

EGYPTIAN AREA SCHOOLS EMPLOYEE BENEFIT TRUST
BOARD OF MANAGERS MEETING NOTES
CARLYLE, ILLINOIS
December 7, 2016

I. CALL TO ORDER:

A meeting of the Board of Managers of the Egyptian Area Schools Employee Benefit Trust was held on Wednesday, December 7, 2016, at Governor's Run in Carlyle. Vice-Chairman Matt Klosterman called the meeting to order at approximately 10:00 a.m. Sign-in sheets indicated there were 70 people in attendance, including 52 representatives from 40 districts and 18 advisors and guests.

The notes of the Board of Managers meeting of September 21, 2016 were approved as submitted.

II. FINANCIAL REPORT:

Tom Dahncke reported that the audited financial statements for the fiscal year ended June 30, 2016 were complete and would be posted shortly on the Trust's website. The audited statement of net assets includes a receivable in the amount of \$3.2 million for prescription drug rebates earned on prescription drug claims in 2015 and the first six months of 2016. About \$2.5 million of that receivable was paid to the Trust in October.

Tom stated that the Trust's actuary estimated the IBNR claim reserve at \$12.5 million at June 30. The actuary increased the reserve to \$13 million in October to account for the increase in membership from adding Quincy and BASSC. Tom explained that the claim reserve is the actuary's estimate of the amount required to pay medical claims that have been incurred but not reported (IBNR). That is, these claims have been incurred but have not been submitted to Meritain or have not been paid. As of June 30, 2016, the Trust had a surplus of over \$1 million in excess of the amount held for the claim reserve.

Tom reported that on a cash flow basis July, August and September were each negative by over \$1 million. October was positive by about \$640,000, but November was also negative by over \$1 million, in part due to a large shock loss claim. By the end of November the fund balance was negative by about \$4 million. This means the Trust has sufficient cash and investment assets to pay claims, but the IBNR is not fully funded. Tom explained that over most of its 33 year history the Trust has had a fully funded claim reserve. There have, however, been a few periods when the Trust had a deficit fund balance. There is always a tension between the goals of maintaining a full reserve and minimizing premium rate increases.

III. BUSINESS ITEMS:

A. Report of TPA Services – Meritain Health.

Maria Llewellyn reported that new ID cards will be mailed around Christmas and will be effective January 1, 2017. As noted at the September meeting, the new cards are required due to Aetna's

acquisition of Coventry. The new cards will show Aetna as the provider network in all states and a new address for filing claims. Another change is that the name of the individual Plan will not be included on the ID cards.

B. Report of Prescription Drug Services – Scrip World.

Valerie Fish reported that there will be a few additions and deletions to the prescription drug formulary effective January 1, 2017. Members who will experience any negative impact from these changes will be notified individually before January 1.

C. Report of Care Coordinators by Quantum Health.

Cyndee Bronars reported that Quantum will mail the new ID cards to members. The new cards will also include information about LabCard. An insert mailed with the cards will explain that members should use the new cards starting January 1, 2017. Cyndee also noted that new cards can be printed from the Trust's website or can be downloaded on a mobile app after the first of the year.

Cyndee reported that Quantum has made some changes in its clinical programs, including expanding the number and types of medical conditions for which Quantum's nurse care coordinators will reach out to members to offer assistance in managing their health care.

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

Kip Koll reported that Ameritas is expanding the dental network in Illinois. Ameritas has received a number of provider nominations and will be following up to add dentists to the network.

E. Report of Network Services – Coventry/Aetna.

Martha Bromley stated that she will be changing roles and that Tracy Jenkins will be taking her place as the Coventry/Aetna account manager for the Trust. Martha also noted that provider nominations have slowed down, but Aetna is always interested in receiving nominations for providers to be added to the network.

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

Whitney Dyson reported that TRS issued letters about refunds payable to members due to expiration of the Early Retirement Option (ERO) program. Eligible TRS members must apply to receive a refund and can elect a cash payment or rollover into a 403(b) plan or IRA. Cash payments will be subject to 20% federal tax withholding plus a 10% penalty for early withdrawal for members under age 59½. American Fidelity is available to meet with employees to discuss refund options.

