

Everett School Employees Benefit Trust
Wednesday, September 13, 2017
Minutes

Attendance

Gregg Elder
Larry Fleckenstein
Adam Goldstein
Susan Lindsey
Jeff Moore
Kelly Shepherd

Absent

Cris Bosket
Angie Erickson
Shelly Henderson
Darla Vanduren

Also Attending

Melanie Curtice (by phone)
Gayla Jenner
Debbie Kovacs
Katy Rebar
Randi Seaberg
Katrina Wang
Sean White

Recorder

Kellee Newcomb

Call to Order

The meeting was called to order by Jeff Moore at 4:07 p.m.

Adoption of Agenda

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

Adoption of Minutes

A motion was made by Kelly Shepherd and seconded by Gregg Elder to approve the minutes from the August 23, 2017 meeting as written. The motion passed. Jeff Moore abstained as he was absent from the August 23, 2017 meeting.

Consultant Report – Sean White

Sean provided an updated report with a renewal summary and decisions made at the last meeting. He reviewed the information with the group. The Trust will move forward with the proposed renewal from Aetna and Kaiser Permanente. The Aetna rates will increase by 15% and Kaiser Permanente rates will remain the same. The Aetna Classic Plan will be retained to avoid a cost increase. The projected reserve will be 1.3 instead of 2.0 in an effort to avoid complications caused by HB2242. The Trust will remain with the WEA dental plans to avoid disruption to employees.

Mercer is still undergoing negotiations with MetLife for Basic Life and AD& D, and Long-Term Disability. MetLife is hesitant to reduce renewal rates due to the School Employee Benefits Board (SEBB). MetLife provided three renewal options for Basic Life and AD&D, and Long-Term Disability. Sean reviewed the options with the group.

For MetLife for Basic Life and AD& D, Sean's recommendation is Option 3. This option is equal in cost at the end of 2019, but delays the \$17,000 payment until 2019. The group discussed the options and provided feedback. A motion was made by Adam Goldstein and seconded by Gregg Elder to select Option 3 for the 2018 renewal of MetLife Basic Life and AD&D. The motion passed unanimously.

For MetLife Long-Term Disability, Sean's recommendation is also Option 3. This option is equal in cost at the end of 2019, but delays \$44,000 of payment to 2019. The group discussed the options and provided feedback. A motion was made by Gregg Elder and seconded by Susan Lindsey to select Option 3 for the 2018 renewal of MetLife Long-Term Disability. The motion passed unanimously.

Sean noted that some contribution rates may be impacted by the long-term disability and the rates may change minimally. They will assume the standard renewal and adjust the rates as needed.

ACA Affordability

Sean reviewed the information shared at last month's meeting regarding Employer Shared Responsibility (ESR) and how the payment works in 2018. The two potential assessments are Non-offering Employer Payment or Offering Employer Payments. Sean said he is confident that the Trust is currently offering the minimum essential coverage for full-time employees; however, there is a segment of retire-rehire employees that will need to be monitored.

Sean reviewed past and future data of ESR amounts for the two penalties. He also reviewed information provided at the last meeting regarding the affordability analysis options the Trust has. The group reviewed the three options of 1) maintaining the current structure, 2) adjusting contributions to be affordable for all full time employees, or 3) introducing a new low value affordable plan.

The group reviewed maintaining the current structure. This option would likely lead to an assessment to the district estimated at more than \$473,000.

Adjusting contributions to be affordable for all full-time employees would involve plan cost increases that would come from current enrollees and potential new enrollees. The increase would be at the 2018 Federal Poverty Level (FPL) contribution of \$96.07. Sean shared what the additional annual costs would be with this option and the potential cost to the Trust if employees go to the exchange. The group discussed this option and the potential for increased costs.

The last option is to add a new low value affordable plan. The group reviewed Aetna's quote and the potential costs. The group discussed this option and concerns regarding making decisions on coverage when the district will be liable for any assessments. The group agreed the proposed low value affordable plan was not in the best interest of employees and families. Melanie agreed that offering this plan would not be good. She said the increasing cost to the Trust is scary right now with what is coming, and doing a simple agreement to reimburse the district would be better. The risk is very low, it would be a year-by-year option, and the Trust would have more information in 2018.

Considerations for the low value affordable plan is that it covers basic and preventative care at 100%. It provides the federal requirement that all plans must provide. Under this structure, any exposure for assessments to the district would be avoided. The Trustees discussed how offering this plan might hurt employees. They discussed assessments that were not enforced by the Obama administration that might be enforced by the Trump administration. Assessments for 2015 have not yet been issued but the IRS is expected to issue them relatively soon.

The Trustees shared their views on whether or not to authorize a hold-harmless agreement for the district in regard to potential assessments. Some felt that the Trust is making the decision on the liability so the Trust should accept the liability. Others were not in favor of the Trust picking up the cost of any assessments to the district. They felt their fiduciary responsibility is to the employees and they did not want the Trust absorbing fees or fines to the district, especially in their entirety.

A motion was made by Kelly Shepherd and seconded by Larry Fleckenstein to hold the district harmless for any assessments resulting from employees signing up for benefits through the Exchange under ACA during the 2018 benefit year. The Trustees continued to discuss the motion and express their concerns. The motion passed. Three ayes, two nays and one abstention.

The Trustees discussed the 2018 rate structure and concerns regarding the lower rate plan and possible exposure to the Trust if a significant number of eligible employees migrate to the lower rate plan. A motion was made by Kelly Shepherd and seconded by Gregg Elder to approve the 2018 rate structure as presented with the modification to the Aetna HSA plan for eligible employees at .75 FTE or above of \$96.07 for 2018. The motion passed unanimously.

Consultant Report – Melanie Curtice

Melanie commented that policy revisions related to the current two months of expenditure requirements are contained in Trust Policy 220, Investment Guidelines. Jayson Davidson will need to be contacted regarding proposed revisions.

Financials

This item was not discussed.

Trust Audit Update

This item was not discussed.

Wellness Program Update

This item was not discussed.

Upcoming Agenda Items

The Trustees reviewed agenda items for the October 18, 2017 meeting and added discussion regarding investment practices.

Other

At the January 18, 2017 Trust meeting, the Trustees agreed to begin a process to solicit requests for proposals (RFP) for other possible consultant vendors. In regard to that, Adam Goldstein moved and Kelly Shepherd seconded that the Trust discontinue this process at this time and not conduct an RFP. The motion passed unanimously.

Adjournment

The meeting was adjourned by Jeff Moore at 5:46 p.m.

Sincerely,

Susan Lindsey
Secretary

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