

Everett School Employees Benefit Trust
Wednesday, August 28, 2013
Minutes

Attendance

Gregg Elder
Mike Gunn
Jared Kink
Susan Lindsey
Kelly Shepherd

Absent

Molly Ringo

Also Attending

Cris Bosket
Gail Buquicchio
Aanya Lee
Darla Vanduren
Sean White

Recorder

Kellee Newcomb

Call to Order

In Molly Ringo's absence, Mike Gunn was the acting Trust chairperson for this meeting. The meeting was called to order by Mike Gunn at 8:00 a.m.

The group welcomed new Trustee Kelly Shepherd to the meeting. Kelly is replacing former Trustee David Jones who resigned in June.

Adoption of Agenda

Due to Molly Ringo's absence, the agenda was amended to move the update on health benefit exchanges to a future meeting. A motion was made by Jared Kink and seconded by Susan Lindsey to approve the agenda as amended. The motion passed unanimously.

Approval of Minutes

A motion was made by Gregg Elder and seconded by Jared Kink to approve the minutes from the June 12, 2013 meeting as written. The motion passed unanimously.

Financials

Monthly Financials

The draft June financials were previously provided electronically to the Trustees. Darla clarified that the financials were still in draft form due to the ongoing annual audit. She reviewed the financials with the group. She noted nothing unusual in June. Mike said in comparing last year to the past three or four years, it was nice to see that the Trust is not spending more than it is bringing in.

Annual Audit Update – Darla Vanduren

Darla reported the annual audit is ongoing and there are no concerns at this time. She talked about the process, what the auditor has reviewed thus far, and what still needs completion. She noted that since the Trust is no longer self-funded, the auditor has suggested the Trust no longer needs the IBNR liability set aside for HMA and ESI claims. Sean agreed with this suggestion.

Darla noted that she will be out of town for the September 18 meeting when the Trustees will review and potentially approve the annual audit. She will provide the draft audit for Trustees' review prior to the September meeting. Darla noted a decision on the annual audit must be made in September to meet required financial deadlines.

Consultant Report

Sean and Aanya provided hard copies of the Everett School Employee Benefit Trust 2014 Renewal Report and reviewed it with the group. Sean noted two scenarios were provided; a Status Quo scenario and Scenario A.

An important WEA item to note is the change to their plan year effective date from October 1 to November 1. Current premium rates will be extended one month through October 31, 2013. The WEA will implement a 16.4%-17% rate increase effective November 1, 2013. Sean noted that this increase is hopefully not the new normal and is just a onetime significant rate increase. In the past, WEA rate increases have averaged 7% to 10%. There will be an increase in the deductible for Plans 2, 3 and 5. The coverage for clinical trials will be expanded to include all in-network routine services related to treatment of cancer or other life-threatening diseases. All plans will include coverage for medically necessary transgender services. In compliance with Health Care Reform (HCR), all WEA plans meet the essential coverage requirements; Premera has confirmed that they will pay for the required Patient-Centered Outcomes Research Institute (PCORI) fee; Premera estimates that approximately 4% of the renewal increase is due to HCR requirements. There will be no increase in rates for WEA dental plans; the vision plan will increase by 3.4%.

Group Health will have an overall rate increase of 6.27%. In compliance with HCR, Group Health will implement a mandated comparative effectiveness fee of \$2 per member per year; they will pay the required PCORI fee; and rates will include a pro-rated reinsurance fee effective 2014.

There are no changes to MetLife (basic life and accidental death and dismemberment or supplemental life) because the Trust is in the last year of a three-year rate guarantee plan, and there are no change to Standard Insurance Company (short-term and long-term disability), also in the last year of a two-year rate guarantee plan.

There is a rate decrease of 2.4% for the Magellan Employee Assistance Program. There are no changes to the UNUM Long-Term Care Plan for 2014; however, UNUM will increase their rates by 25% in 2015 (approved by the Washington Insurance Commission). They requested a total increase of 70% over the three year period of 2015-2017. The Washington Insurance Commission is taking a "wait and see" approach before approving increases in 2016 and 2017.

