

Everett School Employees Benefit Trust
August 9, 2010
Minutes

Attendance

Molly Ringo
Mike Gunn
John Morrill
David Jones
Betsy Selders
Susan Lindsey

Absent

Also Attending

Darla Van Duren
Randi Seaberg
Gail Buquicchio
Sean White
Arlene Vollema-Rich
Rene Boswell
Tom Pursley

Recorder

Kellee Newcomb

Call to Order

The meeting was called to order by Susan Lindsey at 1:01 p.m.

Adoption of Agenda

A motion was made by Betsy Selders and seconded by Mike Gunn to approve the agenda as written. The motion passed unanimously.

Approval of Minutes

A motion was made by John Morrill and seconded by Molly Ringo to approve the minutes from the June 14, 2010 meeting as written. The motion passed unanimously.

Financial Report

Darla provided copies of the June 2010 financials (which were previously provided electronically) and reviewed them with the Trustees.

Balance Sheet – The fund balance for the month of June decreased \$(221,969) resulting in an overall decrease for the fiscal year of \$(325,359). Consultant fees still have a credit balance and were adjusted for the fiscal year end to \$99,067. Free & Clear has a credit balance and was adjusted for the fiscal year end to \$1,540.

Corporate obligations (CD's) had no activity this month. Government obligations redeemed \$271,292.70. There was a full call FFCB of \$250,000 which paid down to \$21,292.70. Overall assets for this fiscal year total \$14,112,103 compared to \$14,437,462 a year ago.

The Statement of Operations and Fund Balance – indicates payments to Stoel Rives of \$5,241.00 for ongoing legal fees for services in April. This month's Wellness Program Expenses were \$1,617. Extra costs were paid with the Wellness Coordinator Salary for the Office Assistant for October-May. The next quarter for the Investment Consultant's fees were paid in the amount of \$4,375. Bank fees for June 2010 were \$1,613.00. Fees for Carena services in May were \$450.00.

HMA claims are \$34,823 less this month than last June 2009 and overall claims this year are \$376,041 more than in 2009. ESI claims are \$58,710 more this month than last June 2009 and overall claims this year are \$552,654 more than in 2009.

Darla indicated the IBNR number is under review. She will make the adjustment when the information is known.

Becker Investment Summary

Molly asked Darla to share some investment information from Jayson Davidson. Darla stated corporate obligations (CDs) are being phased out. She and Jayson discussed the cash equivalents and break outs. Jayson felt holding on to the cash was less of a risk than to sell off the CDs. He is monitoring the situation and will attend the September Trust meeting to provide more information.

Trust Audit

Darla reported the audit is scheduled to begin on August 10th. Nothing is needed from the Trustees at this time. She stated the auditors are looking at doing more controls this year due to state audit requests. She stated that accountability is getting higher on the list of priorities these days. She anticipates having the draft audit results by the week prior to the September meeting. She will send out the results electronically once they are received. Trustees will have approximately a week to review the results prior to the September meeting. Darla will be seeking approval at that meeting.

Quarterly EAP Report

Randi reported usage is the same as it has been and they are getting great feedback. There is typically a decline in usage over the summer but Randi expects an increase next month when staff return. She stated they continue to receive good service from Magellan.

Wellness Report

Gail provided a report of Wellness activities in July and August, as well as a strategic plan and proposed budget for 2010-2011. She highlighted some Wellness summer activities and reported that she hired a new office assistant, Christina Garcia, who will start next week. Gail attended a National Wellness Conference in Wisconsin where she was certified as a Wellness Program Director. Plans for the Wellness Challenge continue to move forward. Gail is working with Safeway Pharmacy to provide flu vaccinations for this year's Fall Flu Vaccine Clinic and Health Fair. The dates are October 19-21 and 26-28 and will be in conjunction with open enrollment. This year's vaccine will include H1N1, as well as the seasonal vaccine. In light of the addition of the H1N1 vaccine, Gail asked the Trustees to consider the possibility of increasing the number of doses. Another project she is working on is the development of a Wellness blog. Gail reviewed her goals with the Trustees. The group discussed the D2 Hawkeye Report and how the data from this report could be used to help the Trustees track the cause of rising costs. Gail and Sean will be attending training on how to access the data in the report. A baseline will be created and shared with the Trustees at a future meeting.

