

Everett School Employees Benefit Trust
Tuesday, August 26, 2014
Minutes

Attendance

Gregg Elder
Jared Kink
Susan Lindsey
Jeff Moore
Molly Ringo
Kelly Shepherd

Absent

Also Attending

Cris Bosket
Gail Buquicchio
Aanya Lee
Randi Seaberg
Darla Vanduren
Arlene Vollema-Rich
Sean White

Recorder

Kellee Newcomb

Call to Order

The meeting was called to order by Gregg Elder at 8:36 a.m.

Adoption of Agenda

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

Approval of Minutes

A motion was made by Molly Ringo and seconded by Jared Kink to approve the minutes from the June 11, 2014 meeting as written. The motion passed. Jeff Moore abstained from the vote as he did not attend the June meeting.

Financials

Darla reviewed the May 2014 financials with the group.

Annual Audit Update

Darla noted the June financials were currently under review with the annual audit. She said the change from cash to accrual has been a bit of challenge but is beneficial. The audit is going well so far and she will provide an update at a future meeting.

Consultant Report

Sean provided copies of the 2015 renewal report and reviewed it with the group. Projections indicate that if the Trust continues with the status quo there would be a deficit for 2015 of \$1.95 million. This would lead to a projected year-end reserve of \$5.8 million at December 31, 2015, or 2.7 months of expense. This would be less than the three months of expense that the Trust has historically required. Alternative proposals were requested and received for medical/RX insured plans and dental and vision plans to replace current WEA plans and insured life and disability plans for vendor consolidation. Sean said in general, all of the alternate proposals represent saving opportunities for the Trust. The Trustees would need to make decisions on a medical insurer, a year-end reserve target, employee contributions, dental and vision, and life and disability.

Sean reviewed the proposed renewal summary with the group. The rate increase for the WEA medical plans is 7.9% effective November 1, 2014. He reviewed the required benefit modifications to the 2015 plans. Group Health would also have an overall rate increase of 12.4%.

Renewals related to Life insurance, Accidental Death and Dismemberment (AD&D) and Supplemental Life had no rate increases and MetLife would extend the current rates for an additional three years. Voluntary Short-Term Disability (STD) and Long-Term Disability (LTD) would have a two year renewal with no change to rates. Sean reviewed other plans such as Magellan Employee Assistance (EAP) and UNUM Long Term Care Plan. There are no changes to

Magellan's rates which are in the last year of a two year rate guarantee. UNUM filed for a significant increase of 25% which was approved. Sean explained current enrollment in UNUM is eighteen employees. If enrollment drops below ten, then the group coverage would terminate and those enrolled would be ported to individual coverage with the same rates. Alere Health Programs (Quit for Life) have no rate changes through December 31, 2015, and Health Force Partners (Wellness Challenge) are terminating for 2015. Sean also provided an update on ESSB 5940 and the primary requirements to pay attention to. He noted the Trust is currently in compliance.

Sean reviewed the status quo budget with the group and talked about the deficits if the Trust stays with the current WEA medical plans. The group discussed the information provided. Sean also reviewed the medical proposals process that the Trust asked him to pursue. Because there is no access to current claims data from the WEA, the rates are based on what information was available. Sean talked about the medical proposals received from Group Health Cooperative (GHC), Moda Health, and United Health Care (UHC). He reviewed the plan design offerings, the comparison to current plans, potential savings and potential network disruptions for each vendor. The Trustees reviewed in depth how each vendor compared in terms of provider networks (level of disruption); wellness program capabilities and cost; the impact on employee contributions (payroll deductions); and how the proposals vary in terms of the plan design (e.g., deductibles, copays, etc.). A key component of the three alternative proposals is that it would allow access to our own claims data and experience. Also, the district is still experiencing daily issues with Aon and moving away from the WEA would alleviate these issues.

The Trustees asked how important having data was. Sean explained that having access to claims data allows understanding of cost drivers which the Wellness Program could work to help address. Access also allows development of strategies for certain issues and allows you to know if you are paying an appropriate price. Purely from a cost standpoint, going to the WEA made sense, but now with the increases the Trust can't say that, and with the WEA the Trust has no control of plan design. Also, staying with the WEA will become an issue with the 2018 excise tax implications. Sean said he presumes the WEA will make changes to help school districts deal with the excise tax, but if the Trust has its own plans they can potentially make plan changes to mitigate exposure. Molly said at one time the Trust did use the claims data to make decisions on plan design and it has been a big loss not having access to it.

The group discussed employee demographic. Three years ago there was an older demographic due to a reduction in retirements from the economic turndown that made a difference in the Trust's decision to move to the WEA. The 2008 Hawkeye report showed the average age of employees was 48 and a couple of years later it was 51. Now the demographic may be different. Retirements have increased and the economy has improved. Gail said she and Sean talked about the wellness programs in the alternative medical plans and that it would be very helpful to have a partner for her to engage with. She noted both UHC and GHC would offer lush partnerships that would allow for more resources.

The group reviewed the alternate dental and vision proposals if they chose to carve-out of the WEA. Willamette and Delta Dental have an exclusive arrangement with the WEA and the Trust has also never been able to get claims data from them. MetLife has provided alternate dental and vision proposals for consideration given the alternate medical proposals for 2015. MetLife has attempted to match the current plan design and offerings with their partner dental and vision plans. Based on current enrollment, the MetLife dental proposal represents an estimated savings of \$77,000 if only replacing Delta Dental. If Willamette is also replaced, the estimated savings decreases to \$29,000. MetLife is offering a second year rate cap of 8% or the Trust could select to lock now with a rate of \$86.99 for year two.

The vision comparison between the WEA and MetLife are very similar. The MetLife vision plan proposal represents and estimated annual savings of \$29,000 and they are offering a three-year rate guarantee which is unavailable through the WEA.

The group reviewed life and disability proposals. The current Life and AD&D benefit is provided by MetLife and their STD and LTD benefit is provided by The Standard. Everett Public Schools is looking to consolidate these benefits with one vendor for efficiencies and asked Mercer to request quotes. The Standard offered a Life and AD& D proposal with a three-year guarantee and MetLife offered a voluntary STD and LTD proposal with three- and two-year guarantees. The group discussed the information provided.

The Trustees reviewed the 2014-15 plan designs for all coverages. They discussed open enrollment and the challenges of carving-out of the WEA. They agreed eliminating Willamette dental would be very disruptive. Darla shared information on phone calls to payroll and the things that are affecting employees with Aon. It has been a constant problem since day one and even though Kim Mead recognizes the challenges districts are having and is advocating for them with Aon, nothing has changed. Sean said there is a trend with other school districts in the direction of carving-out of the WEA because of Aon and the lack of access to data. Tacoma is going with GHC and Lake Washington is going with Regence and GHC.

The group will meet tomorrow and Sean will bring additional information so that the Trustees can make a decision. The group discussed including other employee groups so they will be aware of the potential changes. As a courtesy, Arlene will reach out to the employee group representatives and invite them to attend tomorrow's meeting for their information. Sean will provide a subset of what the Trustees are thinking of for tomorrow's meeting.

Adjournment

The meeting was adjourned by Gregg Elder at 10:59 a.m.

Sincerely,

Kelly Shepherd
Secretary

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