

# Everett School Employees Benefit Trust

November 2, 2009

## Minutes

### Attendance

Molly Ringo  
John Morrill  
Mike Gunn  
Betsy Selders  
Susan Lindsey  
David Jones

### Absent

### Also Attending

Darla Van Duren  
Randi Seaberg  
Gail Buquicchio

### Recorder

Kellee Newcomb

### 1. Call to Order

The meeting was called to order by Molly Ringo at 4:04 p.m.

### 2. Adoption of Agenda

Molly Ringo explained the reason for this special Trust meeting and recapped the electronic vote of October 20, 2009 regarding proposed revisions to The Wellness Challenge program design and incentive structure. The vote stands at 5 in favor of the proposed revisions and 1 abstention. However, in moving forward, Gail and Darla have encountered some areas needing further discussion. A motion was made by John Morrill and seconded by Mike Gunn to approve the agenda as written. The motion passed unanimously.

### 3. Wellness Challenge Participation Definition

- All employees or only benefit eligible?

The group discussed defining who should participate in The Wellness Challenge. To date, overall Wellness activities have included all employees; however, the design of The Wellness Challenge is for employees who currently receive medical benefits through the Trust. This is an area that needs to be clarified when advertising this program. Gail provided the Trustees with a list of three goals for the meeting:

1. Make a decision on whether or not to include ALL employees in the HRA and Wellness Challenge;
2. Confirm the incentive structure proposed of rewarding participation with cash (three levels of reward \$200, \$150, \$100); and
3. Make a decision about when it will be best to launch The Wellness Challenge.

Along with assistance from Sean White, Gail provided the Trustees with information showing pros and cons for including all Everett Public Schools employees in The Wellness Challenge. Also discussed were different options for dispersing incentives, the fact that Wellsource has already been paid

approximately \$70,000 for the HRA, and concerns regarding sensitivity of the timing of the launch of The Wellness Challenge.

The group discussed how to define who is an eligible employee with regard to The Wellness Challenge. Mike commented on the Trust's mission statement which says the Trust represents participating employees and their dependents. The fiduciary responsibility might be to the participating employees. Randi stated approximately 200 employees would be excluded based on lack of FTE or choosing to waive benefits. John stated, in addition to Mike's point, it seems cleaner and simpler to only offer this to those employees who receive benefits.

A motion was made by Mike Gunn to offer The Wellness Challenge to all employees above .33 FTE enrolled in a benefit plan offered by the Trust. John Morrill seconded the motion. The motion passed unanimously.

Randi asked for clarification on the Free and Clear Program. The contract with Free and Clear states only employees who are subscribers to plans offered by the Trust are eligible to utilize the smoking cessation program. There has been some interest from non subscribers who want to participate in the program. Because of the open enrollment period she wanted to be clear. She asked if the goal is to provide services for everyone or only for employees getting benefits. The group agreed the language should remain the same.

#### **4. Wellness Challenge Incentive**

- Payment form options/Payment – administration, district or Trust?

The group discussed different approaches for structure and incentive for payment, and whether payment should come from the district or from the Trust. If the incentive payment comes from Payroll, it will be embedded in the employees' paycheck and will be subject to taxes which will reduce the amount of the incentive. If it comes from the Trust, Darla will have to write hundreds of checks and a Trustee will have to sign hundreds of checks.

Gail asked the Trustees to confirm their agreement with the 3 tiered structure she presented at the last meeting. The group agreed with the change of Level 3 being the highest and Level 1 being the lowest.

Darla explained there are some different options for payment. She explained there will be some administrative costs no matter what payment structure is agreed upon and there will be tax issues that have to be resolved. If the incentives are paid to employees through the district in their paycheck, there will be a reduction in the amount of the payment due to taxes. A plus with this option is that the district is set up to do this. A negative is that there would be an additional cost to the Trust and employees might miss the payment embedded in their paycheck.

If the Trust were to provide the incentive, Darla has been in contact with a couple of agencies who do a per check charge and set up fee in the range of \$1,500 to \$3,000. The plus side of this option is that there are no taxes taken out of the incentive. The negative is that there are some legality concerns that Melanie Curtice has been looking into. Employees would be responsible for self-reporting to the IRS.

Another option is an HRA benefit card. A negative to this option is that a healthy employee may not need to go to the doctor as much. Darla stated this is a more expensive option. There would be a \$600 annual fee and a \$2.50 per participant fee. Based on 500 cards, the cost would be \$1,250 per month and \$15,600 for one year. Darla has just begun to look into the option of purchasing pre-loaded Visa cards. At this time Darla has only had the opportunity to look into American Express. There would be a charge of \$3.75 per card and a one time fee of \$1,975. Darla has also made an inquiry with Bank of America. These options would also require employees to self report to the IRS.

The group discussed the importance of communicating to staff that they would be responsible for self-reporting to the IRS. Gail stated this information would be included in every communication to staff. The group discussed the options and stated if the incentive was paid out through payroll it may be confusing to employees that the incentive was being offered through the Trust and not the District. Concerns were also expressed regarding the Trust auditors. Darla stated that Melanie and Howard have both looked into this and do not have concerns regarding the auditors. There is potential risk that employees will not report the income on their taxes. However, Darla thinks this is a low risk from the IRS. This item will be placed on the agenda for the November 16<sup>th</sup> meeting.

The group discussed the timing of the launch of The Wellness Challenge. Gail will talk with Health Force Partners regarding the varied start times and report back. This item will be placed on the agenda for the November 16<sup>th</sup> meeting.

## 5. Adjournment

The meeting was adjourned at 5:13 p.m.

Sincerely,

Betsy Selders

Everett School Employees Benefit Trust  
November 2, 2009  
Minutes – continued

Secretary

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