to pursue.
- For 2011 Group Health increased premiums by 12.7%. Consideration will need to be given as to whether the Trust can maintain grandfathered status. If the grandfathered status cannot be maintained plan changes would be required.
- United Healthcare (formerly PacifiCare) has a premium increase of 6.4% for 2011. Issues included concerns about the network and alternative network with the change from PacifiCare to United Healthcare and communication of the name change to members. If the grandfathered status cannot be maintained plan changes would be required.
- WDS and Willamette Dental (through the WEA) have no desired changes to pursue.
- MetLife is in the final year of a rate guarantee. Mercer will negotiate a renewal for 2012. There are no changes to pursue.
- Standard STD and LTD is in the second year of a two-year rate guarantee. There are no changes to pursue. Mercer will explore a quote through Mercer's National Educator Trust.
- Unum Long Term Care has no expected rate changes through 2012. There are no changes to pursue.
- Magellan EAP and Nurse Advice Line are in the final year (2011) of a three-year rate guarantee. Mercer will negotiate a renewal for 2012. Mercer recommends the Trustees consider terminating the Nurse Advise Line due to low usage (annual savings of \$16,000) and add a patient advocacy solution.
- Wellness Programs include Free & Clear (no rate changes); Carena Urgent Care (5% fee increase); implementation of Wellsource and Health Force Partners HRA, coaching, and web portal/incentive administration; and the Free & Clear weight management program (Mind and Body). Sean reviewed the considerations for 2012 with the group. Molly asked about the Carena participation. Randi reported participation is very low; however, those who use it have rave reviews and the Trust only pays when it is used.

Sean will be prepared to discuss the Wellness Challenge incentive at the June meeting. Molly talked about plans for employees to purchase insurance on their own through an exchange. She stated she would like to have more information on this topic. Sean can provide more information but stated these types of plans are not available until 2014. The group discussed the possibility of the option of employees purchasing on their own for less. Sean stated there are eligibility requirements related to federal poverty lines. He will research if there are any school districts currently using exchanges and report back.

Molly stated in thinking about the renewal process, should a more comprehensive review be done of HMA so that the Trust is not just renewing with the same thing over and over. Sean stated it will be good to see the results of the claims audit and he can include this in the renewal analysis. He will proceed with the 2012 renewal planning based on the direction given today by the Trustees.

Sean briefly reviewed with the group the Stewardship Report. It summarizes the changes over the last year and is a good resource. The report will be provided from Mercer on an annual basis.

Quarterly EAP Report

Randi provided the last EAP utilization report via overhead projector. She reviewed the report with the group. Carol Stolz has used Magellan services to provide "lunch and learns" for classified staff which have been very successful. They are excited about the service and plan to keep using it. Randi has encouraged non continuing employees to continue to use the service which will be available to them until September. She stated Magellan was available to them at some of the health fairs this year; however, their participation was not great because the person they sent was not versed in what Magellan could actually offer. Randi plans to provide the information at next year's health fairs if they are held. There is really low usage of the nurse line. Employees are utilizing other nurse lines rather than the Magellan one. If the nurse line is removed it will reduce the total cost. Sean stated he will follow up with that option. Also, Healthwise is not being utilized for smoking cessation.

Review of Annual Calendar & Meeting Calendar

Nothing new to report.

Other

Review Employee Concerns Regarding Express Scripts

Betsy Selders reported an employee contacted her by email regarding difficulties she had had with Express Scripts. A doctor also reported a similar experience with the service. Sean will take the information to the case manager to bring their attention to the concerns. He said overall Mercer is not hearing negative things from other clients. He will work with Express Scripts to ensure this does not happen again.

Legislative Actions Relating to the Trust

Molly stated a mailing had gone out from the Trust relating to the actions of the March 31, 2011 special meeting. Kudos were expressed for Patty Pederson and the other central office staff who assisted in getting the letter printed and ready for mailing. The group discussed the status of the proposed house bill. Sean stated the assumption is that it is dead but they don't know that for sure. It still may be a threat. The group discussed the proposed bill. David reminded the Trustees that he had previously forwarded an email response from Senator Steve Hobbs. A response was also received from Representative Mike Hope. Susan reported that her representative in Shoreline says the state is not planning to take over Trusts but are studying them. This topic will be added to the agenda for the May meeting.

Adjournment

The meeting was adjourned at 5:42 p.m.

Sincerely,



David Jones
Secretary