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COMPLIANCE AND RISK MANAGEMENT

Compliance and Risk Management

The Trust funds are expended only for purposes of the Trust consistent with statutes and rules governing the local government or governments creating the Trust. An important responsibility of the Trustees for the Everett School Employee Benefit Trust ("Trustees") is to assure the Everett School Employee Benefit Trust ("Trust") complies with applicable federal and state law and regulations, and District policies and procedures. This includes filing and reporting as required in a timely manner and maintaining fiduciary insurance.

Appropriate procedures will be in place to verify compliance by the Trustees with applicable federal and state law and regulations, and District policies and procedures.

The Trustees will develop and adopt procedures for carrying out this policy.

References: Trust document Section 1.1

Legal References: RCW 48.62.121(6)
RCW 48.62.091

Proposed: August, 2005
Approved: August 29, 2005

COMPLIANCE AND RISK MANAGEMENT

Claims and Appeals

Benefits under the Everett School Employee Benefit Trust ("Trust") will be paid only if the Trustees of the Trust ("Trustees") or their delegate decides, in their discretion, that participants and their dependents are entitled to them. Any person claiming a benefit, requesting an interpretation or ruling under a benefit plan offered through or by the Trust or requesting information under a benefit plan offered through or by the Trust shall follow the claims procedure established by the Trustees. The claims procedure shall conform with the requirements of applicable Washington law.

The Trustees will also establish procedures for claims audits, in compliance with Washington law.

Reference: 410P Claims Procedure
Trust document Section 4.16

Legal Reference: WAC 82-~~60~~65-~~050~~120

~~Approved~~Previously Adopted and Reprinted herein: January 1, 2004
Revision Proposed: December 2010
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COMPLIANCE AND RISK MANAGEMENT

Claims Procedure

Where a third party administrator, insurance company, health care services contractor or HMO is in place with respect to a certain benefit, such third party has been delegated the responsibility for administering and determining initial claims and reviewing and reconsidering benefit, enrollment or eligibility denials if appealed ("appeals"). The entities that are responsible for administering and determining initial claims and appeals are called "Claims Administrators." As an example, for participants in the PPO, the Claims Administrator is Healthcare Management Administrators, Inc.

In certain limited instances, however, the Trustees may also be a Claims Administrator. The Trustees are a Claims Administrator in the following circumstances:

1. If the Everett School District ("District") denies a request for enrollment in or eligibility for a benefit plan offered through the Trust, the employee can appeal the denial to the Trustees.
2. If a participant in a self-funded benefit offered through the Trust exhausts a third party administrator's appeal process, the participant can submit a final appeal of the benefit, enrollment or eligibility denial to the Trustees.

The Claims Administrator generally will make decisions on a claim within the time frames outlined in participant communications, such as Certificates of Coverage issued by insurance carriers or summaries of plan benefits issued by third party administrators. If a participant or his or her dependent submits a claim ("claimant") and the claim is denied in full or in part, the claimant will be notified in writing.

Claims for benefits are considered filed when the Claims Administrator receives the claim.

I. Initial Claim Determinations

A. Benefit Denials

The Trust has delegated the responsibility of administering and determining initial claims for benefits to the following Claims Administrators:

1. Healthcare Management Administrators, Inc.
2. Pharmaceutical Care Network (PCN)
3. Metropolitan Life Insurance Company (MetLife)
4. Unum Life Insurance Company of America

5. Group Health Cooperative of Puget Sound
6. PacifiCare of Washington
7. Washington Dental Service (WDS)
8. Willamette Dental

Every effort will be made by the Claims Administrators to process claims as quickly as possible. The Claims Administrator will notify a claimant in writing if all or part of the claim will be denied within the time frames outlined in participant communications, such as Certificates of Coverage issued by insurance carriers or summaries of plan benefits issued by third party administrators.

The Claims Administrator may secure independent medical or other advice and require such other evidence as it deems necessary to decide claims.

