

Everett School Employees Benefit Trust
Wednesday, September 18, 2013
Minutes

Attendance

Gregg Elder
Mike Gunn
Jared Kink
Susan Lindsey
Molly Ringo
Kelly Shepherd

Absent

Darla Vanduren

Also Attending

Cris Bosket
Gail Buquicchio
Aanya Lee
Randi Seaberg
Arlene Vollema-Rich
Sean White

Recorder

Kellee Newcomb

Call to Order

The meeting was called to order by Molly Ringo at 4:03 p.m. Molly welcomed audience member Ed Wolf of the Public School Employees of Washington SEIU 1948 and introductions were made.

Adoption of Agenda

A request was made by Molly Ringo to amend the agenda item number five related to Trust policy/procedure revisions. A motion was made by Gregg Elder and seconded by Jared Kink to approve the agenda as amended. The motion passed unanimously.

Approval of Minutes

Mike asked to comment on the minutes from the August 28, 2013 meeting related to the discussion about the Trust's reserves and the future outlook of the Trust. He said there are specific reasons for the Trust's reserves. At the August 28th meeting there seemed to be a feeling that after a period of time the Trust may not exist. The history and the future of the Trust is to support all employees, not to plan an exit strategy. Mike wanted to clarify that the Trust holds the best interests of employees in mind long term. Melanie commented that it is important for the Trustees to understand that any termination of the Trust has to be done in accordance with the Trust agreement requiring school board and association action. It is not something that this group can plan for or decide. The group discussed risky decisions that they would be tasked to make, fulfilling the Trust's fiduciary expectations and operating in a sustainable manner.

A motion was made by Kelly Shepherd and seconded by Susan Lindsay to approve the minutes from the August 28, 2013 meeting as written. The motion passed unanimously.

Financials

Monthly financials

Darla is out of town but will provide the financials for next week's meeting.

Review draft annual audit

Darla provided the draft annual audit electronically for the Trustee's review. There were no questions or concerns about the draft. This item will be presented to the Trustees for action at next week's meeting.

Trust Policy/Procedure Revisions

Molly shared Melanie's history in the development of the Trust's policies. Melanie said in reviewing the Trust's policies she realized that if there were a change in the fund balance solvency to reflect how the Trust is currently paying for benefits, it would drive changes to the entire policy manual. She asked the Trustees if they really wanted to make those changes now

because the work would have to be repeated in the future if the Trust decided to become self-funded again. Because the Trust is no longer self-funded it does not have to follow the RCWs; however, Melanie's recommendation would be to still refer to the RCWs. She said there is a lot of uncertainty currently with the state related to health care and by the first of December a report will be delivered to the legislature that may affect the Trust. Her advice would be to not do a wholesale rewrite on the policy manual at this time. She would want the Trustees to have latitude to make future decisions as circumstances change. Melanie asked for the Trustees' guidance and direction.

The group discussed the possibility of leaving the policy manual as is in an effort to lessen the impact on current work. Melanie said she could provide revisions to some policies to reflect current practice. She felt now is not the time to make wholesale changes. Sean agreed and noted the marketplace is seeing an increase in companies moving to self-funded programs. Melanie will make recommendations for modifications to the language in some policies and present them to the Trustees at the October 16, 2013 meeting.

Consultant Report

Sean provided and reviewed with the Trustees the 2014 renewal report and additional scenario options. One of the additional options included the possibility of adjusting FTE eligibility. The group reviewed this option and noted it would be a bargaining issue and was not a realistic option. Other options mentioned included looking into PEBB or offering additional plans and losing the 10% discount offered by the WEA.

Sean talked about the rate increase being applied to certain plans and explained the approach they took in determining the contributions. The group discussed if assumptions were made regarding migration. Sean said migration factors do not affect the Trust now so they were not included. The group discussed other school districts' use of pools. Sean noted if the pool ever catches up; self-funded would be a better option. Sean shared information on the impact to the Trust if a decision was made to go back to self-funded programs including not being able to go back to the WEA plans for two years. Molly talked about the impact on rates with the aging work force and asked about tracking that data again. Sean said the Trust would need to maintain a sufficient amount of reserves if there was interest in moving back to self-funded plans.

The group discussed how Everett Public Schools compares to other like organizations. Sean said Everett and Tacoma are unique because of the Trust. Other districts are looking at contributions well above what Everett employees pay today. The group discussed pooling in other districts. Sean said given the lack of allocation from the state, pooling is on its way out. Pooling has been an issue of concern with the Health Care Authority and will probably not be well supported by the legislature. The level of participation in medical plans is higher in our district than others because better options are offered. Out of 1,800 eligible employees just under 1,600 are enrolled in medical plans.

The group discussed the scenarios provided and the unknown of potential legislative action and what range of reserves would be needed if the Trust decided to change back to self-funded plans. Sean noted plan design shifts would not make a significant difference in rates.

The Trustees shared their thoughts on the scenarios provided. They agreed that communication to staff was important as all members would be paying more this year due to the WEA rate increase. Molly asked the audience if they would like to comment on this topic.

- The benefits department is starting to receive phone calls regarding rate increases and some callers are unhappy that they have to wait until October to hear what the increases are. They are also getting questions regarding the benefit exchanges. It is anticipated that those questions will increase when open enrollment starts.
- Laura Rogers, President of the Everett Association of Paraeducators commented that the paraeducators have a lot of questions and the unknown is what's bothering them. The longer it takes to make a decision the more anxious staff members get.
- Ed Wolf said he takes issue with the possibility of changing the FTE eligibility. He felt if some staff were disqualified it could drive them to seek coverage on the benefit exchange.

Molly thanked the audience for their feedback.

The Trustees thanked Sean and Aanya for their work. Molly said the information provided gives the Trustees food for thought to strategically make decisions. Because the Trust does not know what outcomes will result from the OAC report and the actions of the legislature, it's important to be open to any possibility. Molly reminded the group that the work of the Trust was favorably received by the OAC and influenced their modeling. The group discussed communication options.

Health Benefit Exchange Update

Molly thanked Arlene for her work in preparing the letter for distribution and Melanie for crafting the language. Molly asked the benefits group to team up to discuss strategies for communication options and review them with the Trustees at next week's meeting. The group discussed effective past practices for communicating benefit rate changes including at the Health Fairs and in-person communication at schools. Creative uses of technology were also discussed.

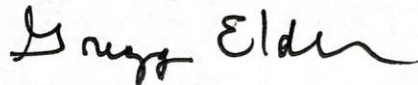
Review of Annual Meeting Calendar & Annual Calendar

This item was not discussed

Adjournment

Molly had to step out of the room to take an emergency phone call. In Molly's absence the meeting was adjourned by Gregg Elder at 5:42 p.m.

Sincerely,



Gregg Elder
Secretary

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