Everett School Employees Benefit Trust
Wednesday, April 9, 2014
Minutes

Attendance	Absent	Also Attending	Recorder
Gregg Elder	Molly Ringo	Cris Bosket	Kellee Newcomb
Mike Gunn	Randi Seaberg	Gail Buquicchio	
Jared Kink		Jayson Davidson	
Susan Lindsey		Jay Dyer	
Kelly Shepherd		Aanya Lee	
		Darla Vanduren	
		Arlene Vollema-Rich	
		Sean White	

Call to Order

In the absence of Chairperson Molly Ringo, Gregg Elder chaired the meeting. The meeting was called to order at 4:02 p.m.

Adoption of Agenda

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

Approval of Minutes

A motion was made by Jared Kink and seconded by Mike Gunn to approve the minutes from the February 12, 2014 meeting as written. The motion passed unanimously.

Financials

Darla reviewed with the group the February and March 2014 financials. Things to note included final adjustments made to reduce the liability of $25,000 to $0.00; Wellness Program expenses paid in the amount of $16,626 for the 2013 Wellness Challenge; and Fiduciary liability insurance paid in April of $6,494, which is the same amount as last year.

Wellness Program Update

Gail reviewed with the group the Wellness Program report. She shared a Wellness Team Scorecard that Wellness Teams can use to earn Wellness Grant dollars to promote healthy activities at schools/sites. Gail also co-presented at the Oregon Education Association: School Employee Wellness Conference in Bend, Oregon, on Evaluating your School Employee Wellness Program and “It Takes a Committee” to grow your School Employee Wellness Program.

Consultant Report – 2015 Strategy and Renewal Planning

Sean noted he would be sharing initial information regarding 2015 renewals. He already met with the benefits team and talked about what they discussed. Sean reviewed the agenda with the group.

Sean shared compliance updates with the group and noted there is not a lot happening at this time. Health Care Reform requirements in 2015 include: Employer Shared Responsibility (which was delayed until January 1, 2015); new employer reporting requirements; changes to out-of-pocket limit requirements for non-grandfathered plans; and changes to the definition of integrated dental and vision plans.

Sean reviewed market update survey results with the group. Cost growth slowed again in 2013, with higher increases expected this year. The Trust's increase for 2013 was 2.8% and is projected at 12 % for 2014. Costs rose faster among larger employers but mid-sized employers experienced the highest cost per employee. Underlying cost trends are still high at 8% but employers plan to hold the average increase in per-employee cost to about 5%. Cost shifting has been considerable. In the last three years deductibles have risen nearly 20%. The typical employer plan still meets the Affordable Care Act's (ACA) plan value requirement of 60% of covered expenses—with room for further cost shifting.

To comply with the ACA, employers are managing growth in enrollment by changing contribution strategies. Some employers are taking bolder action to steer spouses to other coverage including charging a surcharge. A majority of large employers are in danger of getting hit with the excise tax in 2022; however, almost a third said the tax influenced their employee health plan decisions for 2014. Sean reviewed some of the steps large employers are taking now to avoid the excise tax. The group discussed the fact that the district has charged a surcharge to spouses who are eligible for health care through their employer but choose to decline it in favor of the district's health care plans.

Consumer Driven Health Plans (CDHP) have become mainstream and their prevalence is likely to accelerate over the next three years. By 2016, 64% of large employers expect to offer a CDHP. CDHPs typically pass the 60% "test" but cost about 20% less than PPO and HMO coverage. Large employers are working to build enrollment in CDHPs.

Private health care exchanges are poised for rapid growth. One-fourth of employers are considering switching to a private exchange within two years and 45% would consider switching within five years. The group discussed the private health care exchanges. Sean talked about Mercer's health care exchange and how it works.

Financial incentives are becoming the norm in health management programs, and participation rates are rising as a result. More employers are using financial incentives for maintaining or achieving health targets with biometric screenings.

Sean reviewed the Trust's current benchmarks for health plan offerings and the rate adjustments made by the WEA for 2014. He shared the proposed 2015 renewal action recommendations. Plan options will be provided once the WEA renewal rates are released in June. The group discussed the voluntary long-term care option rates which will increase by 25% January 1, 2015 and are expected to increase again in 2016. Sean recommended that the benefits team provide communication now to current subscribers so they will be aware of the rate increase and that they will have to pay the increase beginning in 2015. Also noted was that if the number of subscribers of voluntary long-term care drops below ten, the program will have to be eliminated.

Sean said based on past conversations regarding the WEA plans, it makes sense to look at alternative plans. Proposed marketing activities include requesting WEA carve-out proposals from an array of other health care providers for medical, dental and vision, and life and disability coverage. He said because we have no data it will be a blind quote and there is a realistic possibility that some vendors may decline to provide a quote. Sean reminded the group that if the Trust decides to leave the WEA they will not be eligible to re-enroll for two years; therefore, he will request a second year assurance in the proposed rates. Sean will provide a summary on the alternative plans at the May meeting.

Investment Report

Jayson Davidson of Hyas Group and Jay Dyer of Becker Capital Management, Inc. provided an investment update for the group. Keene Satchwell was not able to attend the meeting. Jay noted there have been no changes in the firm; it is still employee owned and continues to grow.

The Trust's portfolio continues to outperform its benchmark and the better-than-benchmark performance will likely continue. He noted that the Trust's cash assets are elevated primarily as a result of lower than forecasted withdrawals. The ability to push out the maturity structure of the portfolio is somewhat limited due to current cash flow projections. The group discussed the cash assets and asked if they can be invested. Jayson reminded the Trustees of their decision in October to maintain approximately three months of liquid cash reserves to meet the expenses of the Trust. He and Keene have discussed the best way to put the cash to work for the Trust in this fixed income environment. The cash is earning nominal interest in a money market account.

The Trustees thanked Jay and Jayson for their continued good work on behalf of the Benefit Trust.

Review Operational Manual

This item was not discussed.

Establish and Adopt Annual Regular Meeting Calendar for Upcoming Fiscal Year

The group reviewed the proposed 2014-15 meeting schedule. In anticipation of potential rate increases from the WEA and to allow more time to discuss and approve 2015 plan renewals in a timely manner, and also to accommodate the benefits team in preparing and distributing open enrollment materials to staff, the group agreed to add two meetings to the draft calendar.

A motion was made by Kelly Shepherd and seconded by Susan Lindsey to adopt the proposed 2014-15 Regular Meeting Calendar with the addition of meetings on August 26, 2014 (8:30-11:30 a.m.) and September 24, 2014 (4:00-6:00 p.m.). The motion passed unanimously.

Review of Annual Meeting Calendar & Annual Calendar

This item was not discussed.

Adjournment

The meeting was adjourned at 6:14 p.m.

Sincerely,

Gregg Elder
Secretary

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