

## ***UUA Health Insurance Plan Trustees Meeting***

March 20, 2007

***Present:*** Trustees: Paul Bluestein, Tim Brennan, Dan Brody, Kathy Burek, Mindy Scharlin, David Tedesco, and Brent Wilkes. UUA staff: Joyce Stewart, Florence Einhorn, Ralph Mero, Jim Sargent

***Guest:*** Kay Montgomery

***Approval of Agenda*** Agreed by all to move the discussion of a new Chair person to the end of the meeting.

***Introductions*** of the Trustees and UUA staff members

### ***The Charge to the Trustees***

- Review of the Draft Charge for the Trust Committee as approved by the UUA Board of Trustees, October 22, 2006. The Charge as a working document was modified to de-emphasize the “Claims Review Committee” as a separate group, recognizing that the Trust Document makes “claims review committee” a function of the Trust Committee.
- Brent Wilkes asked about Directors & Officers Liability coverage for the Trust. Tim Brennan reported that the UUA has received final bids for coverage separate from that of the UUA and will have the coverage in place shortly.
- Mero presented the request from the UUA Board of Trustees that the UUA Health Plan Trustees conduct its business in the UUA’s “Open Meeting” style. While realizing that there will be times for executive session, the minutes to the meetings will be made public and published on the UUA’s website.

### **Required Business:**

#### ***Designation of the Trust Committee***

- Designation of a Trust Committee: Moved & seconded: members named to the Trust Committee: Paul Bluestein, Kathy Burek, and Jim Sargent. Approved unanimously.

#### ***The role of the Trust Committee***

- Clarifying Powers, Rights and Duties of the Trust Committee – Discussion of Sec 8.4 of the Trust Document. The group discussed each of the powers, rights, and duties in turn, to establish which should be the responsibility of the Trust Committee and which should be carried out by the Trust Committee with final approval by the Trustees. Discussed the claims review function of the Trust Committee, as part of the original charge.

Moved & seconded to Amend the Trust Document:

The Trustees delegate management, operation and administration of the Trust to the Trust Committee as described in Sec 8.4, except that items (e) approval of contracts for agents, actuaries, and others, (g) approval of TPA and vendor contacts, (h) approval of contracts signed by the UUA Treasurer in the capacity of Health Plan Trustee, (j) changes in benefits and/or rates, (k) periodic reviews of the Plan’s financial performance, and (p) safeguarding the use of retained

earnings will be brought to the Trustees for approval. Sec 8.4 will be divided into two sections, A and B, separating the two categories of responsibility. The words “as appropriate” will be added to the end of Sec 8.4.c. Approved unanimously.

Wilkes: Jim Sargent should make and distribute a chart of the responsibilities of the Trustees and the Trust Committee so that details are clear to all.

Wilkes: Suggested that the UUA and the Health Plan Trustees have a letter of understanding regarding services that are shared (such as treasury services) and how the cost of services will, or will not, be allocated to the Trust. The letter should be ready for the next Trustees meeting.

***Granting authority to withdraw funds:***

Sec 4.5 of the Trust specifies how withdrawals of Trust funds can be made and includes provision for delegation by the Trustees of authority to withdraw funds by check or electronic transfer. Tim Brennan, Florence Einhorn, and Jim Sargent discussed the current system of controls for receipts, deposits, and disbursements.

- Checking account is already established with Tim Brennan, Kay Montgomery, Ralph Mero and Beth Miller as signers. As UUA policy, two signatures are required for any check over \$5,000. Tim, during the period when he served as sole Trustee, established the checking account.
- Tim Brennan, Jim Sargent, and Florence Einhorn have separate roles in verifying and approving electronic disbursements to Highmark for the weekly claims payments.
- Wilkes: It is important to establish and maintain procedures to keep the Trust funds from being co-mingled with UUA funds. The Trustees agreed that such procedures are in place.

Moved, seconded, and unanimously voted: That the current check signers and procedures for electronic disbursements are approved.

***Financial reports, discussion of frequency and type of future reports:***

- The Board reviewed the spreadsheets from Einhorn and Sargent that show the deposits and payments of the plan to 3/15/07.
- In the future, the Board should see:
  1. Balance sheet that shows the income and expenses, including periodic review of Incurred But Not Reported (IBNR) liability;
  2. Income statement;
  3. Narrative of how the income and revenue are progressing as compared to benchmark expectations; and,
  4. Pro forma statements. The information should be in the form that an independent auditor would require. Summary information is adequate for the Board, with the delegation to the Trust Committee.
- Actuarial analysis done once a year, coinciding with the Plan’s fiscal year.