At any time, a claimant has the right to appoint someone to pursue the claim on his or her behalf. The claimant must notify the Claims Administrator in writing and give the Claims Administrator the name, address, and telephone number where the claimant's appointee can be reached.

If a claimant submits an initial claim for benefits directly to the Trust rather than to the applicable above-listed Claims Administrator, the Trustees will direct the claimant to the appropriate above-listed Claims Administrator as soon as is reasonably possible.

B. Eligibility or Enrollment Denials

If a claimant submits a claim to the Trustees rather than to the applicable Claims Administrator regarding eligibility for or enrollment in a benefit plan offered through the Trust, the Trustees will refer the claimant to the Everett School District ("District") or to the appropriate Claims Administrator listed in I.A. above.

C. Notification of Denial

If the Claims Administrator issues a benefit denial, the claimant will be notified of the denial in writing. Except due to Trust amendment or termination, a "benefit denial" is a denial or reduction of benefits, failure to provide benefits, termination of benefits (in whole or in part). The notification of denial will be in the standard written format used by the Claims Administrator.

If the District or a Claims Administrator issues an eligibility or enrollment denial, the claimant will be notified of the determination either orally or in writing. An "eligibility or enrollment denial" is a denial of enrollment in or eligibility for a benefit plan offered through the Trust. If the denial is in writing, the notification of denial will be in the standard written format used by the District or the Claims Administrator.

II. Appealing Denied Claims

A. Appealing Benefit Denials

The claimant or his or her authorized representative may appeal a benefit denial. Appeals of benefit denials must be made to the Claims Administrators listed in 1.A. above. Such appeal must be made in writing and submitted within the time frames outlined in participant communications, such as Certificates of Coverage issued by insurance carriers or summaries of plan benefits issued by third party administrators. If the claimant does not follow the Claims Administrator's proscribed procedures, he or she loses the right to appeal the denial.

B. Appealing Eligibility or Enrollment Denials

The claimant or his or her authorized representative may appeal an eligibility or enrollment denial. If the eligibility or enrollment denial was made by a Claims Administrator, the appeal must be made to the Claims Administrator. Such appeal must be in writing and submitted within the time frames outlined in participant communications, such as Certificates of Coverage issued by insurance carriers or summaries of plan benefits issued by third party administrators.

If the eligibility or enrollment denial was made by the District, the claimant may appeal the denial to the Trustees by using the Final Appeal Form. In this instance, the appeal must be made on the Final Appeal Form within 180 days of the District's notification of denial or else the claimant loses the right to appeal.

C. Notification of Appeal Denial

If the claimant appeals a benefit, eligibility or enrollment denial made by a Claims Administrator listed in 1.A. above, and if the decision on appeal affirms the initial claim denial, the claimant will be notified of the decision upon appeal in writing. Such notification will be in the standard written format used by the Claims Administrator and be provided by the Claims Administrator within the time frames outlined in participant communications, such as Certificates of Coverage

issued by insurance carriers or summaries of plan benefits issued by third party administrators.

If the claimant appeals an eligibility or enrollment denial made by the District, the Trustees will review and render a written decision on the claimant's appeal, adverse or not, no later than 120 days after the Trustees received the appeal. Such notification will be on the Everett School Employee Benefit Trust Notice of Eligibility/Enrollment Appeal Denial form.

III. Final Appeal For Self-Funded Benefits

For insured benefits, any claim or appeal determination made by the insurance carrier is final and cannot be appealed to the Trustees. For benefits that are funded directly by the Trust and not through a contract of insurance between the Trust and an insurance carrier, once a participant exhausts the third party administrator's appeal process, the participant may submit a final appeal to the Trust. The appeal must be made on the Trust's Final Appeal Form within 180 days of the third party administrator's notification of a benefit denial on appeal or else the claimant loses the right to appeal to the Trustees. For insured benefits, any claim or appeal determination made by the insurance carrier is final and cannot be appealed to the Trustees.

