

Everett School Employees Benefit Trust

May 17, 2010

Minutes

Attendance

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

Absent

Also Attending

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

Recorder

Kellee Newcomb

Call to Order

The meeting was called to order by Molly Ringo at 4:05 p.m.

Adoption of Agenda

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

Approval of Minutes

A motion was made by Susan Lindsey and seconded by Mike Gunn to approve the minutes from the April 19, 2010 meeting as written. The motion passed unanimously.

Financial Report

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

The fund balance for the month of April decreased by \$123,299 resulting in an overall decrease for the fiscal year of \$3,774. Consultant fees still have a credit balance and are growing. Corporate obligations (CDs) redeemed \$190,000 and government obligations redeemed \$1,755,254.62. Overall assets for this fiscal year total \$14,433,688 compared to \$14,847,274 a year ago.

The Statement of Operations and Fund Balance indicate payments to Stoel Rives for ongoing legal fees in the amount of \$2,708. \$3,488 was paid to the Wellness Program for monthly expenses. \$14,082 was paid to Magellan Behavior for the 2nd quarter EAP. HMA claims were \$146,976 more this April compared to April 2009. Overall claims this year are \$616,311 more than in 2009. ESI claims were \$109,039 more this April compared to April 2009. Overall claims this year are \$425,116 more than in 2009. Multiple rebate checks were received from Sun Life totaling \$58,061.86. Darla noted a possible recording error. She stated she would make revisions and send out revised copies electronically.

Review Auditor Engagement for Annual Audit

Darla reminded the Trustees of a letter received in the fall from Toyer and Associates inquiring whether the Trust would like to renew early for their services. Darla reports that she is set to go with them again at the same rate. She will be scheduling a meeting with them to review the financials in late summer.

Review Proposed Revisions to Investment Policy 220

At the April meeting, Jayson Davidson of Hyas Group indicated that he would provide proposed revisions to the language in Trust Policy 220 – Investment Guidelines and Rules. Molly provided copies of the proposed revisions, along with emails from Howard Bye of Stoel Rives stating some concerns that he had with the proposed revisions. The group reviewed the email and the proposed revisions. After discussion the Trustees agreed with Jayson's proposed revisions. A motion was made by Mike Gunn and seconded by David Jones to adopt the proposed revisions to Trust Policy 220. The motion passed unanimously.

Consultants Report

Sean White provided information regarding the paid claims experience and ESEBT 2011 Renewal Planning. In regard to the annual Mercer budget, Sean stated there are no changes for the current year. A point has been reached where commissions income for the Trust has reached a level of excess. He asked the Trustees for permission to adjust the number to bring it in line. The Trustees discussed the information provided by Sean and gave him permission to adjust the numbers. The Trustees thanked Sean for bringing this information forward.

Paid Claims Experience

Sean provided reports on non-HMO medical coverages for January through December 2010. The total recommended plan funding for the first quarter of the 2010 year for the three PPO plans combined totaled \$2,728,479. This is intended to cover administrative fees and stop-loss premiums, as well as medical, vision and prescription drug claims and any recommended adjustment to the IBNR.

Everett School Employees Benefit Trust 2011 Renewal Planning

Sean reported that he met with Randi and the benefit staff in April to discuss 2011 renewals and to identify any current issues or changes to pursue through the renewal process. He provided information to the group on the current status of programs in place and initial recommendations for renewal strategies. For 2010, HMA fees increased overall by 2%. There are no current areas of concern. There are no desired changes to pursue through the renewal process, other than those changes required as part of the federal health care reform and mental health and substance abuse parity requirements. Sean reviewed the required changes for the Federal Health Care Reform for 2011.

A recent appeals issue presented to the Trust raised the possibility of revising the appeals process to include an Independent Review Organization (IRO). The group discussed the IRO services available to plan sponsors through HMA. If this service is utilized there is an additional cost to the employee typically between \$200 and \$500. This is paid directly to a third party independent review organization, not HMA. This option is not readily communicated to members. Sean stated if the Trust decided to add this option, the appeal policy should be amended to reflect the change. The Trustees agreed to keep the process as it is now and revisit this option in the future if needed.

The Trust is ending the second year of a two-year pricing guarantee period with ESI Pharmacy Administration. Renewal options, which Sean will present in August, will be negotiated for 2011. There are no desired changes to pursue through the renewal process.

Due to recent cost increases, Mercer will present specialty drug management and other clinical program options based on a review of prescription cost drivers and available programs through ESI.

Sun Life stop-loss insurance rates increased 30% for 2010. Mercer is recommending a marketing for 2011 due to the length of time since the plan was last marketed (2007). Results will be presented to the Trust in October or November to determine a vendor for 2011. The Trustees agreed with this recommendation.

Sean reported that issues continue with the PacifiCare plan vision benefits. He presented options on the possibility of a vision carve-out benefit through VSP (either through the WEA, or on a direct contract basis). After discussion, the Trustees asked Sean to pull together some options and report back. Sean will include PacifiCare plan vision benefit options as part of the renewal process.

