

**EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST
BOARD OF MANAGERS MEETING NOTES
CARLYLE, ILLINOIS
SEPTEMBER 25, 2013**

I. CALL TO ORDER:

A meeting of the Board of Managers of the Egyptian Area Schools Employee Benefit Trust was held on Wednesday, September 25, 2013, at Governor's Run in Carlyle. Chairman Jeff Dosier called the meeting to order at approximately 10:00 a.m. Jeff asked members to introduce themselves. Sign-in sheets showed there were 80 people in attendance, including 67 representatives from 57 districts and 13 advisors.

The notes of the Board of Managers meeting of May 8, 2013 were approved as submitted.

II. FINANCIAL REPORT:

Tom Dahncke reported that the month of May was positive by \$1 million and the month of June was positive by \$1.2 million, which is very unusual. Over the fiscal year ended June 30, 2013, the fund balance improved by over \$8 million. The Trust began the year with a negative fund balance of over \$7 million but ended the year with a positive fund balance of over \$1.6 million.

Tom reported that in the new fiscal year, July was positive by almost \$2 million, August was negative by over \$1 million and it appears September will be positive by about \$1.5 million.

Chad Stafko from Regions Bank reported that the Trust had about \$11.3 million invested in government or government agency securities with an average yield of 1% and average maturity of 4 to 5 years. Chad noted that interest rates have gone up in the last couple of months, causing a drop in market value, but the cash flow from interest income is still the same.

III. BUSINESS ITEMS:

A. Report of TPA Services – Meritain Health.

Karen Giles reported that 134 districts were represented at the bookkeeper meetings. Karen stated that October bills had been posted. She asked districts to reconcile these carefully to make sure all enrollment changes have been recorded accurately. She reminded members that the Trust allows retroactive corrections for a maximum period of 60 days. Open enrollment ends September 30.

Karen stated there were some hiccups in processing voluntary enrollment in the Consult A Doctor program. The problems should be resolved later in the day and an e-mail will be sent to districts confirming this.

Karen noted that the fall newsletter has been posted and distributed. She requested districts to make sure the newsletters are distributed to employees.

Karen stated districts should contact Krista at Meritain's local office if they need supplies such as Consult A Doctor posters and magnets, Coordinated HealthCare magnets, enrollment guides, and HealthCare Blue Book information.

B. Report of Prescription Drug Services – Scrip World/CVS Caremark.

Valerie Fish from Scrip World stated she had nothing new to report but she is available to answer questions and assist with any problems relating to the prescription drug benefit. Members should first call the CHC care coordinator number with questions about prescription drug benefits.

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

Cyndee Bronars reported that 14% of eligible members participated in the wellness incentive by designating a primary care physician, completing the Health Risk Assessment on-line, and entering lab results from biometric testing on-line. CHC had hoped to have 25% to 30% participation and requested feedback about the low participation. Members reported that some employees expressed concern about putting confidential medical information such as biometric test results on-line and others were convinced that sharing negative test results could somehow result in loss of coverage. Cyndee assured members that the information is kept confidential and is collected only for the purpose of allowing CHC to assist employees in learning about and managing any disease conditions. The information is not shared with employers and does not affect an employee's right to coverage or premiums for coverage. Tom Dahncke stated that he and Leo participated in a number of employee meetings and also heard concerns that the information could be used against members to increase their costs or exclude them from coverage. The sole purpose of the program is to help employees stay healthy and get appropriate medical care if any issues are identified.

Cyndee reported that CHC has completed one year of operating the central call center for all questions involving Trust benefits. She stated that CHC receives about 125 calls a day from Trust members or their providers. About 67% of Trust households have made contact with CHC. CHC is very pleased with participation in the disease management program. Several district representatives reported they had very positive experiences with CHC and believe CHC has been a big help in minimizing the need for the district to get involved in member benefit issues.

D. Report of Actuarial Services – Optum.

Jim Drennan stated that the Trust had much better claims experience over the fiscal year ending June 30, 2013 than he had expected. He had projected the Trust would still have a negative fund balance at the end of the year. However, most plans are now seeing lower healthcare cost trends than have been seen in recent years. Jim noted that October 1 will be a historic date with the opening of the Affordable Care Act insurance exchanges. Generally, this should not create any concern for members enrolled in the Trust.

