

**EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST  
EXECUTIVE COMMITTEE MEETING NOTES  
CARLYLE, ILLINOIS  
MARCH 17, 2010**

**I. CALL TO ORDER:**

A meeting of the Executive Committee of the Egyptian Area Schools Employee Benefit Trust was held on Wednesday, March 17, 2010 at Governor's Run in Carlyle. Chairman Matt Klosterman called the meeting to order at approximately 10:00 a.m. Matt asked those in attendance to introduce themselves. Roll call showed 60 people in attendance, including 15 members of the Executive Committee, 35 other representatives from member districts (listed on the last page), 9 advisors and one guest.

The notes of the Executive Committee/Board of Managers meeting of January 20, 2010 were approved as submitted.

**II. FINANCIAL REPORT:**

Tom Dahncke noted that Board of Managers members should receive monthly financial statements by e-mail. Members not receiving them should contact Karen Giles. Tom noted that December was positive by about \$1.5 million, leaving a positive fund balance at December 31 of \$8.6 million over and above the \$9.5 million reserve held to cover incurred but not reported claims (the IBNR). January was negative by over \$2 million, dropping the fund balance to \$6.6 million at the end of January. February was also negative by over \$0.5 million.

Tom noted that the Trust has had an unusual number of large claims this year. The last time the Trust made a claim with the stop loss carrier was 2003. This year, the Trust already has 19 claims over \$150,000 and two claims over the individual specific limit of \$275,000. Individual claims over \$275,000 accumulate toward a \$750,000 corridor. The stop loss carrier will reimburse the Trust if and to the extent claims exceed the corridor.

Chad Stafko from Regions Bank reviewed the Trust's investment portfolio as of February 28, 2010. Regions is holding about 44% of the portfolio in cash equivalents. The rest of the portfolio is in US government agency bonds with very short maturities since Regions expects interest rates to rise late in the year.

Matt advised that bound copies of the audited financial statements for the fiscal year ending June 30, 2009 were available at the meeting for members to take. The audited financial statements are also posted on the Trust's website at [egtrust.org](http://egtrust.org).

### III. BUSINESS ITEMS:

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

Karen Giles reported that the federal COBRA subsidy was recently extended to apply to involuntary terminations through March 31, 2010. The subsidy is likely to be further extended, but currently it applies only to terminations through March 31. Karen distributed a handout with information about the extension. In particular, Karen noted that the extension now makes the subsidy available to any employee who had a reduction in hours COBRA qualifying event any time after September 1, 2008 followed by a termination of employment between March 2, 2010 and March 31, 2010. Karen explained that the subsidy applies based on the date employment actually terminates, not the date an employee is notified that he/she will be terminated. It is very important that districts notify Meritain promptly about terminations so Meritain can provide timely notices to members about their COBRA rights and the subsidy.

Karen also stated that the Trust will be sending memos to retired members to explain their health insurance options under TRS/TRIP and/or Medicare. Meritain will be sending copies of the retiree memos to superintendents, requesting them to distribute copies to employees who will be retiring this year. She noted that retirees can stay on the Trust's voluntary dental and vision programs even if they drop the medical coverage. Once a retiree drops the Trust's medical coverage, he/she is not permitted to reenroll in the Trust as a retiree.

Karen stated that bookkeeper meetings have been scheduled this year for July 28, 29 and 30.

#### B. Report of PPO Services – HealthLink.

Susan Lehne stated that she brought brochures that explain how to navigate the HealthLink website and access HLTV and e-house calls and describe special offers available to HealthLink members. Districts should contact Susan to obtain copies for their members. Susan also provided a brochure with preventive health guidelines.

Susan explained that HealthLink is in the process of recontracting with many hospitals and other providers and is trying to obtain deeper discounts. HealthLink is also evaluating the costs of high cost imaging services such as MRIs and CTs and expects to provide information to assist members in selecting cost-effective providers of imaging services.

Susan stated that Springfield Radiology merged with Central Illinois Radiology and became a network provider effective February 1, 2010. Carle Clinic in Bloomington was sold and is no longer participating in the network, but in other cities Carle is still in the HealthLink network.

#### C. Report of Actuary – Ingenix.

Jim Drennan reported that through the first seven months of the fiscal year claims have been worse than he projected last year. The claims trend shot up right after rates were set at the May 2009 meeting, so the current premium rates are lower than they should be. While he expected that the Trust would spend down some of its surplus this year, the fund balance is dropping faster than

expected. He estimates the Trust needs to hold \$9.5 million in reserve to cover the IBNR, although there is no legal requirement for the Trust to hold a reserve. The balance over the reserve for the IBNR is the fund balance or surplus. The Trust requires districts to pay a withdrawal liability to cover the district's pro rata share of the deficit if they withdraw while the fund balance is negative. Therefore, the objective is to maintain at all times a break even or positive fund balance.

