

**EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST  
BOARD OF MANAGERS/EXECUTIVE COMMITTEE MEETING NOTES  
CARLYLE, ILLINOIS  
SEPTEMBER 26, 2012**

**I. CALL TO ORDER:**

A joint meeting of the Board of Managers and Executive Committee of the Egyptian Area Schools Employee Benefit Trust was held on Wednesday, September 26, 2012, at Governor's Run in Carlyle. Chairman Jeff Dosier called the meeting to order at approximately 10:00 a.m. Jeff asked attendees to introduce themselves. Roll call showed 66 people in attendance, including 53 representatives from 46 districts and 13 advisors.

The notes of the Board of Managers meeting of May 9, 2012 were approved as submitted.

**II. FINANCIAL REPORT:**

Tom Dahncke reviewed the Trust's financial statements. He noted that May was positive by \$339,000 but, as expected, June was negative by \$1.57 million. The Trust gained over \$4.5 million over the fiscal year ended June 30, 2012, reducing the deficit from \$11.6 million to \$7 million. Tom explained that this does not mean the Trust does not have funds to pay claims, but only that it does not have a fully funded claim reserve. Tom noted that over the Trust's 30+ year history this is only the fourth time it has had a negative fund balance. The most recent period was from 2000 to 2002, but the Trust then recovered, developed a large surplus and had several years with very low rate increases. Tom stated that in the current fiscal year, July was positive by \$1.16 million, August was about break even and it looks like September may be about break even, resulting in a gain of over \$1.1 million for the current year.

Tom stated he was asked if Trust members would be receiving rebates due to the medical loss ratio rules included in the Affordable Care Act. He explained that these rules limit the portion of insurance premiums that health insurance companies can retain for overhead costs, including administration costs, commissions and profit. Generally, insurance companies can only retain 20% of the premium for overhead costs in the small group market and only 15% in the large group market. If paid claims are below 80% or 85% of premiums, as applicable, the insurer cannot keep the excess but is required to rebate the excess premium to the policyholder. Tom explained that these rules do not apply to the Trust because it is not an insurance company. However, even if the rules applied, no rebates would be due. This is because the Trust's overhead costs, including the costs for Meritain, HealthLink, and legal and actuarial fees, have consistently been below 4% of premiums, leaving more than 96% of premium dollars available to pay benefits. This is the reason that over the long term the Trust's premiums should be below premiums for insured plans.

Tom asked members if they would prefer to start future meetings at 9:30 a.m. instead of 10:00 a.m. The consensus was to keep the meetings at 10:00 a.m.

Chad Stafko reported that the Trust has over \$4 million in investment assets managed by Regions Bank, with 97% in fixed income government securities. He noted that interest rates have fallen even lower, to 1.2%, and the Chairman of the Federal Reserve has indicated his intent to keep rates low. Even though actual returns are low, the portfolio has outperformed its benchmarks.

### III. BUSINESS ITEMS:

#### A. Report of TPA Services – Meritain Health.

Karen Giles reported that representatives from 140 districts attended the annual bookkeeper meetings and another 37 districts participated in the webinar. The meetings this year focused on introducing CVS Caremark as the new PBM and the new Coordinated Health/Care program. Karen reminded members that using the LabCard program provides members with a 100% benefit. The LabCard logo is included on the new ID cards, but is frequently overlooked. Therefore, separate LabCard ID cards will be distributed to members in October with a letter explaining how to maximize benefits by using the program.

Karen stated that the Consult A Doctor program has now been in effect for 12 full months. Prior to implementing the program the Trust had \$3.7 million dollars in claims for Emergency Room visits. ER claims have since dropped to under \$3 million, representing annual savings of about \$500,000 after fees for the Consult A Doctor program.

Scott Giles reported that Lincoln Financial, the voluntary life insurance carrier, is offering a new open enrollment period in November with a higher guaranteed issue amount of \$100,000 without medical underwriting. Open enrollment materials will be distributed to districts in October.