There are no rate increases to Wellness Programs. Enrollment has declined for the Alere mind and body program (weight management). Gail has had greater success with other weight management offerings and at one time the Trust considered terminating the mind and body program. The smoking cessation program will now be available at no additional fee for participants.

Sean reviewed with the group the requirements, status and potential next steps for ESSB 5940. There is nothing new to report since his last update.

Sean reviewed the contribution scenarios with the group and explained how the percentages were determined. The group asked about the Trust's current reserves. Sean explained the Trust no longer has terminal liability and the reserve is for rate stabilization. The Trustees discussed the possibility of spending down the reserves this year and what the reserves should be set at in the future. Mike asked Sean if the Trust's Procedure 250P, Fund Balance and Solvency, would have to be revised if current reserves were to be reduced. Sean said the procedure refers to the reserves for the benefits funded directly by the Trust which is minimal since the Trust went to the WEA plans. Melanie Curtice will be contacted regarding possible policy revisions.

The group discussed the current state allocation and when it was last increased. Sean said he thought it was last increased four or five years ago. He said, based on recent history, it is unlikely to see increases in the future. The group compared the two scenarios and reviewed the differences. Sean said although the status quo scenario came in better than expected, there is not much of an adjustment between the two scenarios. He noted neither scenario is sustainable

long-term, and in the absence of an increase to state allocations, the Trust will go out of business within a few years. The costs of health care are not going down and at some point the Trust will run out of money. Sean estimated what the expenses would be in the future. He said it would require a tremendous increase to employee contributions for the Trust to stay in business. Unfortunately reducing benefits will not change the trajectory.

The group discussed the communication that was mailed to employees' homes regarding the WEA's plan year date change. Cris mentioned that the last possible day human resources could prepare open enrollment documents and have them ready for the printer would be October 9. The group discussed potential adjustments to policy language and providing any revisions to Sean so that he can create adjusted scenarios. The Trustees discussed the need for an additional meeting to review revised scenarios and finalize the budget. The Trustees agreed to add a meeting on September 25 from 4:00-6:00 p.m.

Gail asked about approval of the 2013-14 Wellness Program budget which was put on hold at the June 12, 2013 meeting. The Trustees discussed the possibility of partial approval of the Wellness Program budget so that she could move forward with fall Wellness campaigns. The Trustees suggested that in the future the Wellness Program budget should change from a fiscal year to a calendar year. The Trustees discussed the possibility of approving line items in the Wellness Program budget; however, Gail did not break out the expenses in that way. She stated that if she were to launch her fall Wellness campaigns as planned she would need the Trustees' approval now. Mike Gunn adjourned the meeting briefly so that copies of the Wellness Program budget presented at the June 12, 2013 meeting could be obtained and distributed. When the meeting reconvened, Gail reviewed the Wellness Program budget with the group. A motion was made by Gregg Elder and seconded by Kelly Shepherd to tentatively approve the 2013-14 Everett School Employee Benefit Trust Wellness Program Budget so that Gail can move forward with planning and implementation of fall Wellness Program campaigns and the Weight Watchers at Work program. The motion passed unanimously. Final Wellness Program budget approval will be added to the agenda of the next Trust meeting.

Health Benefit Exchange Update – Molly Ringo
This item was moved to a future agenda.

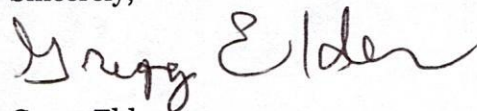
Review of Annual Meeting Calendar & Annual Calendar

The group reviewed the annual September meeting topics and agreed to additions. Because Darla will not be at the September 18 meeting, she suggested that the Trustees review the draft annual audit at the next meeting and save approval for the September 25 meeting when she can be in attendance. The Trustees agreed. Mike noted that Trust policy 491, Open Public Meetings, needed to be revised because the meeting day has changed from Monday to Wednesday. This revision will be presented at the next meeting.

Adjournment

The meeting was adjourned by Mike Gunn at 9:52 a.m.

Sincerely,



Gregg Elder
Secretary