Standard Short-Term Disability (STD) and Long-Term Disability (LTD) are currently in the second year of a two-year guarantee and will be part of the 2011 renewal negotiations. Sean reviewed with the Trustees two issues that relate to STD. The first is an inquiry from payroll to end the current process of adjusting payroll for employees on STD resulting in total compensation while on disability equal to or in excess of 100% of pre-disability earnings. Sean stated this practice is not recommended and Standard is unlikely to agree to such an approach. The Trustees agreed. The second issue related to inclusion of TRI pay in the definition of earnings for the purpose of determining STD and LTD benefit amount. Employees have inquired about this issue. TRI is similar to overtime or incentive pay, which is not typically included in the definition of earnings within an STD or LTD contract. Sean stated if the Trust would like, he could explore with Standard this change but that they may not be agreeable to it. The Trustees asked Sean to talk with Standard regarding the different premiums and report back.

Due to geographic challenges with locations, Sound Health Solutions Weight Management Program was terminated as of January 1, 2010. Sean talked with the group regarding potential replacement options for a weight management program including a clinic-based option available through 20/20 Lifestyles (which has similar geographic issues) and an online program recently developed and released by Free & Clear. Gail reported that she has talked with the trainer and nutritionist for Sound Health Solutions regarding the possibility of creating a local program. She talked with the group about a recent experience she had with a staff member who had lost a significant amount of weight and credited her start on that journey with the weight management program. She asked that the Trust please find an alternative. At the Trust's direction, Sean will continue to explore options and report back. He will also include a quote in August from Free & Clear on their weight management program.

Discussion regarding Appeal Policy 410

This topic was previously discussed (see Everett School Employees Benefit Trust 2011 Renewal Planning).

Health Care Reform

Benefits for Current 25 Year Old Dependents

A question had been raised by a staff member asking if the district would be allowing current 25 year old dependents to have "early" eligibility to benefits rather than aging out now and reapplying January 1, 2011 when the Health Care Reform changes take effect. Sean reported that Group Health is allowing early adoption of the dependent age mandate effective June 1, 2010 subject to the plan sponsor's decision on early adoption. PacifiCare is also allowing early adoption of the dependent age mandate for those graduating from an accredited college or university on or after April 19, 2010, subject to the plan sponsor's decision on early adoption. Randi provided copies of an email from Howard Bye providing detailed information on the legality of allowing older dependents to remain on current benefit plans who would otherwise age out or become ineligible before January 1, 2011. The group discussed possible options such as having a second open enrollment. However, specific issues from each insurance may come into play, as well as issues with Cobra. After review and discussion the Trustees agreed to wait until open enrollment in January.

Review Operational Manual

With some recent changes made in Trust policies, the group felt there was not need for further review of the operational manual.

Wellness

Gail provided canvas tote bags with the Wellness logo to the group. She reported on current and upcoming Wellness campaigns and classes. At the April Trust meeting, the Trustees asked Gail to bring a proposal on the 2010 Flu Shot Campaign. Gail suggested continuing this year with what was done last year. In addition to the Flu Shot clinic, Gail recommended combining the clinic with a Health Fair that might include information on open enrollment and the Wellness Challenge. There may also be screenings offered on blood pressure and cholesterol (at an additional cost.) Gail recommends the same budget as last year—600 vaccines for a cost of approximately \$15,000. She commented that extrapolating data regarding staff members missing work due to the flu was difficult. She is planning an end-of-the-year survey for staff and provided copies of the survey for the group's review. She asked the Trustees for feedback on any other data that they would like to collect from staff. She plans to offer incentives to staff to take the survey in the form of Wellness Grants. These could be used for approved activities that support the well-being of staff at schools that average the most returned surveys. The total cost of incentives would be \$750.00

Draft 2010-2011 Trust Meeting Schedule

A draft 2010-2011 Trust meeting calendar was provided. The Trustees reviewed the proposed dates and made suggestions for revisions. A motion was made by David Jones and seconded by Mike Gunn to accept the draft with the change of date in August. The motion passed unanimously. Updated copies will be provided at the next meeting.

Annual Calendar Review

The group reviewed the annual calendar and made suggestions for revisions. An updated annual calendar will be provided at the next meeting.

Everett School Employees Benefit Trust
May 17, 2010
Minutes - continued

Adjourn Regular Meeting

The regular meeting was adjourned at 5:41 p.m. so the executive session could be held.

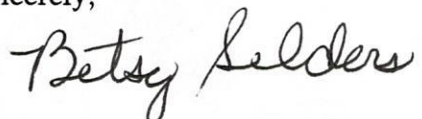
Executive Session

Consultant performance review.

Adjournment of Regular Meeting

The meeting was reconvened and immediately adjourned at 5:46 p.m.

Sincerely,



Betsy Selders
Secretary

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