

HEALTH WEALTH CAREER

EVERETT SCHOOL EMPLOYEE BENEFIT TRUST

2016 RENEWAL REPORT

September 16, 2015

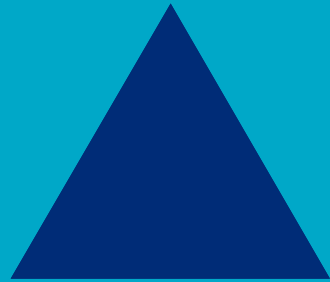
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2016 RENEWAL SUMMARY



2016 RENEWAL SUMMARY

- ESEBT will offer the following health and welfare programs:

| Coverage | Funding | 2015 Renewal | Status Quo 2016 Renewal | Comments |
|---------------------------------|------------------|--|--|--|
| Medical | Fully-Insured | UHC -1 to +3% | UHC +12% | The ratio of incurred claims to premiums billed was greater than 90%.* |
| Dental | Fully-Insured | WEA Delta Dental +2% WEA Willamette +0% | WEA Delta Dental -3% WEA Willamette +5% | Rates will renew effective 11/1/2015 |
| Vision | Fully-Insured | MetLife -5% | MetLife +0% | Three-year rate guarantee through 2017 |
| HMO Medical | Fully-Insured | GHC +12.4% | GHC +9.0% - Revised 6.96% | Alternate options proposed |
| Basic and Supplemental Life | Fully-Insured | MetLife +0% | MetLife +0% | Second year of three-year guarantee through 2017 |
| Basic AD&D | Fully-Insured | MetLife +0% | MetLife +0% | Second year of three-year guarantee through 2017 |
| Long-Term Disability | Fully-Insured | MetLife -21% | MetLife +0% | Second year of three-year guarantee through 2017 |
| Voluntary Short-Term Disability | Fully-Insured | MetLife +0.6% | MetLife +0% | Second year of three-year guarantee through 2017 |
| EAP | Service Contract | Magellan +0% | Magellan +0% | Proposed rate pass, two-year rate guarantee through 2017 |
| Voluntary Long Term Care | Fully-Insured | UNUM +25% | UNUM +25% | As expected, 25% renewal increase as previously filed |
| Health Programs | Service Contract | Alere +0% | Alere +0% | |
| Health Programs | Service Contract | Simply Engaged (UHC) | Simply Engaged (UHC) | Simply Engaged wellness included with UHC |

* The guaranteed rate cap was 10% if the ratio of incurred claims to premiums billed is less than 90%.

TRUST FINANCIAL PROJECTIONS



2016 BUDGET — STATUS QUO %

Financial Projections Comparison SQ Contrib strategy, UHC January 1, 2016 - December 31, 2016

Estimated Income

| | 1/1/2015 - 12/31/2015 Projection | | | | 1/1/2016 - 12/31/2016 Projection | | | | 1/1/2017 - 12/31/2017 Projection | |
|--|----------------------------------|----------------------|---------------|---------------------|----------------------------------|----------------------|------------------|---------------------|----------------------------------|---------------------|
| | PEPM or Mo. Sum | No. of Benefit FTEs | No. of Months | Estimated Total | PEPM or Mo. Sum | No. of Benefit FTEs | Number of Months | Estimated Total | Assumed % Change | Estimated Total |
| Employer Contributions (January through June) | \$768.00 | 1,973 ⁽¹⁾ | 6 | \$9,092,556 | \$780.00 ⁽²⁾ | 1,973 ⁽¹⁾ | 6 | \$9,234,627 | 0% | \$9,234,627 |
| Employer Contributions (July through December) | \$780.00 | 1,973 ⁽¹⁾ | 6 | \$9,234,627 | \$780.00 ⁽²⁾ | 1,973 ⁽¹⁾ | 6 | \$9,234,627 | 0% | \$9,234,627 |
| Additional Supplemental District Contribution | | | | \$0 | | | | \$0 | 0% | \$0 |
| Employee Contributions | n/a | n/a | | \$5,833,234 | | | | \$6,412,271 | 10% | \$7,053,498 |
| Investment Income ⁽³⁾ | | | | \$50,000 | | | | \$50,000 | 0% | \$50,000 |
| Total Estimated Revenues | | | | \$24,210,417 | | | | \$24,931,525 | | \$25,572,752 |