The Trustees will review and render a written decision on the claimant's final appeal, adverse or not, no later than 120 days after the Trustees received the appeal. Such notification will be on the Everett School Employee Benefit Trust Notice of Benefit Appeal Denial form.

Reference: 410 Claims and Appeals

Legal References: WAC 82-~~60~~65-~~050~~120

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COMPLIANCE AND RISK MANAGEMENT

Audits

The Trust is subject to audit by the Washington State auditor, and it is the policy of the Trustees to assist as necessary with the audit. The Trust is also audited annually by an independent auditor for purposes of compliance with the Internal Revenue Code. The Trust has decided to assume a risk of loss and will have available for inspection by the state auditor a written report indicating the class of risk or risks the Trustees have decided to assume.

Reference: 200.1P Financial Management

Legal Reference: RCW 48.62.031(3)
RCW 48.62.031(5)
Internal Revenue Code 501(c)(9)

Proposed: August, 2005
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COMPLIANCE AND RISK MANAGEMENT

Health Insurance Portability and Accountability Act of 1996 (HIPAA) – Privacy and Security

The Trustees intend this policy to provide guidelines to protect the privacy of participants and beneficiaries participating in the Everett School Employee Benefit Trust ("Trust"), and to ensure that all information related to participants and beneficiaries is maintained in the strictest confidence and in accordance with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and its implementing privacy regulations (the "Privacy Rule") and security regulations (the "Security Rule"). Under the Privacy Rule, the Trust's policy restricts the Group Health Plan's use and disclosure of protected health information, or "PHI." Under the Security Rule, this policy ensures the confidentiality, integrity and availability of electronic PHI, or "ePHI," and protects against any reasonably anticipated threats or hazards to the security or integrity of ePHI.

Details of the policy and implementing procedures may be found in the Trust's HIPAA Privacy Manual.

References: HIPAA Privacy Manual (as amended for Security)
5225 Human Resources: Technology Policy (District Policy)
5225P Human Resources: Technology Procedure (District Procedure)
3245 Students: Technology Policy (District Policy)
3245P Students: Technology Procedure (District Procedure)

Proposed: August, 2005
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COMPLIANCE AND RISK MANAGEMENT

Reports

The Trustees shall file or cause to be filed all documents within the time prescribed by law or regulation for filing such documents. The Trustees will furnish such reports, statements or other documents to participants and beneficiaries as required by federal or state statute or regulation, within the time prescribed for furnishing such documents. This includes electronic submission of the annual report and a list of contracted consultants, to the state risk manager no later than 150 days after the end of the fiscal year.

Reference:	300	Communications
	400	Compliance and Risk Management
		Trust document Section 4.12
Legal References:		RCW 48.62.091
		WAC 82-6065-070130
		Internal Revenue Service Form 990

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COMPLIANCE AND RISK MANAGEMENT

Records Retention and Management

The Trustees recognize the importance of Trust records as the record of acts of the Trustees and the repository of such information. The records of the Trust include but are not limited to, agendas, meeting minutes, individual claim appeal information and documents prepared by outside advisors necessary to administer the Trust.

Some of these records are public records and must be retained and destroyed in accordance with the Records Retention Manual and General Records Retention Schedule provided by the Office of the Secretary of State, Division of Archives and Records Management. Some of the records may contain protected health information (as the term is defined by HIPAA) and must be handled by the Trustees and others authorized to handle PHI in accordance with the Trust's HIPAA Privacy Manual (as amended for Security). In addition, PHI must be retained and destroyed as described in the HIPAA Privacy Manual (as amended for Security).

Reference:	430	Health Insurance Portability and Accountability Act of 1996 (HIPAA – Privacy and Security) HIPAA Privacy Manual, as amended for Security
	8410	Records Management and Retention (District Policy)
	8410P	Records Management and Retention (District Procedure)
		General Records Retention Schedule, School Districts and Educational Service Districts, provided by the Office of the Secretary of the State, Division of Archives and Records Management

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