

Everett School Employees Benefit Trust
Wednesday, August 23, 2017
Minutes

Attendance

Gregg Elder
Larry Fleckenstein
Adam Goldstein
Susan Lindsey
Kelly Shepherd

Absent

Cris Bosket
Jeff Moore
Randi Seaberg

Also Attending

Nick Albert
Melanie Curtice
Angie Erickson
Shelly Henderson
Gayla Jenner
Debbie Kovacs
Wade Symons
Darla Vanduren
Katrina Wang
Sean White

Recorder

Kellee Newcomb

Call to Order

In Jeff Moore's absence, the meeting was called to order by Susan Lindsey at 2:04 p.m.

Adoption of Agenda

A modification in the order of the agenda was requested. A motion was made by Adam Goldstein and seconded by Gregg Elder to adopt the agenda as modified. The motion passed unanimously.

Adoption of Minutes

A motion was made by Kelly Shepherd and seconded by Adam Goldstein to approve the minutes from the June 14, 2017 meeting as written. The motion passed unanimously.

Trust Audit Update

Darla shared that the auditors had been on site twice. The audit is going well and they should tentatively finish the week of September 18. She will provide a draft report once available.

Darla reported a fund balance loss of almost 1.2 million dollars. She said this was expected and planned for. Money is being transferred on a monthly basis to meet the Trust's needs. The group discussed the balance and how future decisions may affect it. Darla will not be able to attend the September 13, 2017 meeting.

Wellness Program Update

Shelley reviewed the monthly report with the group. She explained the Weight Watchers plan for 2017-18, which offers a cost savings to members and to the Trust. Shelly shared that she has been talking with Health Enhancement Systems regarding a new Wellness program called *Feel Like a Million*. She provided background on the program and the reasons for considering a switch from Walktober. Shelly will email the Trustees with specific information regarding the new program once it is available. The group discussed how the new program might impact the Wellness budget. Shelly did not think an adjustment would be needed. Shelley will not be able to attend the September meeting.

Consultant Report – Melanie Curtice

Melanie talked with the group about ACA and the impacts of its expiration in 2019. The Trust has two more years to get through and it is hard to know whether the Trust can do anything in addition to the Health Care Authority. There may be money left over and rules as to what can be done with that money. Sean said contributions may need to increase to keep the reserves at the current level. The group discussed the information and provided feedback.

Consultant Report – Sean White

Sean introduced his team; Nick Albert, Katrina Wang and Wade Symons. Sean reviewed the report with the group. The executive summary included information on funding status. Adam asked about revising the reserve goal for this coming year, which would require a policy revision. Melanie will work on revisions to the policy language.

The 2018 Aetna medical plan renewal is capped at 15% for 2018. The actual underwriting was over 20%. A Behavioral Health Plan enhancement and \$25,000 Wellness budget are included in the renewal. Kaiser Permanente WA HMO (formerly Group Health) is offering a slight reduction in its medical plan for 2018. For dental plans, there is a slight decrease for WEA Delta Dental but no increase for WEA Willamette Dental.

Sean posed an alternate strategy of eliminating the Classic Plan from the Aetna plan offerings. Elimination would offer a gross plan savings of \$158,000; however, due to lost contributions, eliminating the Classic Plan would cost the Trust \$20,000 in 2018. The group discussed the reason for this strategy. Sean said the Trust loses out on revenue streams with the Classic Plan and it does employees a disservice to keep it.

Sean talked with the group about MetLife's Basic Life and Accidental Death and Dismemberment coverage. The rate is increasing by 25% in 2018. The proposal includes a three-year rate guarantee through December 31, 2020. Mercer reviewed MetLife's analysis and credibility calculations and agree with their conclusion on the renewal increase. There is no increase to supplemental life but there is a 38.5% increase to the long-term disability. Mercer reviewed the analysis and believe the renewal is fair based on plan experience. There is still room to negotiate based on MetLife's reserve level and IBNR. There is a rate decrease of 10% for voluntary short-term disability. This also includes a three-year rate guarantee through December 31, 2020. Mercer is asking MetLife for a larger rate decrease to help offset the increases in the long-term disability rates.