#### B. Report of Prescription Drug Services – CVS Caremark/ScripWorld.

Valerie Fish introduced herself as the new account manager for the Trust from CVS Caremark/ScripWorld. She stated that considering the size of the group there were relatively few issues in the transition from Express Scripts to CVS Caremark. There were problems with mail order scripts which did not transfer over until September 4. The biggest reason claims were rejected was because members continued to use their old Express Scripts ID cards. Valerie invited members to contact her with any questions by e-mail at [vfish@scripworld.com](mailto:vfish@scripworld.com).

#### C. Report of Coordinated Care Services – Coordinated Health/Care.

Cyndee Bronars reminded members that Coordinated Health/Care is now the one-stop shop for all member and provider calls. In August CHC had 626 calls and in the first 15 work days in September it had 1671 calls. The average talk time of a call is 7 minutes and 13 seconds, as care coordinators use each call as an opportunity to learn about members' health care needs and to educate them about health resources and Plan benefits. Cyndee stated that the consistent feedback from care coordinators has been that Egyptian Trust members are so nice.

Cyndee noted that the care coordinators assist members with pre-certifications and referrals to specialists. The services that require pre-certification are listed on the ID cards and include all

surgical procedures, whether performed outpatient or in a hospital. Cyndee explained that the purpose of pre-certification is not to deny care but to make sure care is appropriate. All chemotherapy drugs also require pre-certification. Karen stated that through the end of 2012 all penalties for failure to obtain required pre-certifications will be waived to give members time to transition to the new pre-certification requirements. She emphasized that all member and provider calls should be made to the CHC numbers, not to Meritain, HealthLink or CVS Caremark.

D. Report of PPO Services – HealthLink.

Susan Lehne reminded members that they can nominate providers to be added to the HealthLink network. She advised that HealthLink has added Unicare Tier 1 HMO providers in the Cook County/DeKalb area. Previously the network only had Unicare PPO providers in this area.

Susan stated she is also the account representative for the UniCare voluntary vision program. She said there was a program error which caused some individuals to be terminated in error. Members should contact Susan with any problems. She also advised that new vision ID cards were recently issued to districts.

E. Report of Actuary – Optum Insight.

Jim Drennan reiterated Tom Dahncke's comment about the low overhead costs of the Trust. He showed slides showing the shift in membership in the different plan options. From last year, by August 2012 enrollment in the Platinum Plan dropped from 48% to 42%, while enrollment in the Gold Plan increased from 35% to 37% and enrollment in the Silver Plan increased from 13% to 16%. Enrollment in the Bronze Plan remained steady at 4%. Further changes may occur by the end of the current open enrollment period. Jim stated that the Benefits Committee will be reviewing whether the rates for the various plans are still appropriate now that we have several years of claims experience. The relative rates were set when the additional plan options were first offered and since that time all plans have had the same percentage increases. The plans have different loss ratios so the Committee will consider whether any adjustments in the rates should be made for next year. Jim also suggested that the Trust may want to consider changing the names of the plan options to avoid confusion. The Affordable Care Act adopted the names Platinum, Gold, Silver and Bronze for the plans that will be offered through state insurance exchanges beginning in 2014.

F. Report of Flexible Benefits Administration – American Fidelity.

Quinn Morrow introduced himself and Liz Rogers as the representatives from American Fidelity. He referred to two handouts available for members to pick up from a table in the back, one on the effective dates of the different components of the Health Care Reform law and another comparing the key features of FSAs, HRAs and HSAs. Quinn noted that employers that issue more than 250 W-2 forms will be required to report the value of health coverage provided in 2012 on employee W-2 forms issued in January 2013. American Fidelity can assist with this reporting. American Fidelity provides administration for FSAs and HSAs at no cost to employers. It charges \$3 per member per month for HRA administration.

