

**Everett School Employees Benefit Trust**  
**Minutes of January 22, 2006**  
**Board Room**  
**3:30 pm**

**Attendance**

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

**Absent**

Susan Sacha

**Also Attending**

Darla Van Duren

**Note: The December, 2006 meeting was cancelled and no minutes were provided.**

**I. Call to Order**

Kay Nickel called the meeting to order at 3:40 pm.

**II. Adoption of Agenda**

The agenda was adopted as revised (Item X, Quarterly THM Report was deleted).

**III. Approval of Minutes**

The minutes from the November 20, 2006 meeting were approved as written.

**IV. Financial Report**

Darla distributed the November and December, 2006 financial reports, including comments, balance sheets, schedules of certificates of deposit, schedules of net appreciation in market value, and statements of operations and fund balance for both months. She reported that invoicing by consultants for the Trust, which are offset by commission, still show the District in a \$10,800 credit position through December. Overall, the ESEBT's financial picture looks good for November and December (see written comments from Darla), although claims have risen in January so far. Also, Darla will bill the District for a \$550,000 contribution in January as per the District's agreement with the EEA. The December Balance Sheet indicates a \$1.6M higher fund balance than December a year ago, and the ESEBT currently has a reserve of about \$6.7M. Monthly costs in November 2006 were about \$1,600,000. The Trust members discussed that this reserve amount should be used in the future to help even out employee contribution rate changes that will almost certainly be needed to respond to the inevitable increases in health care costs. The Trust members also discussed how the development of Policies and Procedures have helped to smooth out and clarify some of the consulting tasks that in the past the Trust paid for. Now the Trust relies less on the consultants, their costs are less and they attend fewer meetings. In addition, the Trustees are generally more cognizant of consulting fees.

**V. 2<sup>nd</sup> Quarter Investment Update**

Darla presented this item (see notes in IV. above). An inverted yield curve is still occurring in the marketplace, with long term interest rates running around 5.1% and shorter term interest rates running around 4.5%. Smith Barney recommends that the Trust focus on short term investments for now. In November, one CD (\$95,000) matured; one government bond (\$250,000) was called and two securities (\$250,000 and \$150,000) were purchased. In December, two CD's (\$95,000 and \$50,000) matured and two CD's (\$95,000 each) were purchased.

#### **VI. Fiduciary Liability Insurance Renewal**

Darla reported that earlier this month the fiduciary liability insurance policy was renewed with the Chubb Group for another year with the same benefits (\$1,000,000 coverage with \$25,000 deductible) and premium (\$8,700) as last year. The ESEBT had previously authorized Darla to renew this policy if the premium was \$10,000 or less. During the renewal process the Chubb Group asked various questions about operations of the ESEBT including financial information, employee participation numbers and reasons for auditing consultant change.

#### **VII. Approval of Annual Report and Budget for the Office of Financial Management**

Darla provided a two page handout entitled "Annual Report Local Government Self-Insured Employee Health Benefit Programs" which is the final report based on preliminary discussions at the November 2006 meeting. This report includes explanatory notes added to the bottom of the first page. A motion was made and seconded to approve this report.

#### **VIII. Open Enrollment Processes & Participation Update**

Molly reported that as of this month, enrollment numbers are 331 in PacifiCare, 335 in Group Health, 206 in PP03, 425 in PP01, and 327 in PP02. PacifiCare will reportedly be coming out with expanded services including a benefit card and other services. The open enrollment (mostly electronic) process went very smoothly. Enrollment numbers for dental plans are WDL at 1,540 and Willamette Dental at 340, which are in about the same relative percentages as last year. Recently some problems were reported with WDL billings, and Molly has been looking into them.

#### **IX. Quarterly EAP Report**

Molly reported that only 8 out of 2000 employees used the EAP this quarter, which seems to be a relatively low percentage. There were various reasons given by the employees for the referrals, including recommendations from the HR Department, supervisors and family members.

#### **X. Quarterly THM Report**

Deleted.

#### **XI. Other**

a) Emergency Room Doctors

Sue McCann reported recent instances of employees (in a PPO plan) having to pay "out of network" physician costs for services performed in a local hospital by physicians that were not selected by the employee. A different physician could be seeing a patient each day the patient was in the hospital, and they have no choice in who that physician will be. Employees in PPO's should be made aware that this is happening and Mercer Consulting should follow up on this for the ESEBT. Sue said that she did call and complain and eventually got it covered as in-network services. Molly said she will follow up with Sean to either get it changed or put together a plan on how to explain it in the plan documents.

b) Pharmaceutical Vendor Update

Molly reported there were a few glitches with the new vendor during the first couple of days in January but ESI and HMA worked it out. Otherwise, the transition has been very smooth. 1,009 claims have been handled since January 1. The large numbers are probably due primarily to changes in prescription formularies. During discussions with NMHC recently, Molly was informed that NMHC has been delinquent in forwarding prescription lawsuit rebates to the Trust. One rebate reportedly was received by HMA a year ago and has not yet been provided to the Trust. We should be receiving quite a few rebates in the near future from NMHC, and from now on we will receive them directly from our new vendor instead of through HMA.

Additional Discussions:

Molly provided some clarification for the Trust members about a recent question raised by a husband and wife who are both subscribers in the PacifiCare plan. The clarification is that they both need to pay the individual co-pay amounts until they reach the maximum out-of-pocket limit per year of \$1,500 per person or \$4,500 per family. The co-pay amounts do count towards the maximum out-of-pocket limits.

Agenda Review

- Quarterly THM report (deleted from this meeting) will be moved to the February agenda.
- The February agenda item for "Review of Total Health Management" will be delayed until Randi is back (probably in May).

**XII. Adjournment**

The meeting was adjourned at 4:30 pm.

Sincerely,

Mike Gunn

Trust minutes  
1-22-07 - continued

Secretary