

**EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST  
BOARD OF MANAGERS/EXECUTIVE COMMITTEE MEETING NOTES  
CARLYLE, ILLINOIS  
NOVEMBER 8, 2010**

**I. CALL TO ORDER:**

A joint meeting of the Board of Managers and Executive Committee was held on Monday, November 8, 2010, at Governor's Run in Carlyle. Vice Chairman Jeff Dosier called the meeting to order at approximately 10:00 a.m. Jeff asked attendees to introduce themselves. Roll call showed 74 people in attendance, including 65 representatives from 58 districts (listed on the last page), 8 advisors and 1 guest.

The notes of the joint Board of Managers/Executive Committee meeting of September 22, 2010 were approved as submitted.

**II. FINANCIAL REPORT:**

Tom Dahncke reviewed the statement of changes for the first three months of the fiscal year beginning July 1, 2010. He noted that at the end of September the Trust had a negative fund balance of \$3.6 million. Expenses are running about \$2 million each week and revenues are running about \$8 million each month. Since October has five payment weeks, the fund balance is expected to drop by another \$2 million by the end of October. Tom explained that the Trust has sufficient cash flow to pay claims when due, but does not currently have sufficient funds to cover the amount Jim Drennan, the Trust's actuary, estimates would be required to cover the IBNR (incurred but not reported claims) if the Trust ceased operations. The expectation is that the decline in the fund balance will begin to be reversed when most of the benefit changes adopted at the May Board of Managers meeting take effect in January 2011.

**III. BUSINESS ITEMS:**

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

Karen Giles reported that Meritain would be issuing new medical and vision ID cards in the next week. The ID cards will be sent to districts to be distributed to employees. New dental ID cards will be sent directly to enrollees by Delta Dental of Illinois, the new dental carrier.

Karen reminded members that Meritain has developed a new privatized portion of the website for exclusive use of school bookkeepers, superintendents and members of the Board of Managers. Members should contact Krista Breakfield in Meritain's Fairview Heights office if they have any difficulty accessing the website.

Leo Hefner noted that members can locate network vision care providers by accessing the website on the ID cards: [www.eyemedvisioncare.com](http://www.eyemedvisioncare.com). Members can register and log in to locate doctors and determine benefits. The Trust's voluntary vision program is through Unicare which uses the EyeMed Vision Care provider network.

B. Report of Actuarial Services – Ingenix.

Jim Drennan reported that there is some good news in that the claim trend has dropped back under 7.5%, which is in the expected range. In some periods in 2009 and early 2010 the trend reached a high of 15%. The benefit changes that will go into effect in January should help the Trust avoid further losses and may allow some recovery in the fund balance. Jim stated there has been a significant shift in enrollment from the Platinum Plan to the Gold Plan. Due to claims lag, this means premiums drop to the Gold Plan rates two or three months before claims drop to reflect the lower Gold Plan benefits. Jim stated there has been slight growth in Silver Plan enrollment while Bronze Plan enrollment has remained flat.

C. Report from Benefits Committee.

Leo explained that the Trust's prescription drug benefit contract is with Scrip World which has a contract with Express Scripts to administer the pharmacy benefit program. Leo introduced Doug Burgoyne and Jessica Renfeldt from Scrip World. Scrip World has been working with the Benefits Committee to develop options to allow members to purchase maintenance drugs at retail pharmacies, as requested by members of the Board at the last meeting.

Leo reviewed an exhibit showing the estimated savings provided to the Benefits Committee last spring for the prescription drug benefit changes the Committee recommended in connection with its premium rate increase recommendation. At that time Jim Drennan estimated that the Trust would need a rate increase of 16.5%. All of the proposed prescription drug changes together were expected to generate savings of 1.6% of premium to offset a portion of the needed rate increase. Since that time, Scrip World has come back to the Trust with a new contract with better discounts and invoice credits. Scrip World repriced the Trust's actual prescription drug claims for the first 8 months of 2010 under the new contract terms and determined that with the new contract terms, including home delivery for maintenance drugs, the expected annualized savings will be 2.4% of premium instead of 1.6%, for estimated savings of about \$1.9 million instead of \$1.3 million.

Scrip World has also developed new pricing if the Trust wants to allow members to purchase maintenance drugs through Express Scripts' Maintenance Drug Network (MDN) as another option in addition to home delivery. Any Express Scripts retail pharmacy can participate in MDN, but must accept greater discounts and lower dispensing fees than under the normal retail contracts. The discounts and invoice credits through the MDN program are not as great as with home delivery so the Trust will lose some of the expected savings. However, if the MDN 90 day copays are set slightly higher than the home delivery copays, Scrip World estimates that the prescription drug savings with the new contract including MDN would be 1.9% of premium, or about \$1.5 million, which is still greater than the savings anticipated last spring when premium rates were set. This is the worst case estimate if all members using maintenance drugs elect to use MDN pharmacies instead of home delivery. Many members who recently switched to home delivery may choose to stay with home delivery.