D. Report of Flexible Benefits Administration – American Fidelity.

Nancee Roberson introduced herself as the new manager for American Fidelity in the State of Illinois. She stated she is from Oklahoma and has been with American Fidelity for 14 years. She has managed in Arkansas, Missouri and Oklahoma and will be working with and training the American Fidelity representatives in Illinois. She stated that American Fidelity is monitoring the health care reform proposals as they apply to Section 125 plans, including proposals to preclude reimbursement of over-the-counter drugs from health flexible spending accounts (FSAs) and to limit health FSAs to a maximum of \$2,500 per year.

Nancee stated that she is working on a master schedule for Section 125 plan enrollment and plans to attend the bookkeeper meetings in July. American Fidelity has an internet billing website and hopes to move districts to internet billing. Another goal is to encourage direct deposit instead of having to issue paper checks for FSA reimbursements to employees who do not use the debit card. She explained that in its book of business American Fidelity had over 10,000 checks that employees failed to cash last year. Nancee encouraged members to contact her with any questions about their 125 or 403(b) plans.

E. Report of Benefits Committee.

Matt advised that the Benefits Committee met on February 22 and would be meeting following the Executive Committee meeting and on three additional dates. He expects the Committee will be presenting a combination of rate increases and benefit reductions to try to keep the rate increases as low as possible. It is clear that this year the Board will have to make some very tough decisions, but members need to keep in mind the low rate increases the Trust has enjoyed in recent years. The final recommendations of the Committee will be made at the May 5 Board of Managers meeting. Information explaining the recommendations will be distributed in advance of the meeting.

F. Report of Trust Consultants.

Tom Dahncke stated that he and Leo have met with several prospective new districts. Jim Drennan has approved three groups for admission, but they have not made final decisions. Several prospective groups have been declined due to high claims. Tom noted that one of the original member districts has now applied four times to get back into the Trust but has not been admitted due to adverse claims experience.

Tom stated that Meritain, the Trust and Unicare will be sponsoring a dinner at the IASA meeting. Invitations will be issued by e-mail.

Leo reiterated the importance of the retiree memos Meritain will be sending to superintendents. There are separate memos for certified and non certified staff. The memos should be distributed to employees who are retiring this year so they can begin to plan. Karen reminded districts that it is extremely important to notify Meritain when an employee retires because retirees are no longer eligible for life insurance.

Matt stated that Greg Moats will head the Nominating Committee and will be contacting members whose terms expire this year. The Committee's recommendations will be made and voted on at the May 5 meeting.

**V. NEXT MEETING AND ADJOURNMENT:**

The final Board of Managers meeting of the year will be held Wednesday, May 5, 2010.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Ruth Hays

**Executive Committee:** Matt Klosterman (Belleville #118), Greg Moats (Belleville #201), Joe Novsek (Carlyle #1), Mike Middleton (Centralia #135), Larry Weber (Germantown #60), Marty Reid (Jacksonville #117), Alison Boutcher (Mid-State Special Education), Kevin Settle (Mount Vernon #80), Jan Bush (Murphysboro), Matt Seaton (Red Hill #10), Gayla Wilkerson (Salem #111), Diana Adams (Sandoval #501), Lisa Telford (Selmaville #10), Michelle Puckett (West Frankfort #168), Carol Elliott (WoodRiver - Hartford #15).

**Board of Managers:** 50 representatives (including Executive Committee members listed above) from the following 44 districts attended the meeting.

Altamont #10	Southeastern Special Ed.
Atwood-Hammond #39	Southwestern #9
BASSC	Trico #176
Belleville #118	Tri County Special Ed.
Belleville #201	Vandalia #203
Benton HS #103	Wesclin #3
Bethalto #8	West Frankfort #168
Bond County #2	West Washington #10
Capital Area Career Center	Wood River – Hartford #15
Carlyle #1	
Centralia #135	
Dupo #196	
Flora #35	
Germantown #60	
Harmony-Emge #175	
Iuka #7	
Jacksonville #117	
Jasper County #1	
Kansas #3	
Marissa #40	
MidState Special Ed.	
Millstadt #160	
Mount Vernon #80	
Murphysboro #186	
Nashville #49	
Nashville #99	
North Greene #3	
O’Fallon #90	
Red Bud #132	
Red Hill #10	
Salem Elementary #111	
Salem HS #600	
Sandoval #501	
Selmaville #10	
Signal Hill #181	