

**EGYPTIAN AREA SCHOOLS
EMPLOYEE BENEFIT TRUST**

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Consultants

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DATE: October 13, 2015

TO: **All Executive Committee, Board of Managers Members, District Superintendents and Bookkeepers**

FROM: Jeff Dosier, Chair, Matt Klosterman, Vice-Chair
Tom Dahncke & Leo Hefner, Consultants to the Trust

RE: **SPECIAL October 23, 2015 Board of Managers Meeting**

A SPECIAL meeting of Board of Managers of the Egyptian Trust has been called for Friday, October 23, 2015 beginning at 10:00 a.m. at Governor's Run Golf Course, Carlyle, IL.

The agenda is included with this meeting memo. All school districts, cooperatives and ROE's are urged to send a representative to this SPECIAL October 23rd meeting.

The purpose of this SPECIAL Managers meeting is act on the recommendation of the Benefits Committee to create a new high deductible plan of benefits which would be available January 1, 2016. The new plan would create a "Mark to Market" approach for those districts which might be interested in purchasing a very high deductible plan, typically coupled with a Health Reimbursement Account (HRA) to provide a much lower deductible level for employees, as negotiated by the employer, the local school district or cooperative. By combining the high deductible plan with an HRA, a district would be able to match the benefit levels it currently offers employees

Unlike the Trust's current plans, all of which are priced uniformly for all member districts, this new plan would be individually underwritten and priced according to the conditions in place in respective districts. The individualized underwriting criteria would take into account multiple factors, such as employee participation measured against total employees eligible; dependent participation levels, employer benefit levels, group size, average age curve, geographic location and more.

Districts which elect the new plan but want to provide a lower deductible level for employees would have two options for funding the HRA benefit. They could self-insure the HRA benefit or could purchase a reinsurance type policy for the difference between the deductible level the employee sees and the deductible level the employer purchases. The high deductible for the new plan is expected to be \$6,000 for individual coverage.

The Benefits Committee is recommending action now to give districts time to research this option if they have interest in adopting this type of plan by January 1st. Not all districts will be interested in pursuing this type of policy at this time, but, the changes brought about by the Affordable Care Act and current market

conditions dictate that the Trust offer this type of option to, not only retain current business, but also to attract new business going forward. Those districts which want to learn more about this high deductible option can contact Trust Consultants Tom Dahncke at tdahncke@charter.net (618-791-5541) and/or Leo Hefner at lhefner@htc.net (618-973-8221) for further information.

This recommendation comes after hearing reports from the consultant group Teacher's Coalition on Health and their principals, Gary Wright and Jim Baxter. The Benefits Committee contracted with TCOH to review and analyze the claims history of all Egyptian Trust members. That data analysis dates back to 2012, so recommendations are not based on only one or two years of information. In addition to the Benefits Committee's current recommendation for the implementation of a new plan option, the committee will continue to review information and recommendations from TCOH going forward.

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BOARD OF MANAGERS MEETING

Friday, October 23, 2015

10:00 a.m.

Governor's Run Golf Course

Carlyle, IL

AGENDA

1. Call to order
2. Approval of minutes: September 23, 2015
3. Financial Reports
4. Business Items
 - A. Consider report and recommendation of the Benefits Committee:
Matt Klosterman, Chair
Tom Dahncke & Leo Hefner, Consultants to the Trust
Gary Wright & Jim Baxter, Teacher's Coalition on Health
 - B. Any other business which might come before the Board of Managers
5. Future meeting dates:

Wednesday, December 2, 2015
Wednesday, March 23, 2016
Wednesday, May 11, 2016
6. Adjournment