Estimated Expenses

| | 1/1/2015 - 12/31/2015 Projection | | | | 1/1/2016 - 12/31/2016 Projection | | | | 1/1/2017 - 12/31/2017 Projection | |
|---|----------------------------------|----------------------------|---------------------------------|---------------------|----------------------------------|---------------------------------|------------------|----------------------|----------------------------------|----------------------|
| | YTD Actual 1/1/15-6/30/15 | PEPM or Mo. Sum | No. of Employees ⁽¹⁾ | Estimated Total | PEPM or Mo. Sum | No. of Employees ⁽¹⁾ | Number of Months | Estimated Total | Assumed % Change | Estimated Total |
| MetLife Life / AD&D Premiums | \$62,133 | \$5.90 | 1,754 | \$124,225 | \$5.90 | 1,754 | 12 | \$124,183 | 0% | \$124,183 |
| MetLife Voluntary Term Life Premiums | \$91,646 | \$16,415.81 ⁽⁴⁾ | n/a | \$190,141 | \$16,416 | n/a | 12 | \$196,990 | 0% | \$196,990 |
| Metlife Voluntary STD Premiums | \$57,365 | \$9,560.92 ⁽⁴⁾ | n/a | \$114,731 | \$9,561 | n/a | 12 | \$114,731 | 0% | \$114,731 |
| Metlife LTD Premiums | \$182,356 | \$16.26 ⁽⁴⁾ | 1,870 | \$364,793 | \$16.26 | 1,870 | 12 | \$364,874 | 0% | \$364,874 |
| Delta Dental Premiums | \$781,300 | \$87.15 ⁽⁴⁾ | 1,486 | \$1,550,602 | \$84.55 ⁽⁵⁾ | 1,486 | 12 | \$1,528,727 | 5% | \$1,605,164 |
| Willamette Dental Premiums | \$259,134 | \$74.70 ⁽⁴⁾ | 583 | \$524,749 | \$78.40 ⁽⁵⁾ | 583 | 12 | \$553,057 | 5% | \$580,710 |
| UHC Medical Premiums | \$6,740,607 | n/a | 1,109 | \$13,401,716 | n/a | 1,109 | 12 | \$15,016,483 | 10% | \$16,518,131 |
| Metlife Vision | \$197,265 | \$15.92 ⁽⁴⁾ | 2,063 | \$394,322 | \$15.92 | 2,063 | 12 | \$398,928 | 0% | \$398,928 |
| Group Health Medical Premiums ⁽⁶⁾ | \$3,700,960 | n/a | 520 | \$7,387,112 | n/a | 520 | 12 | \$7,889,213 | 10% | \$8,678,135 |
| UNUM Voluntary LTC Premiums | \$5,469 | \$911.57 | n/a | \$10,939 | \$1,139 | n/a | 12 | \$13,674 | 25% | \$17,093 |
| Wellness Program Internal Support | n/a | n/a | n/a | \$ 32,125 | n/a | n/a | n/a | \$26,250 | 0% | \$26,250 |
| Magellan EAP | \$18,988 | \$1.65 | 1,918 | \$37,976 | \$1.65 | 1,918 | 12 | \$37,976 | 5% | \$39,875 |
| Quit for Life Tobacco Cessation | n/a | n/a | n/a | \$2,250 | n/a | n/a | n/a | \$2,250 | 0% | \$2,250 |
| Mind & Body | n/a | n/a | n/a | \$0 | n/a | n/a | n/a | \$0 | 0% | \$0 |
| Weight Watchers | n/a | n/a | n/a | \$ 4,085.57 | | | | \$4,000 | 0% | \$4,000 |
| Mercer Consulting Fee | n/a | n/a | n/a | \$85,000 | n/a | n/a | n/a | \$85,000 | 0% | \$85,000 |
| ESEBT Administration ⁽⁷⁾ | n/a | n/a | n/a | <u>\$162,552</u> | n/a | n/a | n/a | <u>\$167,429</u> | 3% | <u>\$172,451</u> |
| Total Estimated Expenses | | | | \$24,387,319 | | | | \$26,523,765 | | \$28,928,764 |
| Estimated Surplus / (Deficit) (based on estimated/current enrollment) | | | | (\$176,901) | | | | (\$1,592,240) | | (\$3,356,012) |