Whitney encouraged districts to use American Fidelity's HCR education website for assistance with completing the 1095 and 1094 reporting forms required by the ACA. She advised that

Meritain will send information to each district later in the month reporting the members and dependents enrolled for each month.

G. Report on Mark to Market Plans – TCOH.

Jim Baxter and Gary Wright reported they have had excellent response to the new wellness incentive. Case managers are working directly with individuals who have health conditions that may qualify them to participate in grant programs.

H. Report of Benefits Committee.

Matt Klosterman invited members to contact Matt or Jeff Dosier if they are interested in serving on the Benefits Committee. Matt explained one recommendation for the Board's approval. The Committee recommends contracting with Karen Giles to work part-time for the Trust for a transition period. Karen will be available to Maria and Pam when they need her comprehensive knowledge of the Trust's history and operations and will work on specific projects assigned to her. Meritain has agreed to reduce its fees through 2017 to offset the cost for contracting with Karen.

Erik Frankford (Valmeyer) made a motion, seconded by Melinda Albers (West Washington), to approve the contract arrangement with Karen Giles. Motion carried.

Leo Hefner reported that Mount Vernon High School will join the Trust effective January 1, 2017.

IV. **NEXT MEETING AND ADJOURNMENT:**

The next Board of Managers meetings were scheduled for the following dates:

- Wednesday, March 22, 2017 (**rescheduled to Monday, February 27, 2017**)
- Wednesday, May 10, 2017

There being no further business, the meeting was adjourned.

Respectfully submitted,



Ruth Hays

ATTENDANCE
December 7, 2016

Advisors and Guests:

Meritain – Maria Llewellyn, Scott Giles, Pam Dockins
Meritain / Scrip World – Don Bishop, Valerie Fish
Quantum Health – Cyndee Bronars
Coventry/Aetna – Martha Bromley, Tricia Menendez, Tracy Jenkins
Ameritas – Kenny Tobey, Kip Koll
American Fidelity – Whitney Dyson
TCOH – Jim Baxter, Gary Wright
Trust Consultants – Tom Dahncke, Leo Hefner
Husch Blackwell LLP – Ruth Hays
Bushue Human Resources – Jerome Pankey

District Representatives:

A-C Central #262 – Tim Page	Quincy #172 – Joel Murphy
Altamont #10 – Susan Janz, Melanie Thornton	Salem #111 – Connie Graham, Leslie Foppe
Bartelso #5 – R. Dane Gale	Sandoval #501 – Lisa VonderHaar
BASSC – Brian Arteberry	Sesser-Valier #196 – Jason Henry
Belleville #118 – Tammy Gramlich, Matt Klosterman	South Eastern Special Ed. – Lori Davis, Jill Keller-Weems
Benton HS #103 – Aaron Mattox	St. Clair County ROE #50 – Vikki Bisso
Carlyle #1 – Joe Novsek	St. Rose #14-15 – Patricia Cornell
Central City #133 – Julie Beasley	Teutopolis – Bill Fritcher
Centralia City Schools #135 – Mike Middleton	Trico #176 – Cathy Lindner, Melissa Wettig
Cerro Gordo #100 – Molly Owens	Tri-County Special Ed – Jan Percy
Charleston #1 – Judy Adair, Rachel Beever	Tuscola #301 – Michael Smith
Clay City #10 – Beth Hance	Valmeyer #3 – Eric Frankford
Dieterich – Cary Jackson	Wesclin #3 – Jennifer Filyaw
Flora #35 – Joel Hackney	West Washington #10 –Melinda Albers
Freeburg #70 – Mark Janssen	
Harmony-Emge #175 – Dennis O’Neill, Donna Taylor	
Kaskaskia Special Ed #801 – Jessie Winkeler, Charlene Smith, Cassie K. Clark	
Marissa – Brian James	
Mascoutah #19 – Frank Williams	
Mid-State Special Ed – Michelle Rexroad, Jeanne Vancil	
Monroe-Randolph ROE #45 – Tricia Bockhorn	
Mount Vernon City Schools #80 – Linda Crusier, Aletta Lawrence	
North Greene #3 – Shane Feltes, Mark Scott	
Palestine #3 – Chris Long	
Patoka #100 – David Rademacher	
Pope County #1 – Chuck Bleyer	