

**EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST**  
**BOARD OF MANAGERS MEETING NOTES**  
**CARLYLE, ILLINOIS**  
**May 11, 2016**

**I. CALL TO ORDER:**

A meeting of the Board of Managers of the Egyptian Area Schools Employee Benefit Trust was held on Wednesday, May 11, 2016, at Governor's Run in Carlyle. Chairman Jeff Dosier called the meeting to order at approximately 10:00 a.m. Sign-in sheets showed there were 74 people in attendance, including 60 representatives from 49 districts and 14 advisors and guests.

The notes of the Board of Managers meeting of March 23, 2016 were approved as submitted.

**II. FINANCIAL REPORT:**

Tom Dahncke reminded members that Meritain paid almost no medical claims in January 2016 while it made programming changes to add the mark to market plans. To account for the fact claims were not paid, the actuary increased the IBNR at the end of January by \$6 million. As Meritain caught up with claim payments, the IBNR was reduced by \$2 million at the end of February and \$2 million at the end of March. Taking into account the IBNR adjustments, February was negative by about \$1.1 million and March was negative by \$784,000. At the end of March, the IBNR was \$13.5 million, the fund balance was negative by \$1.4 million, and the Trust held cash and investment assets of over \$15 million. Tom stated that April has five payment dates and is expected to be negative by close to \$2 million on a cash basis, but there will likely be a further reduction in the IBNR to offset some of this. Jim Drennan explained that the IBNR is the amount the actuary estimates will be required to cover claims that have been incurred but not submitted and paid. The estimate is based on claims history so it is more difficult to make an accurate estimate when claims are not paid consistently, as in January. Jim said the IBNR estimate is a reasonable but conservative estimate which includes some margin.

Tom reported that the Trust had about \$9.7 million in investment assets and \$5.4 million in cash at the end of March. The Trust invests only in investments permitted for school districts.

**III. BUSINESS ITEMS:**

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

Karen Giles reported that the bookkeeper meetings are scheduled for July 27, 28 and 29 in Effingham, Marion and Fairview Heights, respectively. All of the vendor partners will attend. Karen encouraged districts to send a representative to one of the meetings. She also advised that the Summer Newsletter would be distributed the following week.

Karen stated that Meritain added a new position to the Trust's service team. She introduced Pam Dockins as the new account manager for the Trust effective May 1. Pam has worked with self-

funded health plans for over 20 years, including 7 years with Meritain. Meritain will distribute an updated Communications Guide with Pam's contact information.

B. Report of Care Coordinators by Quantum Health.

Cyndee Bronars reported that 80% of households represented in the Trust have had some contact with the Care Coordinators. The Care Coordinators fielded over 37,000 calls from members, averaging almost 7 minutes a call. The top topics relate to questions about benefits, claim issues, the wellness incentive and using the website.

Cyndee reminded districts that members who completed the wellness activities to qualify for the reduced deductible incentive (coinsurance incentive for the HDHP) for 2016 will automatically qualify to receive the same incentive in 2017. Members who have not completed the activities must complete them by September 30 to qualify for the incentive for 2017.

C. Report of Voluntary Dental and Vision Services – Ameritas.

Kenny Tobey reported that premium rates will remain the same for the coming year. He stated that Ameritas has developed a mobile app for members to locate network providers.

D. Report on Mark to Market Plans – TCOH.

Jim Baxter and Gary Wright reported that many districts completed the mark to market review process. Those that qualify will receive mark to market rate quotes shortly. Some districts did not qualify for mark to market pricing, but their employees will be permitted to participate in a new wellness incentive coordinated by TCOH, along with employees in mark to market districts. This program offers a cash incentive of \$200 if the member (not dependents) completes certain tasks, including completing a questionnaire and at least one of several screening exams. Additional information will be provided about this program before it opens on October 1.

Tom Dahncke encouraged districts that have not requested a mark to market evaluation to do so promptly. Districts will need to make decisions and notify Meritain by July 1 of the specific plans they will to offer if they want to convert to mark to market pricing on September 1.

E. Report of Legal Services – Husch Blackwell LLP.

Ruth Hays stated she was asked to explain briefly how offering a cash option in lieu of health insurance may affect the penalties a "large employer" may be required to pay under the Affordable Care Act. Employer coverage is considered "affordable" for ACA purposes if the cost to the employee for employee only coverage in the employer's lowest cost plan does not exceed 9.6% of the employee's compensation. Starting with plan years beginning in 2017 (September 1, 2017 for districts in the Trust), any cash option offered to the employee must be added to the cost the employee is actually required to pay for coverage in determining whether coverage is affordable. The position of IRS is that because an employee must forego the cash to get benefits, the amount of the cash is part of the cost the employee pays for the benefits. Trust districts that are large employers should keep this in mind if they offer cash options after August 31, 2017.

F. Report of Section 125, 403(b) and ACA Administration – American Fidelity.

Kaitlyn Economon and Whitney Dyson noted that American Fidelity account managers can serve as strategic advisors to districts for compliance with the ACA and the rules for 125 plans and 403(b) plans. American Fidelity will be sending letters to districts encouraging them to participate in meetings over the summer with their American Fidelity account managers.

G. Report of Benefits Committee.

Jeff Dosier recognized the members of the Benefits Committee and thanked them for serving on the Committee this year.

