

Everett School Employee Benefit Trust

Minutes of
January 24, 2005
Boardroom
3:35 p.m.

Attendance

Trustees

John Morrill
Sue McCann
Molly Ringo
Mike Gunn
Betsy Selders
Kay Nickel

Also Attending

Darla Van Duren
Rene Boswell
Jill Mehner
Rainbow Faust

Recorder

Susan Sacha

I. Call to Order

John Morrill called the meeting to order at 3:35 pm.

II. Adoption of Agenda

The agenda was amended to include the financial report and information regarding two lawsuits.

III. Approval of Minutes

Minutes from November 29th meeting were reviewed and approved as written.

IV. Pharmacy Update

Jill Mehner from Mercer introduced PCN representative Rainbow Faust who gave the trustees an overview on the current plan. She provided information on the plan's performance for the past year and a half. Rainbow stated that while the number of prescriptions are going down the costs are going up – approximately \$50 per month per member. Because of this, she felt there was a need to look at ways to bring costs down. She did indicate that the plan was doing a good job in terms of the use of generic versus brand-named prescriptions. It appears that when the co-pay cost hits \$15 members are choosing to use generic drugs.

With regard to the top 20 drugs Rainbow expressed concern about the use of several drugs that were expensive and suggested looking at a “specialty pharmacy program” – kind of like Costco versus a regular drug store. Also since several medications are in the same drug class the trust could look at having one as the “preferred” drug with the others requiring a higher co-pay. She also stated that quantity limits or other limits could be added to drugs such as migraine medication, diabetic meters, certain birth control drugs, etc. which may help contain costs in the future.

Rainbow also recommended updating the formulary to the most current model. She said that the change could be made at any time. Jill commented that she felt it would be better for members if the formulary was updated at the new year rather than now.

V. Financials

Darla distributed and reviewed the financials and information on the Flex-Plan including a year-to-date report showing FSA forfeitures. She reported that there was a slight gain in the fund balance for December and that three CDs matured in December and two CDs were purchased.

Due to the fact that there is more money sitting in liquid form there's a concern about the insured limits. Curt Haldorson, the trust's financial consultant, has moved the cash into the money market with a \$5 million insured limit instead of \$1 million. The money is just as liquid as before but is accounted for differently. At this time it isn't beneficial to purchase long range CDs because the interest rates are still low. Curt will watch to see if there's a possibility of an increase in interest rates for long range purchases after the feds meet.

Darla requested that the trustees authorize an increase to the claims account transfer. The current transfer is \$500,000 and Darla would like it increased another \$100,000. After discussion a motion was made, seconded and approved to increase the claim transfer to \$600,000 per month.

Other financial information included:

- The fiduciary liability renewal was paid.
- Former trustee Jeff Riddle was removed from the banking documents as of January 2005.
- Question from the auditor wondering if the trust would be moving PacifiCare and Group Health into a self-insured status. This is something that the trustees will consider during the open enrollment review in late spring/early summer. This will give sufficient time before the next state audit takes place in the fall.

VI. Trustee Request Items

- A. Trust document update – Molly distributed a revised Everett School Employee Benefit Trust document. She recommended the trustees review the document for discussion at the February meeting. There were several items that she felt should be examined including a procedure for a deadlock by the trust, the correct mix for a quorum and the need to include information about other unions in Appendix II.
- B. Clarification for 12 month coverage period – Currently if an employee is on a medical leave and is in a no-pay status without sick leave they can purchase insurance at the employee rate for 12 months rather than at the Cobra rate. Molly's question was can an employee come back to work for a few months and then go out on medical again with the option of using

the 12 month coverage period again. Jill will get a recommendation for Molly from Tom Pursley and Molly will e-mail the recommendation to trustees.

- C. WDS & Domestic Partner Coverage Issue – Molly reported that an employee was denied partner coverage. Jill feels that this can be fixed easily and will look in to the matter.
- D. Benny Card – Molly reported that there was an addition cost to using the card that the trustees were unaware of. The additional fee to the employer amounts to \$7,000 per year. After discussion a motion was made, seconded and approved to rescind the trust approval of the Benny Card.
- E. Employee Plan Participation Data – Mike provided a handout regarding employee contributions for medical coverage for the past year and reviewed it with trustees.

VII. Lawsuits

Vioxx – Molly presented information on the Vioxx lawsuit. She said Merck & Co. is now offering to provide reimbursement for the month of September. After discussion a motion was made, seconded and approved to support PCN in seeking reimbursement for Vioxx from Merck & Co.

Paxil – Rainbow will provide information on this lawsuit at a later date.

VIII. Consultant Report

Jill provided the trustees with the Paid Claims Experience report which provided information on self-insured medical claim activity for the 2004 plan year. She said the trust ended the year with a \$500,000 surplus for the medical.

Jill asked the trustees if they would like a comparison of the Group Health and PacifiCare prescription data. There was discussion about whether it would be a valuable comparison or whether it would add value when reviewing PCN data. Jill will do some research and forward her findings to the trustees.

IX. Adjournment

The regular meeting was adjourned at 5:45 so that trustees could go into executive session.

Sincerely,

Sue McCann
Secretary

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