Unallocated reserve at December 31⁽⁸⁾
Months of expenses

\$7,764,317
3.8

\$6,172,076
2.8

\$2,816,064
1.2

2016 BUDGET NOTES

Notes:

- (1) Enrollment based on June 2015 summary of Payments to Carriers from ESEBT.
- (2) Allocations shown as outlined Engrossed Substitute House Bill 6052 effective 6/20/2015. Includes 0.0% increase effective for the 2016-2017 period and assumes a 0% increase in the 2017-2018 budget.
- (3) Based on investment earnings plus appreciation of market value through May 2015 with assumed interest for June from ESEBT Statement of Operations and Fund Balance.
- (4) Based on current rates and June 2015 enrollment.
- (5) Projected 2016/2017 is estimated at a 5% increase effective November 1, 2016 for dental.
- (6) Based on Group Health renewal effective January 1, 2016 (6.96% increase).
- (7) Based on administrative expenses from January through April 2015 annualized from ESEBT Statement of Operations and Fund Balance. Assumes an increase of 3% for 2016.
- (8) Based on a year end fund balance at 12/31/2014 of \$7,941,218.

SUMMARY OF CONTRIBUTION SCENARIOS

EMPLOYER SUBSIDY PERCENTAGES

- Scenario SQ %: All EE contribution % amounts remain the same as the 2015 plan year.
- Scenario SQ \$: All EE contribution \$ amounts remain the same as the 2015 plan year.
- Scenario 1: Adjust employee contributions targeting three-month reserve at end of 2016.

| | Status Quo (Flat %) | Status Quo (Flat \$) | Scenario 1 UHC 3 mo |
|------------------------------|------------------------|-------------------------|------------------------|
| UHC — Employee ¹ | 78% | 80% | 76% |
| UHC — Dependent ¹ | 69% | 72% | 67% |
| GHC — Employee | 82% | 83% | 80% |
| GHC — Dependent | 74% | 76% | 71% |
| 2016 Estimated Reserve | 2.8 | 2.5 | 3.0 |
| 2017 Estimated Reserve | 1.2 | 0.7 | 1.6 |

¹ UHC Plan 3 only. Plans 2 and 5 are buy-up plans from Plan 3.