E. Report of Legal Services and ACA Update – Husch Blackwell.

Ruth Hays provided an update on developments under the Affordable Care Act, including the following:

- **Notice to Employees about Health Insurance Marketplace (Exchange) Coverage.** All employers are required to provide a notice about the exchanges to all employees by October 1, 2013, and within 14 days after hire for new employees. Meritain has distributed information about this requirement to all districts, including a model form for the notice.
- **Employer Pay or Play Penalty Deferred to 2015.** As discussed at the March meeting, the ACA imposes penalties on large employers (50 or more employees in the prior calendar year) if they fail to offer health insurance coverage to full-time employees (30 or more hours per week under current law). The statute provided for these penalties to be effective beginning in 2014, but the administration has delayed the effective date until 2015. Employers will not have penalties if they do not offer health insurance in 2014.
- **Individual Shared Responsibility Penalty.** The penalty for individuals who do not have health insurance has not been extended and will apply beginning in 2014. For members of the Trust, the penalty generally will not apply before September 1, 2014. This penalty will apply for each month an individual does not have “minimum essential coverage” for at least 1 day in the month, unless an exemption applies. All of the plans offered by the Trust qualify as minimum essential coverage. Individuals may be exempt from the penalty if their income is below the minimum threshold for filing a tax return, if they have short coverage gaps of less than 3 consecutive months in a year or if the minimum amount they have to pay for insurance premiums is more than 8% of household income, among other exemptions. For 2014 the penalty is the **greater of** a dollar amount or 1% of household income. The dollar amount for 2014 is \$95 per adult and \$47.50 per child with a family dollar cap of \$285. The penalty is calculated monthly at 1/12th the annual amount. The penalty will increase to 2% of household income in 2015 and to 2.5% of household income in 2016, with corresponding increases in the dollar amounts. However, the penalty cannot exceed the national average cost for a Bronze plan on an exchange.
- **Buying Coverage Through the Exchanges.** Beginning October 1, individuals will be eligible to enroll for individual health insurance on the exchanges for coverage effective January 1, 2014. This first year the exchange open enrollment period will extend through March 2014. Anyone can enroll for coverage on the exchange, but employees who have affordable coverage from an employer will not qualify for premium subsidies. The exchanges should offer new insurance options that may be attractive particularly for part-time employees or individuals who lose coverage due to a COBRA qualifying event, such as divorce or dependents who reach age 26.
- **Other ACA Changes for 2014 Plan Year.**
 - Employers cannot require waiting periods longer than 90 days.
 - All pre-existing condition exclusions and limitations must be eliminated for adults (eliminated for children to age 19 in 2010).

F. Report of Flexible Benefits Administration – American Fidelity.

Elizabeth Rogers introduced Caleb Wilson and described the services American Fidelity can provide to assist districts in complying with Health Care Reform requirements for employers. American Fidelity offers discounted prices for Trust districts. Elizabeth provided a sign-up sheet for districts interested in obtaining assistance from American Fidelity.

G. Review of Plan E (formerly Copper) Plan Options.

Tom Dahncke and Leo Hefner explained that in 2009 the Trust adopted a new option, the “Copper” Plan (now Plan E). The Copper Plan has the same basic design as the Gold Plan, with 85%/15% coinsurance in Tier 1, but the district may elect an annual deductible that is \$500, \$1,000, \$1,500 or \$2,000 greater than the Gold Plan deductible. The district can then reimburse employees for some or all of the greater deductible. This allows the district to provide employees with the same benefits as the Gold Plan while saving premium costs. The Copper Plan was adopted because many insured plans are marketed with a high deductible option that allows the employer to self-insure part of the deductible. Before this year Trust districts did not show much interest in the Copper Plan, though a few districts reimburse employees for the difference between the Platinum (Plan A) deductible and the Gold (Plan B) deductible. Tom and Leo are now seeing a lot of interest in the Copper Plan (Plan E). If a district does not pay much of the premium cost or pays a flat dollar amount this option does not provide an advantage, but it offers potential premium savings for districts that pay a substantial portion of the premium cost.

Given the increased interest in this option, Tom and Leo recommended that rules be adopted to protect the Trust. The proposed rules were distributed with the meeting Agenda and a copy is attached to these Notes. If a district wants to elect Plan E, all employees of the district must be enrolled in Plan E. Further, if the district wants to reimburse employees for some or all of the higher deductible, reimbursements must be made by the district directly or the district may contract with Meritain to make reimbursements. Meritain will provide the district with deductible reports so the district can reimburse employees directly. Third party payers will not be permitted to reimburse employees. Districts that are interested in learning more about Plan E should contact Tom or Leo.

James Helton (Waterloo) made a motion, seconded by Jason Henry (Sesser Valier), to adopt the proposed rules on direct reimbursement to members. Motion carried.

H. CHC Contract Fees.

Leo explained that the Trust has a 3-year contract with CHC. For the first year the Trust elected a performance-based fee option which paid a minimum fee if the Trust did not achieve the claims savings projected by CHC but a higher fee if CHC achieved greater savings than projected. The claims were considerably better than projected over the first year so the performance based-fee ended up being higher than the fixed fee would have been. Now that the Trust has had a year of very positive experience with CHC, Tom and Leo recommend that the Trust adopt the fixed fee option of \$8.73 per member per month for the 2013-2014 plan year.

Brad Detering (Salem High School) made a motion, seconded by Cindy Bishop (Wabash), to approve the fixed fee for the CHC contract for the 2013-2014 year. Motion carried.

I. Benefits Committee.

Matt Klosterman invited interested district representatives to join the Benefits Committee. Members may also contact Matt or Jeff or Tom or Leo if they have any topics they would like the Benefits Committee to consider.