Magellan Employee Assistant Plan rates decreased by 9.1% with a three-year rate guarantee through December 31, 2020. UNUM provides long-term care coverage to Trust employees on a volunteer basis. They are increasing their rates by 20% for 2018. Alere Health Programs (smoking cessation) have no rate changes through December 31, 2018.

Sean and Melanie talked with the group about ESSB 5940 and provided an update including some of the primary requirements, the current status for the plans offered by the Trust, and potential next steps. The Trustees talked about the requirement to offer a plan with a full-time premium the same as that for state employees (15% full-time contribution). The plan with the lowest employee premium cost share is Kaiser Permanente WA HMO which ranges between 18% and 22%. The Trust will want to consider this requirement when making subsidy decisions for 2018. Another area will be determining whether current contributions are an appropriate "minimum contribution" of the state requirement that each K-12 public school employee pays a minimum premium charge.

An update on HB 2422 was also provided. The legislature approved HB 2422 on June 30. This will generate dramatic impacts on school districts. The legislation creates a School Employee Benefits Board (SEBB) and on or after November 1, 2020, health benefits for groups of school district employees will be merged into a single risk pool. Bargaining over the amount contributed towards coverage will take place on a statewide basis.

The group reviewed the 2018 budget status quo percentage and talked about the reserve projections for 2018 and 2019. If the Trust approved the status quo scenario for 2018, there would be 1.3 months of expenses in the reserve and (0.3) months of expenses for 2019. Approving the status quo scenario would require a revision to the policy regarding reserves.

The group reviewed the summary of contribution scenarios provided. Also discussed was the cost comparison of returning to the WEA medical plans. Due to changes in the WEA, their medical carrier options are now United Healthcare and Aetna. Sean said there is no financially compelling reason to go back into the WEA. The group discussed this information and provided feedback. The Trustees shared which scenarios they felt offered the best options for employees.

Wade Symons talked with the group about Employer Shared Responsibility under ACA, how the payment works and the safe harbor indexed assessments for 2018. The affordability analysis conducted by Mercer indicates the current contribution level is failing to meet Federal Poverty Level Safe Harbor for Affordability under the Employer Shared Responsibility provisions under ACA. Mercer analyzed census data provided on July 10. The analysis focused on full-time employees as indicated by FTE status. The analysis provided three options including: 1) maintaining the current structure; 2) adjusting contributions to be affordable for all full-time employees; or 3) introduce a new minimum plan that is affordable for all full-time employees. The group discussed these options and provided feedback.

Melanie said this is a hard decision for the Trust to decide because it is the district's liability but the Trust has to look at the plans and provide the best options for employees. Some decisions need to be made around this and need to be communicated with the district. The group agreed to continue the discussion on this topic at the next meeting in order to hear input from all trustees. The group discussed why some employees are waiving coverage and if they can be asked the reason for waiving coverage, or if it is an option to not allow them to waive coverage unless they have other insurance. This would be a change to the current system.

The group reviewed the dental proposals. Sean said it would be a big disruption to those in Willamette if they were to change dental plans. Cigna matched the current plan design. Sean shared the information regarding adding orthodontia to the 2018 plans. The WEA medical plans include orthodontia. The group asked if there is an option for employees to choose orthodontia or not. Sean will check with Aeon Hewitt regarding the WEA rules. If the Trust decides to carve out of the WEA dental plan that would be an option and the employee would pay the upcharge. Also reviewed was the Cigna dental proposal GEO access report. The group did not feel that this option was worth exploring at this time.

The group talked about what they would like Sean to bring back to the next meeting. They would like to increase the Aetna rates by 15% and keep Kaiser Permanente at a flat increase. They would like to keep the status quo with dental. Sean will look into the WEA rules for adding orthodontia. Decision rate structures for September would not include the ACA option. The Trustees would like to keep the Classic Plan.

Upcoming Agenda Items

The Trustees reviewed agenda items for the September 13, 2017 meeting. A request was made to add discussion of policy revisions related to current reserves and discussion regarding ACA.

Adjournment

The meeting was adjourned by Susan Lindsey at 4:05 p.m.

Sincerely,

Susan Lindsey
Secretary

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