G. Report of Benefits Committee.

Matt Klosterman reported that the Benefits Committee met in August and would be meeting following the Board meeting and again in November and December. In addition to reviewing the premium rates the Committee will be evaluating the deductibles and out-of-pocket maximums for the different plans and whether there is still value in retaining all of the current plan options. The Committee is continuing to look at wellness programs. It will also be looking at options for retiree coverage. Tom Dahncke explained that one of the pension reform legislative proposals was to require retirees to choose between the current level of pension cola and continued access to the TRIP insurance program but with a much lower cola. As a result, the Trust has had inquiries from retired members about the possibility of resuming participation in the Trust. The Trust has also considered whether there is a need to offer a Medicare supplement type benefit or a different premium rate for individuals for whom Medicare is the primary coverage. The Committee will also be evaluating the appeals process and how best to handle appeals. If members have other issues they want the Committee to consider they should contact Matt.

IV. **NEXT MEETINGS AND ADJOURNMENT:**

The remaining meetings for the year are scheduled for the following dates, beginning at 10:00 a.m.:

- Wednesday, December 5, 2012
- Wednesday, March 20, 2013
- Wednesday, May 8, 2013.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Ruth Hays

**ATTENDANCE**  
**March 21, 2012**

**Advisors and Guests:**

Meritain – Karen Giles, Scott Giles  
Coordinated Health Care – Cyndee Bronars  
ScripWorld/CVS – Valerie Fish, Don Bishop  
HealthLink – Susan Lehne  
American Fidelity – Elizabeth Rogers, Quinn Morrow  
Regions Bank – Chad Stafko  
Optum Insight – Jim Drennan  
Trust Consultants – Tom Dahncke, Leo Hefner  
Husch Blackwell LLP – Ruth Hays

**District Representatives:** 53 representatives from the following 46 districts attended the meeting.

Altamont #10 – Jeff Fritchtnitch, Melanie Thornton	Palestine #3 – Joe Sornberger
Belleville #118 – Matt Klosterman	Pana #8 – Wendy Mundell
Belleville #201 – Jeff Dosier, Rich Hodson	Panhandle #2 – Tammi Mixen
Belleville Area Special Svcs. – Brian Arteberry	Red Hill #10 – Matt Seaton
Benton HS #103 – Mary Blondi	Salem #111 – Gayla Wilkerson, Connie Graham
Bond County #2 – Jeff Strieker	Salem HS #600 – Brad Detering
Brownstown #201 – Adam Bussard	Sandoval #501 – Lisa VonderHaar
Carlyle #1 – Joe Novsek	Selmaville #10 – Lisa Telford
Carmi-White County #5 – Brad Lee	Sesser-Valier #196 – Jason Henry
Central City #133 – Julie Beasley	Shiloh #85 – Jennifer Filyaw
Centralia City Schools #135 – Mike Middleton	Signal Hill #181 – Suzette Lambert
Cerro Gordo #100 – Kris Fink	South Eastern Special Ed. – Lori Davis, Jill Keller-Weems
East Richland #1 – Larry Bussard	Trico #176 – Cathy Roe
Edwards County – David Cowger	Tri-County Special Ed. – Donna Fager
Flora #35 – Karen Sailer	Wabash #348 – Cindy Bishop
Harmony-Emge #175 – Elaine Hayden	Waterloo #5 – James Helton
Jacksonville #117 – Becky Dimmick	West Washington #10 – Melinda Albers
Jasper County #1 – Dan Cox	Wood River-Hartford #15 – Carol Elliott
Kansas #3 – Leigh Ann Heltsley	
Marissa #40 – Jane Schaeffer, Denise Rushing	
Martinsville #C-3 – Jill Rogers	
Mascoutah #19 – Terry Gibbons	
MidState Special Ed. – Alison Boutcher	
Millstadt #160 – Jon Green	
Mount Vernon #80 – Mike Green	
Murphysboro #186 – Jan Bush, Debbie Glodo	
Nashville #49 – Michael Brink	
North Greene #3 – Marge Anderson, Les Stevens	