BASELINE RATE SUMMARY

MEDICAL PLANS

| | | | Ratio to Single | | | Ratio to Single | | | Ratio to Single | |
|-----------------------|----------|------------------------------|-----------------------|------|-------------------------------|-----------------------|------|--------------------------------|-----------------------|------|
| 2015 Contributions | | 2016 Contribs SQ (Flat %) | % Inc | | 2016 Contribs SQ (Flat \$) | % Inc | | 2016 Contribs (3mo reserve) | % Inc | |
| UHC Option 2 | | | | | | | | | | |
| Employee Only | \$237.96 | \$266.51 | 12.0% | 1.00 | \$237.96 | 0.0% | 1.00 | \$282.30 | 18.6% | 1.00 |
| Employee / Spouse | \$488.16 | \$546.73 | 12.0% | 2.05 | \$488.16 | 0.0% | 2.05 | \$575.63 | 17.9% | 2.04 |
| Employee / Child(ren) | \$338.94 | \$379.61 | 12.0% | 1.42 | \$338.94 | 0.0% | 1.42 | \$400.69 | 18.2% | 1.42 |
| Employee / Family | \$597.87 | \$669.61 | 12.0% | 2.51 | \$597.87 | 0.0% | 2.51 | \$704.26 | 17.8% | 2.49 |
| UHC Option 1 | | | | | | | | | | |
| Employee Only | \$155.16 | \$173.78 | 12.0% | 1.00 | \$155.16 | 0.0% | 1.00 | \$189.57 | 22.2% | 1.00 |
| Employee / Spouse | \$336.63 | \$377.03 | 12.0% | 2.17 | \$336.63 | 0.0% | 2.17 | \$405.93 | 20.6% | 2.14 |
| Employee / Child(ren) | \$228.40 | \$255.81 | 12.0% | 1.47 | \$228.40 | 0.0% | 1.47 | \$276.89 | 21.2% | 1.46 |
| Employee / Family | \$416.21 | \$466.16 | 12.0% | 2.68 | \$416.21 | 0.0% | 2.68 | \$500.81 | 20.3% | 2.64 |
| UHC Option 3 | | | | | | | | | | |
| Employee Only | \$110.13 | \$123.34 | 12.0% | 1.00 | \$110.13 | 0.0% | 1.00 | \$134.56 | 22.2% | 1.00 |
| Employee / Spouse | \$238.94 | \$267.60 | 12.0% | 2.17 | \$238.94 | 0.0% | 2.17 | \$288.13 | 20.6% | 2.14 |
| Employee / Child(ren) | \$162.12 | \$181.56 | 12.0% | 1.47 | \$162.12 | 0.0% | 1.47 | \$196.54 | 21.2% | 1.46 |
| Employee / Family | \$295.42 | \$330.87 | 12.0% | 2.68 | \$295.42 | 0.0% | 2.68 | \$355.48 | 20.3% | 2.64 |
| UHC Option 4, 5, 6 | | | | | | | | | | |
| Employee Only | \$397.03 | \$444.68 | 12.0% | 1.00 | \$397.03 | 0.0% | 1.00 | \$460.47 | 16.0% | 1.00 |
| Employee / Spouse | \$779.26 | \$872.78 | 12.0% | 1.96 | \$779.26 | 0.0% | 1.96 | \$901.68 | 15.7% | 1.96 |
| Employee / Child(ren) | \$551.30 | \$617.47 | 12.0% | 1.39 | \$551.30 | 0.0% | 1.39 | \$638.55 | 15.8% | 1.39 |
| Employee / Family | \$946.88 | \$1,060.52 | 12.0% | 2.38 | \$946.88 | 0.0% | 2.38 | \$1,095.17 | 15.7% | 2.38 |
| UHC HDHP Option 7 | | | | | | | | | | |
| Employee Only | \$86.12 | \$96.45 | 12.0% | 1.00 | \$86.12 | 0.0% | 1.00 | \$105.22 | 22.2% | 1.00 |
| Employee / Spouse | \$186.85 | \$209.27 | 12.0% | 2.17 | \$186.85 | 0.0% | 2.17 | \$225.31 | 20.6% | 2.14 |
| Employee / Child(ren) | \$126.77 | \$141.98 | 12.0% | 1.47 | \$126.77 | 0.0% | 1.47 | \$153.69 | 21.2% | 1.46 |
| Employee / Family | \$231.02 | \$258.74 | 12.0% | 2.68 | \$231.02 | 0.0% | 2.68 | \$277.98 | 20.3% | 2.64 |
| GHC | | | | | | | | | | |
| EE | \$138.00 | \$148.00 | 7.2% | 1.00 | \$138.00 | 0.0% | 1.00 | \$164.00 | 18.8% | 1.00 |
| EE + Spouse | \$315.00 | \$338.00 | 7.3% | 2.28 | \$315.00 | 0.0% | 2.28 | \$376.00 | 19.4% | 2.29 |
| EE + Child(ren) | \$214.00 | \$229.00 | 7.0% | 1.55 | \$214.00 | 0.0% | 1.55 | \$254.00 | 18.7% | 1.55 |
| EE + Family | \$389.00 | \$417.00 | 7.2% | 2.82 | \$389.00 | 0.0% | 2.82 | \$464.00 | 19.3% | 2.83 |

Projected reserve months at end of 2016
under each contribution scenario:

2.8

2.5

3.0

UHC COORDINATION OF BENEFITS



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MAKE
TOMORROW,
TODAY