Jeff explained that several Committee recommendations were presented to the Board of Managers for approval at the March meeting. Tom Dahncke reminded members that the following recommendations were adopted in March:

- Eliminate the one-year advance notice requirement for changing to a richer plan;
- Delay eliminating Plan A to September 1, 2019.
- Continue the existing wellness incentive through 2017; and
- Several new mark to market plan designs.

Jeff stated that the final recommendation of the Committee for this year is an across the board rate increase of 5% effective September 1. Jim Drennan explained that a number of changes this year made it more difficult than usual to project the rate increase that will be required to keep the Trust healthy, including the change in provider network to Coventry/Aetna and the addition of mark to market plan pricing for some districts. He stated that the actuaries provided a range of possible rate increases to the Benefits Committee and that 5% was at the low end of the range.

Leo and Tom have been busy meeting with current districts and prospective new districts. They recently met with an insured district that received a 23% renewal rate increase even though the district's loss ratio was 87%. Tom and Leo reminded districts of the benefits of sharing risk in a large group with lower overhead costs. Premiums must be increased to adjust to higher health care costs, but the Trust has a history of steady but moderate rate increases.

Brad Detering (Salem HS) made a motion, seconded by Adam Bussard (Brownstown), to approve the recommended 5% rate increase. Motion carried.

G. Report of Nominating Committee.

Jeff Dosier asked for a motion to elect the members nominated to serve new terms on the Executive Committee, as listed in the attachment to the Agenda, including Ken Schwengel (Arthur #305), Lisa Vonder Haar (Sandoval #501), Jeff Dosier (Belleville #201), Brian Charron (Waterloo #5), Gayla Wilkerson (Salem #111), Rich Well (Vandalia #203), Jennifer Filyaw (Wesclin #3), John Pearson (Wood River HS) and Dwight Stricklin (Kansas).

Jan Bush (Murphysboro) made a motion, seconded by Brad Detering (Salem HS), to elect these members to the Executive Committee. Motion carried.

**IV. NEXT MEETING AND ADJOURNMENT:**

Board of Managers meetings for the next school year were tentatively scheduled for the following dates:

- Wednesday, September 21, 2016
- Wednesday, December 7, 2016
- Wednesday, March 22, 2017
- Wednesday, May 10, 2017.

There being no further business, the meeting was adjourned.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Ruth Hays", written in dark ink.

Ruth Hays

**ATTENDANCE**  
**May 11, 2016**

**Advisors and Guests:**

Meritain – Karen Giles, Scott Giles, Pam Dockins  
Quantum Health – Cyndee Bronars  
Ameritas – Kenny Tobey  
American Fidelity – Kaitlyn Economon, Whitney Dyson  
TCOH – Jim Baxter, Gary Wright  
Trust Consultants – Tom Dahnccke, Leo Hefner  
Optum – Jim Drennan  
Husch Blackwell LLP – Ruth Hays  
Bushue Human Resources – Jerome Pankey

**District Representatives:**

Altamont #10 – Susan Janz, Melanie Thornton,  
Jeff Fritchitch  
Beecher City #20 – Scott Cameron  
Belle Valley #119 – Louis Obernuefemann  
Belleville #118 – Leanne Meadows-Rahe  
Belleville #201 – Jeff Dosier  
Benton HS #103 – Aaron Mattox  
Brownstown #201 – Adam Bussard  
Carlyle #1 – Joe Novsek  
Central City #133 – Julie Beasley  
Centralia City Schools #135 – Mike Middleton  
Charleston #1 – Todd Vilardo, Jim Littleford  
Clay City #10 – Beth Hance  
Eastern Illinois Area Special Ed – Tony Reeley  
Fairfield #112 – Diana Zurliene  
Flora #35 – Joel Hackney  
Freeburg HS #77 – Diane Schaefer  
Grayville #1 – Marlene Williams  
Hardin County #1 – David Reavis  
Harmony-Emge #175 – Pam Erickson  
Kaskaskia Special Ed #801 – Jessie Winkeler,  
Charlene Smith  
Marissa #40 – Jane Schaeffer  
Martinsville #C-3 – Jill Rogers  
Mascoutah #19 – Craig Fiegel  
Mid-State Special Ed – Brenda Patrick  
Monroe-Randolph ROE #45 – Tricia Bockhorn  
Mount Vernon City Schools #80 – Linda Crusier,  
Aletta Lawrence  
Mulberry Grove #1 – Brad Turner  
Murphysboro #186 – Jan Bush  
North Clay #25 – Jami Lewis

North Greene #3 – Mark Scott, Marge Anderson,  
Shane Feltes  
Panhandle #2 – Aaron Hopper  
Palestine #3 – Chris Long  
Patoka #100 – David H. Rademacher  
Perandoe Special Ed – Stephen Kozuszek  
Pinckneyville #50 – Tim O’Leary  
Richland County #1 – Larry Bussard  
Salem #111 – Connie Graham, Gayla Wilkerson  
Salem HS #600 – Brad Detering  
Sandoval #501 – Lisa VonderHaar  
Shawnee #84 – Shelly Clover-Hill  
South Central #401 – Ginny Keen  
South Eastern Special Ed. – Lori Davis, Jill Keller-Weems  
St. Clair County ROE #50 – Vikki Bisso, Annabelle  
Gillespie  
Sullivan #300 – Brad Tuttle  
Trico #176 – Cathy Lindner, Jackie Smith  
Tri-County Special Ed – Chelsea Hagene  
Tuscola #301 – Michael Smith  
Wabash & Ohio Valley Special Ed – Brad Blades  
West Washington #10 –Melinda Albers