

**DULUTH JOINT POWERS ENTERPRISE TRUST
BOARD OF TRUSTEES MEETING MINUTES
Wednesday, February 6, 2013**

Board Members Present: Rick Ball, David Montgomery, Tom Werner, Dan Russell

Others Present: Keely Downs, Cookie Gilmore, Todd Hanson (CBIZ), Tom Maida, Ramona McCree (CBIZ), Wayne Parson, Peg Spehar, Sonda Strom Larson, Marlene VanPuymbrouck, Chris Parrucci

Chair Montgomery called the meeting to order at 10:35 a.m.

Todd Hanson with CBIZ introduced himself. He will be replacing Amy Diedrich who left CBIZ to pursue other opportunities.

Approval of Minutes: The October 10, 2012, Minutes were approved. Ball/Russell

Treasurer's Report

- Wayne Parson presented the preliminary year end financials for 2012. One final adjustment not yet recorded will be the incurred, but not reported (IBNR) claims. Final calculation will come in March and Wayne expects it will be less than a \$100,000 impact.
- Income Statement Report – final loss was approximately \$464,697 which compares favorably to budget loss of \$702,088 compared to budget of \$1,166,785.
- 5 Year Claims Trend –Gross claims ended the year increasing 5.3% over last year. After factoring in stop loss recoveries, net claims increased only 3.9% over last year. The plan improved significantly from earlier in the year when claims were increasing in the 20% range.
- Russell spoke of an article stating that the national increase was 4.1%.
- Parson reviewed the drug costs and reported costs were consistent throughout the year and ended up 5.67% over prior year.
- Russell asked how the overall favorable performance impacts the 2013 budget. Parson and Spehar stated the favorable results will add to the fund balance carried to 2013 and will mitigate any 2013 shortfall or add to any additional surplus. . Montgomery also mentioned that this will help us catch up with the required premium levels over the past couple of years.
- Montgomery asked Parson if going forward we can spread the current year budget to reflect historic monthly seasonality so we can better track the fund's performance throughout the year against expectations.
- Parson presented the Dental Plan statements – budgeted for an \$18,500 loss. We ended up with a gain of \$77,000. We have not changed rates in four (4) years. The fund balance is \$480,000 while annual claims are only \$688,000.
- Montgomery asked if we administratively have the ability to do a Premium Holiday a couple times throughout the year. Gilmore noted that "singles" don't pay the premium and therefore would not receive the holiday that "families" would. Gilmore also noted that it was brought forward at a previous LMC meeting that we would bring CBIZ forward to make some plan recommendations.
- Montgomery asked about the option of combining the medical and dental insurance. Parson noted that the question was directed to Steve Hanke and that the plans needed to be kept separate.
- Russell mentioned that during budgeting we will need to be aware of the new fees that will be assessed next year as part of Obamacare provisions.
- Hanson mentioned a CBIZ modeling tool to help with these issues. They will work with us on how to make decisions around these issues. There is no timeline on this project yet.
- Montgomery would like to see some sort of mechanism at this point in the year (post year-end) to assess our high-claims. Parrucci will bring back the information similar to the presentation last May.

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Wellness Program

- VanPuymbrouck stated that the Wellness Committee met January 8 and discussed the Health Assessment. 247 active members completed the assessment and 64 completed the online activity. There were 17 retirees and 2 enrolled on in the online activity.
- Next month there will be a summary of what the assessment revealed and give us a direction for activities.
- The next Wellness Committee meeting is February 12. In April there is a Community Wellness Day and in September a Health Fair.
- Montgomery asked about usage of Virtuwel. Parrucci will bring that information forward.
- Russell spoke about some great thing going on at the DECC regarding wellness. He also spoke about a speaker they are bringing forward and hopes Bridge to Wellness can sign on as a sponsor. The DNT is also sponsoring. The DECC would be able to give the space free to the event. There would be no cost to Bridge to Wellness. VanPuymbrouck will bring it to the Wellness Committee. They will only need to use the logo.

2013 Open Enrollment

- Gilmore stated that Open Enrollment went smooth for active and retirees. The challenge was targeting communication. We had some issues contacting certain retirees who are snowbirds and the information was more difficult to get to them than anticipated. This is all reconciled now.
- There were a few Medicare issues with those who were not enrolled in Plan A & B. We have given them 6 months to enroll in both plans in order to be Medicare eligible.
- There is a priority for Open Enrollment to be automated by 2014.

Medicare Supplement Prescription Drugs

- Gilmore explained under Plan 3A the benefit is a co-pay for tier 2 drugs and tier 3 drugs. There are 31 day supply, 100 unit supply or a 100 day supply. When we implemented the Freedom Plan and the National Plan we weren't aware that there were only 31 day or 100 unit supplies. When we moved to the Freedom and National Plans were we were not aware of the "up-to a 100 day supply".
- Parrucci gave some history around the monthly and multi-monthly supply and multi-unit supplies for prescription drugs. Due to changes in scrip standards and usage methodologies, drug needs are more based on units than days in determining drug supply needs.
- Gilmore explained that the current plan 3A provides for a 100 day single copay benefit. The new Medicare supplement plans do not provide for a 100 day retail supply, rather they provide for a 100 unit retail supply. They do, however, provide for a 100 day mail order supply. Parrucci discussed several options with different costs to the plan to provide the 100 day benefit under the supplement plans. The Board selected the recommendation of 31 day retail, 100 day mail order which has a net increase in cost to the plan of \$19,181 or 0.8%. Gilmore noted that the impact to retiree plan participants from the overall changes under the Medicare supplement plans is a net increase in the value of the benefits.
- Recommendation of 31 day retail, 100 day mail order was approved. Russell/Werner
- HealthPartners will coordinate the communication to the retirees.

Coordination of Benefits/Benefit Reserve

- This is just a heads-up issue at this time. Gilmore explained the HealthPartners has been receiving calls from retirees regarding the COB benefit reserve.
- Parrucci gave an overview of the issue. This has to do with having multiple insurance and the coordination of which company pays primary and which pays secondary. This is mostly on the Freedom/National Plan.

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- Retirees are concerned about their reserves and how it works with the Medicare plan. This issue should not impact any participant any differently than the old plans did. The concerns will be addressed by HealthPartners through communication to the retirees who have specific situations. Claim review indicates this is a clarification only of how this state mandated process works and how it has been communicated in a particular instance.

Other Issues

- HealthPartners will present claims information at the May meeting. Montgomery expressed his hope for recommendations on what we can do with the information to make real improvements to plan performance.

Next meeting: March 13, 2013, at 10:30 a.m. at the HRA.

The meeting adjourned at 11:57 a.m.

Minutes respectfully submitted by,

Sonda Strom Larson
Executive Assistant
City of Duluth