The proposed MDN copays would be as follows:

<b>Platinum and Gold Plans</b>	<b>Retail 30 day supply (no change)</b>	<b>MDN Retail 90 day supply Maintenance drugs after first 2 fills</b>	<b>Home Delivery up to 90 day supply (no change)</b>
<b>Generic</b>	\$12	<b>\$36</b>	\$30
<b>Preferred Brand</b>	\$25	<b>\$85</b>	\$55
<b>Non-Preferred Brand</b>	\$40	<b>\$130</b>	\$100
<b>Injectables</b>	Copay plus 3%	Copay plus 3%	Copay plus 3%

<b>Silver and Bronze Plans</b>	<b>Retail 30 day supply (no change)</b>	<b>MDN Retail 90 day supply Maintenance drugs after first 2 fills</b>	<b>Home Delivery up to 90 day supply (no change)</b>
<b>Generic</b>	\$12	<b>\$36</b>	\$30
<b>Preferred Brand</b>	\$30	<b>\$85</b>	\$70
<b>Non-Preferred Brand</b>	\$45	<b>\$130</b>	\$110
<b>Injectables</b>	Copay plus 3%	Copay plus 3%	Copay plus 3%

Leo explained that if the Board votes to offer the MDN option it would be effective January 1, 2011. As with the current home delivery program, members would be able to buy the first two 30-day fills of a maintenance drug at any retail pharmacy. After the first two fills, the member would be required to use either an MDN pharmacy or home delivery for maintenance drugs. Members would no longer have the ability to pay a penalty copay to buy maintenance drugs at retail pharmacies outside the MDN network. This may create some additional confusion at least initially as members may not know whether a retail pharmacy is in MDN. If the MDN option is adopted, the MDN pharmacies will be listed on the website. Jessica explained that as soon as a member fills a script for a maintenance drug, a notice to the member will be generated automatically explaining both the MDN and home delivery options. Jessica also noted that with home delivery members can buy a 90 day supply at one time, but pay one-third of the copay each month. This payment option may be particularly helpful for injectable drugs where the copay is the regular generic or brand copay plus 3% of the drug cost.

Following considerable discussion, Leo summarized the pros and cons of adding the MDN option. The pros include allowing members to continue to use their local pharmacies and to receive the personal care and advice available from the local pharmacy. The cons include some loss of expected savings for members and the Trust and additional confusion to members from adopting another major change to the prescription drug program so soon after implementing preferred home delivery. Jim Drennan estimated that the impact on premium rates of making this change is in the range of 0.5%.

Rich Well (Vandalia) made a motion, seconded by Jeff Strieker (Bond County), to add the MDN program effective January 1, 2011. Motion carried.

Doug Burgoyne explained that the change to add MDN will not be reflected on Express Scripts website until closer to January 1. In addition, until January 1 members will continue to receive letters advising them they need to use home delivery for maintenance drugs. In the meantime, a

notice about the decision to add the MDN network for maintenance drugs will be sent to all districts and information about the change will be included in the next newsletter.

D. Report from Consultants.

Tom Dahncke stated that he and Leo continue to receive many inquiries from districts that are facing large rate increases, some as high as 30% to 50%. Several new districts have joined the Trust, including Jonesboro #43, Cairo #1, Sangamon Valley #9 and Oblong #4, all effective September 1, Shawnee #84 effective October 1 and Anna Grade School effective December 1. Tom also noted that the IASB Conference would be held later in the month. As in prior years, American Fidelity will sponsor a hospitality suite. Tom encouraged members to bring their Board members by the hospitality suite.

V. **NEXT MEETINGS AND ADJOURNMENT:**

The following meetings have been scheduled for the fiscal year:

- Wednesday January 19, 2011
- Wednesday, March 16, 2011
- Wednesday, May 4, 2011

There being no further business, the meeting was adjourned.

Respectfully submitted,

Ruth Hays

**ATTENDANCE**  
**November 8, 2010**

**Executive Committee:** The following members of the Executive Committee attended the meeting: Jeff Fritchitch (Altamont #10), Kenny Schwengel (Atwood-Hammond #39), Jeff Dosier (Belleville #201), Joe Novsek (Carlyle #1), Keith Talley (Carmi-White County #5), Mike Middleton (Centralia #135), Becky Dimmick (Jacksonville #117), Chris Long (Kansas #3), Sam McGowen (Mascoutah #19), Brent O’Daniell (Nashville #49), Michael Smith (Oakland #5), Todd Koehl (O’Fallon #90), David Lett (Pana #8), Gayla Wilkerson (Salem #111), Lisa Telford (Selmaville #10), Rich Well (Vandalia #203), Michelle Puckett (West Frankfort #168), Carol Elliott (Wood River-Hartford #15).

**Board of Managers:** 65 representatives (including Executive Committee members listed above) from the following 58 districts attended the meeting.

Altamont #10	O’Fallon #90
Atwood-Hammond #39	Pana #8
Belleville #201	Panhandle #2
Belleville Area Special Services	Paris #4
Bond County #2	Red Bud #132
CACC	Salem Elementary #111
Cairo #1	Salem HS #600
Carlyle #1	Sandoval #501
Carmi-White County #5	Sangamon Valley #9
Central #104	Selmaville #10
Centralia #135	Shiloh #85
Cowden-Herrick #3A	South Eastern Special Ed.
Dieterich #30	Teutopolis #50
East Richland #1	Trico #176
Fairfield #112	Tri County Special Ed
Flora # 35	Vandalia #203
High Mount #116	Wabash #348
Iuka #7	Waterloo #5
Jacksonville #117	Wayne City #100
Joppa-Maple Grove #38	Wesclin #3
Kansas #3	West Frankfort #168
Marissa #40	West Washington #10
Martinsville #3	Willow Grove #46
Mascoutah #19	Wolf-Branch #113
Mid-State Special Ed.	Wood River-Hartford #15
Mount Vernon #80	
Mt. Olive #5	
Nashville #49	
Nashville #99	
North Greene #3	
North Wayne #200	
Oakland #5	
Oblong #4	