IV. **NEXT MEETINGS AND ADJOURNMENT:**

Meetings for the next school year were scheduled for the following dates:

- Wednesday, December 4, 2013
- Wednesday, March 26, 2014
- Wednesday, May 7, 2014

There being no further business, the meeting was adjourned.

Respectfully submitted,



Ruth Hays

ATTENDANCE
September 25, 2013

Advisors and Guests:

Meritain – Karen Giles, Scott Giles
ScripWorld – Don Bishop, Valerie Fish
American Fidelity – Elizabeth Rogers
Optum Insight – Jim Drennan, Dan Pribe
Trust Consultants – Tom Dahncke, Leo Hefner
Husch Blackwell – Ruth Hays
Regions Bank – Chad Stafko, Chris Gleadle
Coordinated Health Care – Cyndee Bronars

District Representatives: 67 representatives from the following 57 districts signed in for the meeting.

A-C Central #262 – Tim Page	Mount Vernon #80 – Mike Green, Linda Crusier
Altamont #10 – Melanie Thornton	Murphysboro #186 – Jan Bush, Brett Sutphin
Atwood-Hammond #39 – Kenny Schwengel	Nashville #99 – Wendy Davis, Stefanie Bauza
BAASC – Brian Arteberry	North Greene #3 – Marge Anderson, Les Stevens
Beecher City #20 – Geneva Hubbert	Pana #8 – David Lett
Belleville #118 – Matt Klosterman, Alexi Marti	Panhandle #2 – Tammi Mixen
Belleville #201 – Jeff Dosier, Brian Mentzer, Rich Hodson	Paris #4 – Lorraine Bailey
Benton #103 – Ronda Suver	Red Hill #10 – Matt Seaton
Bond County #2 – Jennifer Mitchell	Salem Elem. #111 – Gayla Wilkerson, Connie Graham
Brownstown #201 – Adam Bussard	Salem HS #600 – Brad Detering
Carmi-White County #5 – Brad Lee	Sandoval #501 – Lisa VonderHaar
Central City #133 – Julie Beasley	Selmaville #10 – Lisa Telford
Centralia City Schools #135 – Mike Middleton	Sesser-Valier #196 – Jason Henry
Centralia HS #200 – Chuck Lane	Signal Hill #181 – Suzette Lambert
Cerro Gordo #100 – Brett Robinson	Smithton #116 – Sue Homes
Dieterich #30 – Janice Mellendorf	South Central #401 – Ginny Keen
East Alton-Wood River #14 – John Pearson	South Eastern Special Ed. – Lori Davis
East Richland #1 – Larry Bussard	Teutopolis #50 – Myra Pruemmer
Eastern Illinois Area Special Ed. – Tony Reeley	Trico #176 – Jackie Smith
Fairfield #112 – Diana Zurliene	Tri-county Special Ed. – Renee Evans
Flora #35 – Karen Sailer	Tuscola #301 – Michael Smith
Four Rivers Special Ed – Cathy Bader	Valmeyer #3 – Eric Frankford
Freeburg #70 – Mark Janssen	Vandalia #203 – Rich Well
High Mount #116 – Mark Halwachs	Wabash #348 – Cindy Bishop
Jasper County # 1 – Dan Cox	Waterloo #5 – James Helton
Kansas #3 – Leigh Ann Heltsley, Chris Long	Wesclin #3 – Paul Tockstein
Marissa #40 – Jane Schaeffer	West Washington #10 – Melinda Albers
Monroe Randolph County ROE #45 – Linda Schmidt, Tricia Bockhorn	Whiteside #115 – Peggy Burke
	Wolf Branch #173 – Denise Hoepker

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Consultants

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DISTRICT REIMBURSEMENT OF MEMBER DEDUCTIBLE

Districts may make agreements with their employees to have participants in the Egyptian Trust health insurance program enroll in a lower benefit plan with the district reimbursing some or all of the difference in the deductible. Certain regulations must be followed by the participating school district:

1. Districts that enter into these agreements involving Plans A, B, or C may continue to allow individual selection of more than one plan.
2. Districts that enter into these agreements involving any of the Plan E Plans (formerly known as the Copper Plans) cannot allow individual selection. If a Plan E plan is selected, all employees, COBRA participants, retirees, and their covered dependents must be enrolled only in the Plan E Option selected by the district.
3. The Third Party Administrator (Meritain) will provide deductible reports to the local district on a schedule agreed to by the participating district and Meritain. Reports may be provided on a quarterly, semi-annual, and annual basis. Should the participating school district wish to contract with Meritain to provide the reimbursement administration you should contact Karen Giles at karen.giles@meritain.com or 618.509.6081. Meritain fees for direct reimbursement to the covered member will be paid by the member district.
4. All reimbursements of the deductible must be made directly to the participating member by the local district or by the Third Party Administrator (Meritain). No third party payer is allowed to make the reimbursements for the local district.