

Everett School Employees Benefit Trust
Wednesday, April 19, 2017
Minutes

Attendance

Larry Fleckenstein
Adam Goldstein
Susan Lindsey
Jeff Moore
Kelly Shepherd

Absent

Gregg Elder

Also Attending

Nick Albert
Cris Bosket
Melanie Curtice (telephone)
Jayson Davidson
Jay Dyer
Shelly Henderson
Debbie Kovacs
Katy Rebar
Randi Seaberg
Darla Vanduren
Sean White

Recorder

Kellee Newcomb

Call to Order

The meeting was called to order by Adam Goldstein at 4:01 p.m.

Adoption of Agenda

A motion was made by Kelly Shepherd and seconded by Susan Lindsey to adopt the agenda as written. The motion passed unanimously.

Adoption of Minutes

A motion was made by Susan Lindsey and seconded by Kelly Shepherd to approve the minutes from the March 15, 2017 meeting as written. The motion passed unanimously.

Consultant Report – Melanie Curtice

Because Melanie was unavailable to attend this meeting in person, the Trustees connected with her by telephone. Melanie reviewed with the Trustees a draft *Reinstatement of Everett School Employee Benefit Trust* document. She explained that if approved this document would take effect June 30, 2017. This date was chosen because of questions that arose from the state auditors and because it would be in place for the beginning of the next fiscal year. Melanie said the general changes to the document are reiterating that the Trust is no longer self-funded; however, language remains in case the Trust decides to return to being self-funded in the future. Melanie has also reviewed related Trust policies to make sure they align with the revisions to the agreement.

The group discussed the information and provided feedback. The document will be provided for second reading and adoption at the May meeting. Melanie will also draft revisions to the related Trust policies and provide them for first reading at the next meeting. Darla said she provided a copy of the draft document to the state auditors on site today. The Trustees decided that Adam would provide a copy of the draft document to Jared Kink so he is aware of the proposed revisions. Dr. Cohn will also be made aware of the proposed revisions.

Financials

Darla reviewed the February and March 2017 financials with the group. She noted that the Trust is on track regarding expenses and maintaining the reserve.

Consultant Report – Jayson Davidson

Jayson Davidson of the Hyas Group and Jay Dyer of Becker Capital Management attended the meeting to review the Trust's investment portfolio. Jayson and Jay introduced themselves to the group and shared their roles with the Trust. Jay reviewed the account performance and noted it is a short-term, conservatively managed portfolio.

Jay reviewed the fixed income portfolio with the group. He noted that the portfolio is liquid and cash is easy to raise as needed. While the rates have increased, they are still low. Jayson said the expectation from Hyas and Becker would continue to be in a low yield environment. They will continue to generate interest rates as what is current and are not expecting much change. The fixed income market rates moved up just after the election but have now settled down. The duration is lower than the benchmark so there is less sensitivity than when the rates rise.

Jayson said he would return in November and revisit the Trust's investment policy at that time. Jeff asked if Hyas and Becker are covering their fees. Jayson said they are still getting value out of this advisory service and recently talked about maybe moving to a less customized portfolio. However, at this time they feel comfortable with the current structure. The Trustees thanked Jayson and Jay for providing this information.

Consultant Report – Sean White

Sean said with Aanya leaving for another opportunity, Nick Albert and Katy Rebar have joined the team. The Trustees and support members introduced themselves. Katie and Nick shared their background with the group.

Sean provided a report and reviewed it with the group. He shared information on President Trump's position for healthcare and the uncertain timeline for any enactment. The big point Sean said is, we do not know what is going to happen. Sean also provided an update on ESSB 5940. There has been some action regarding K-12 benefits in Olympia but nothing has passed yet. An item for the Trustees to consider when making subsidy decisions for 2018 is the requirement for offering a plan with a full-time premium the same as that for state employees (15% contribution initially). Kaiser Permanente (Group Health) HMO is the lowest employee premium cost share ranging between 19% and 24%. OSPI has not yet updated what the current target is. The Trust is in compliance in the other areas.

Sean provided a benchmarking analysis and reviewed it with the group. He said the data is from the 2016 Mercer National Survey of Employer-Sponsored Health Plans, which is the largest survey of its kind, and a good indicator of what is going on in the market. The group discussed the information and provided feedback. The Trustees noted that the Trust is below market standard by not offering orthodontia in the dental plans. The Trustees asked how much the increase would be if orthodontia were added. The estimated increase would be 5% to 10%.

