

**Everett School Employee Benefit Trust
Minutes of August 21, 2006
Board Room
8:00 a.m.**

Attendance

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

Also Attending

Darla Van Duren
Randi Seaberg
Arlene Vollema-Rich
Rene' Boswell
Tom Pursley
Sean White
Carmelina Rivera
Richard Toyer
Dino Ciardelli
Curt Haldorson

Recorder

Susan Sacha

I. Call to Order

Kay Nickel called the meeting to order at 8:05 am.

II. Adoption of Agenda

The agenda was adopted as written

III. Approval of Minutes

The minutes from the June 23rd meeting were approved as written.

IV. Introduction of New Auditors

Darla introduced Richard Toyer and Dino Ciardelli from Toyer and Associates. Richard told the trustees that he felt the audit was going very well and that he expected it to be wrapped up by the end of next week.

V. Financials

Darla will provide a financial report at the next regular meeting. The current cash balance is \$5.9 million. Darla reported that she received two stop-loss checks in the amount of \$80,000 and that the new stop-loss plan year began July 1st.

VI. Quarterly Investment Report

Curt gave his quarterly report. He reported that the fixed income yield was 4.8% and the cash & equivalents yield was 4.3%. With respect to the bond maturity distribution Curt will continue to close the gap for 2010 – 2016 to equal out the ladder.

Curt said that beginning September 1st there would be some changes on the insured money market program (Bank Deposit Program). The change will reduce the number of banks from ten to three. The trustees requested that Curt provide them with a detailed memo explaining the banking change.

VII. Consultants Report

a. Pharmacy Options

Sean distributed information regarding the pharmacy options and reviewed the comparison of pricing terms information and the projected pharmacy costs and savings. The commission Mercer will receive from the qualified vendor program (\$25,000 for 2007 and \$22,000 for 2008), will be credited against their consulting fees.

Sean introduced Mercer's pharmacy specialist Carmelina Rivera. She reviewed the QVP Vendor Comparison report with the trustees and answered questions. The comparison report listed the pros and cons for Caremark, ESI and Systemed in several areas such as account management, implementation, plan design, mail order and specialty pharmacy distribution, and performance guarantees. Caremark appeared to be the best plan if the trust didn't want to change the care package, however if other things were more important, then Caremark falls behind the other vendors. Disruption of the plan was discussed – is the trust prepared. Ultimately there will be financial benefits for both the employees and the trust. With regard to the formulary versus non-formulary change the trustees asked whether a letter of explanation could be sent to employees and if there would be a cost. Carmelina said she didn't believe there was a cost for ESI but wasn't sure about the other two vendors. She will follow up and let the trustees know.

Sue expressed interest in ESI and liked the customer service. Mike felt that Caremark could save money but that there were too many cons. He said that Systemed was more tailored to the small groups but like some of the pros of ESI. Betsy felt ESI seemed the best. In general the trustees felt that ESI appeared to be the best fit. Sean will get information from the vendors as to whether they are available for claims trade, if they will conduct a target letter to members and if there is a cost. The trustees will continue discussion on the pharmacy options at the next meeting – August 28th.

b. Contract Renewal

Sean reviewed the summary section and then discussed the financial projections. The renewal documents showed about an 8% increase in overall costs, which is fairly low for the industry. Discussion followed.

Tom felt the trust was in a much better financial position than in past years and that if stability and consistency were important keeping the cost to employees the same could occur. John would like to keep the employee costs the same but felt it would be important to let the members know that it is for one year only. After further discussion it was decided that the trustees were interested in assigning a higher priority to keeping all rates the same and providing a slightly higher subsidy from the trust as well as implementing a new PBM (to reduce pharmacy cost and move toward a program that encourages generic over brand names). John moved that the employee contribution rates remain the same for 2006-07. The motion was seconded and passed to keep the rates the same with the rationale being that it was more important to keep the employee rates constant than keeping the employer rates low. It will be important to make employees aware that the continuation of the current rate is for one year only along with the rationale regarding the decision about the pharmacy options.

Sean continued the review of the consultant's report. He discussed the plan options for Group Health pharmacy co-pay. Action was needed from the trust regarding which payment option they wanted. A motion was made and seconded to adopt option one of the drug payment plan for Group Health. The motion passed.

The second action regarding prorating premiums for newborns was needed. A motion was made and seconded that premiums are paid based on the 15th of the month rule. The motion passed.

Trustees agreed to read appendix C of Mercer's report for discussion at the August 28th meeting.

Flex plan – discussion occurred about whether or not this is really the trust's responsibility. Molly feels it may not be but Darla said that the trust is paying for cost of the program and has been for years. Darla and Randi will do some research for discussion at the August 28th meeting. Clarification and discussion about whether or

not to offer the Benny card to employees will be added to the September 18th agenda.

VIII. ESEBT Leave and COBRA Coverage Policy

Randi provided a revised policy for the family and medical leave act for approval. The revised policy states that when a participant's FMLA leave or other approved paid leave ends, continuation coverage will cease. They can elect to have COBRA but would pay the full cost for that coverage. The trust would continue to contribute the employer-paid portion for coverage for those employees who were approved prior to September 1, 2006 until the expiration of the twelve-month period. A motion was made and seconded to approve Policy No. 460 Family and Medical Leave Act and Continuation of Coverage. The motion passed.

IX. Quarterly THM Report

Randi reported 210 people have taken the health assessment so far. Promotion of this program will continue and the Beyond Disease Management program will be introduced this fall. To date, 70 calls have been made to the nurse line -- 13 for general information and 57 for people who were ill and needed advice. 28 people were identified for the outreach program. Randi said that the plan was to use a conservative, slow approach to explain the outreach program. She indicated that the trust and District don't know who the 28 qualified people are but will send promotional information about the program in general. THM will send letters to the qualified people later.

X. Quarterly EAP Report

Randi reported that there was an average of 10-15 contacts per month during the school year with less occurring in the summer.

XI. Calendar Review

Deferred to August 28th meeting.

XII. Adjournment

The meeting was adjourned at noon.

Sincerely,

Mike Gunn
Secretary