The Trustees reviewed the proposed Wellness budget. Gail asked about the purchase of a blood pressure monitoring system that would be housed at the maintenance department. The group discussed the idea but thought the cost and location might be prohibitive. Gail also suggested the purchase of medical self-care books for a Wellness library. The group discussed this proposal and suggested that Gail contact local health agencies who had provided these types of books free of charge in the past. Regarding Gail's question about increasing the number of flu shots, a suggestion was made to increase the number of flu shots to 1,000. The Trustees agreed with this suggestion. Gail will contact the Safeway pharmacy regarding increasing the amount.

Gail asked the Trustees about compensating Wellness Team members. The group discussed the possibilities and complications of this proposal. The Trustees felt offering an incentive rather than paying compensation would be more appropriate. The group discussed Gail's budget and asked her to include income contributions, as well as to provide year-to-year comparisons. A revised budget will be provided per the Trustees request. A determination regarding adoption of the 2010-2011 Wellness Program Budget will be made at the next meeting.

Consultant Report

- **Health Care Reform Update**

Sean provided the Trustees with information on the Health Care Reform: Estimated Financial Implications for Everett School Employee Benefit Trust. Sean briefly reviewed the document with the group. He stated Health Care Reform would not be a major issue for the 2011 budget. The changes for 2011 have already been included in the budget projection. Tom Pursley stated an issue is the ability to partially finance eligibility cutting back on Medicare and Medicaid. The Trustees discussed the potential implications. Molly provided the Trustees with copies of an email from Sean regarding the financial impacts of the Health Care Reform on the Trust. This information was recently shared with local legislative representatives while Molly was visiting Washington D.C. in July with AASA. Health Care Reform will be addressed further at the next meeting.

- **2010-2011 Budget**

Sean reviewed the information provided to the Trustees regarding the health and welfare benefit plans currently offered to Everett Public Schools' employees. Also included were summaries of key renewal issues and the financial impact of the January 1, 2011 renewal recommendations provided by each of the current carriers. Sean reviewed the key issues with the group. An area that Sean was looking for the Trustees' direction on was currently scheduled special projects. He stated the current situation is not in the Trust's best interest and he would like to see this corrected this year. Additionally, these projects would require a future audit. Tom provided some background on when Mercer first began working with the Trust. After discussion the Trustees agreed that special projects, except for prescriptions, were not needed. Sean asked the Trustees for input on what levels of surplus they would like to see, which he will provide at a future meeting. The group discussed vision benefits and agreed to reserve any decision until the next meeting.

The group reviewed the Trust financial projections. Tom commented that the percentage of costs that the Trust covers for its employees are dramatically greater than the industry standard. The group discussed the current reserve and the potential for increasing employee contribution rates in the future. They asked Sean to provide some scenarios that would include increased employee contributions. He stated he will update the model used last year (i.e., no significant plan reductions but increase employee contributions) and provide the information at the next meeting. The group discussed the implications of using the reserve.

Annual Calendar Review

No changes at this time.

Other

The group discussed the next meeting scheduled on August 30th. Because Molly Ringo would not be able to attend, and with the importance of approvals needed for the budget, the Trustees decided to reschedule the meeting to Friday, September 3rd from 8:00-11:00 a.m. Gail stated she would need to have the Wellness budget approved prior to the September 3rd meeting. After discussion, a motion was made by Molly Ringo and seconded by John Morrill to approve the interim Wellness budget with the same costs as last year, and to review Gail's revised budget at the next meeting. The motion passed unanimously.

Adjournment

The meeting was adjourned at 3:39 p.m.

Sincerely,

David Jones
Secretary