Sean reviewed the 2017 renewal recap and 2018 planning with the group. He said there is more renewal activity this year than in the past. He explained that the WEA informed participating school districts that effective November 1, 2017, plans through Premera would be replaced by plans through Aetna and United Healthcare (UHC). After November 1, Premera will have the ability to quote directly with individual school districts. For districts currently partnering directly with Aetna or UHC, those arrangements will be grandfathered and allowed to continue. Sean asked the Trustees if they would like Mercer to request a direct quote from Premera as a replacement for Aetna. He noted that if the Trust elected to move away from Aetna and move to Premera, returning to Aetna in the future would not be an option. If the Trust decides to go forward with both Aetna and UHC, they will have an exclusivity arrangement with the WEA, similar to the prior arrangement with Premera. The group discussed the information and provided feedback. The Trustees agreed that they do not think a quote from Premera is necessary, as they do not want another vendor change at this time.

Sean said the number of plans offered by the Trust is more than employers typically offer, and they are more generous which could make the case that staff are over insuring themselves. Sean said that in a meeting with the benefits team, they discussed the possibility of reducing the number of options, specifically, eliminating the Classic and/or Traditional plans. The reasoning behind this is that these plans are much more generous than typical market plans and that they provide a level of insurance that is more than necessary (over insurance) for most individuals. Most individuals would be better off in a lower value plan when considering their payroll contributions, as well as what they pay at the point of service under expected levels of service utilization. Sean provided data on average and higher utilization for employees only and for families. The group discussed the information and provided feedback. Sean said that by just offering the Classic plan the Trust is doing users a disservice. Users of the Classic plan are paying \$1,200 more just to pay the premium. He said there is no worst-case scenario in which having the Classic plan would be best. The Trustees discussed how many users in these two plans would be impacted if they decided to eliminate one or both plan options.

The group discussed the scenarios they would like Sean to prepare. These included Aetna status quo, as well as eliminating the Classic plan option. The Trustees also asked for information on Aetna through the WEA. Sean said another option for the Trustees to consider is carving out dental from the WEA. The Trust currently provides employees dental coverage through the WEA Delta Dental and Willamette plans. As with other WEA plans, this requires that the benefit team work with Aon Hewitt's benefit administration system for billing and eligibility. This continues to be inefficient and creates additional work and employee issues for the benefits team. In order to remove this administrative burden, the option would be to carve out from the WEA and move to another carrier. The group discussed the options and asked Sean to include dental quotes in the scenarios for the August meeting. The Trustees asked Sean to include orthodontia options in the plan. A 2017 renewal calendar was provided for the Trustees review.

Wellness Program Update

Shelly reviewed the monthly Wellness Program report with the Trustees.

Reimbursement Process

Shelly reported that she and Darla have met to discuss the money from Aetna allocated for the wellness program. Some projects are awaiting final approval. Shelly and Darla have created a spreadsheet to track the money and will share it with the Trustees at the next meeting.

Upcoming Agenda Items

The Trustees reviewed agenda items for the May 17, 2017 meeting.

Other

- Darla and Randi shared with the group details of an email from Mercer regarding bonus-signing options. Darla said the Public Sector Producer Bonus Program Disclosure Agreement is from Aetna and requires a decision from the Trust to accept or opt out. Sean explained that it is consistent and common throughout the industry for there to be arrangements between brokers and carriers. Mercer has this agreement in place with Aetna. Sean shared background on this practice. He said the Trustees' decision to accept or opt-out has no effect on Mercer or Aetna and does not affect rates. Mercer does require a signature to satisfy the arrangement. After discussion, a motion was made by Kelly Shepherd and seconded by Susan Lindsey to provide the Public Sector Producer Bonus Program Disclosure Agreement to Melanie Curtice for review and recommendation. The motion carried unanimously. Based on Melanie's decision, Adam authorized Jeff to sign on his behalf.

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Minutes – continued

- In light of Melanie's participation in the meeting by telephone, Darla asked if this option might be extended to the other consultants as well. The Trustees discussed this possibility and said this option would be something to discuss in the future.
- At the March 15, 2017 meeting, the Trustees agreed to move the annual Wellness Program report to the August meeting as Shelly would not be able to attend. She reported that her plans have changed and she is now able to attend the June meeting. She will present the End-of-Year Wellness Program report at the June meeting.

Adjournment

The meeting was adjourned by Adam Goldstein at 5:42 p.m.

Sincerely,



Jeff Moore
Secretary

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