**Billing and Collection Status**

- Sargent: The Health Plan accounting system was built for temporary use as a clone of the UUGIP system (used for Life, Dental, Disability). We have worked through the initial billing and collection issues, to test congregation response to larger premiums and new deadlines. Beginning no later than the June billing, we will move Health Plan billing and

collection to a Highmark subsidiary, so that we can have lockbox processing for manual payments and a full range of electronic payment options.

- There appears to be about 10% of the congregations that will be receiving late notices, and then termination notices. What is the will of the committee regarding terminations vs. warnings? Bluestein: For the first late month, send a notice; for the second late month, another notice and a personal call; third month, cancel the coverage. All claims that come in are covered, regardless. This approach balances fairness to congregations paying on time with the need to serve all of the congregations in the plan. Sargent: All congregations that had fallen 60 days behind received personal calls; their approach that Paul suggests is consistent with what we have been doing. Wilkes: we may want to consider a discount for on-time payment.
- Question: What about the covered persons in congregations whose coverage is cancelled? Are they barred from re-entry until the next open enrollment? Bluestein: we should be willing to accept a congregation's application for re-subscription to the plan, but it's unlikely that a congregation that is in enough financial difficulty that they cannot stay current would actually try to reinstate.

#### ***Discussion of investment options for claims fund***

- The funds are currently as shown on Sargent's spreadsheet, and include cash, short-term CD's, and an overnight sweep account. Sargent requested the Trustee's opinion on how they wanted to proceed with developing a comprehensive investment policy.
- Wilkes: The Trustees would like a recommendation from those who are investment experts. Brennan and Brody will work with Sargent to shape recommendations for the Trustees.

#### ***Discussion of audit process and relationship to the UUA audit***

- Brennan: The fiscal year of the Trust and the UUA are the same. The Trust will have a separate engagement letter from the UUA's auditor (KPMG). The UUA's audit will contain a footnote regarding the Trust, disclosing the potential exposure of the Trust. Since KPMG has done the UUA's audit for some time, they are already familiar with the landscape. However, the open question for the Board is: will we continue with KPMG?
- Discussion: Tedesco: What's the potential for conflict of interest? Wilkes: To the extent that personnel are used for both organizations, there is the possibility that they would charge the Trust for the expenses of the personnel assigned to the UUA portion of the project. Has seen this in other non-profits where the insurance program has so much surplus income that more and more of the allocation of the personnel costs are being borne by the program. There should be some separation within KPMG as to who does the actual audit – the UUA piece and the insurance program require different skill sets. Scharlin: There should be different persons on the audit team from the team that audits the UUA.

Trustees agreed that in general it appears all right to proceed with KPMG, subject to review of their proposal and with the caveats expressed by Wilkes and Scharlin.

#### ***Other business items***

There will be an outside review of the Trust to evaluate its success with an estimated date of April 2008. It will show, first, how well the Trust is serving those who are enrolled, and secondly how well it is meeting the needs of the congregations. (more discussion under Strategic Issues)

The contracts with Highmark and Medco are set for three years with good rates.

## **Strategic Business:**

### ***Discussion of 2007 plan benefits and member feedback from the first two and half months:***

- Benefit book developed by Highmark and enhanced by Sargent – the Board is very impressed with the quality.
- Sargent – what is the group’s general impression of the benefits? Scharlin: Other plans with which I am familiar have coverage for things that you can’t do without. Ostomy supplies are usually covered at 100%, with a discounted rate. Sargent: The plan covers such supplies at 90%, fitting them under “durable medical equipment”. We have the flexibility to change coverage levels, to 100% for example, because it is our plan. Bluestein: most plans don’t cover “disposables” (as opposed to durable medical equipment). The state of CT mandates the coverage – perhaps other states have it as well.
- How are blood products covered in the plan? Sargent will look into it. (*Note to Trustees: blood products are covered at 90% after the deductible in the standard PPO plan*)
- A sampling of the questions to Sargent from the covered persons in the plan:
  - What about an annual vision exam?
  - Why can’t we expand family coverage beyond age 25? Burek: Perhaps a taxable income issue
  - Better mental health services – this is apt to come back.
  - Age-rated premiums. How do we use the premium surplus to compress the age banding? Tedesco: this plan would not work without age banding.
- Wilkes: What is the financial implication of these additional benefits? Brody: we should look at this when we are working on next year’s rates.
- Bluestein: Is there a plan for any kind of newsletter that will show things like how the covered persons find out about “out of plan” coverage. A single piece of paper that would explain whether a specified choice would help or hurt the covered financially. Usually employers do a very poor job of disseminating that kind of information.
- Sargent: some notes on enrollment figures: For the initial enrollment, the employment mix was split: 52% ministers, 17% DREs, 20 % administrators, 4 % maintenance 4% music directors, 3% camp employees.
- Sargent: There is currently no requirement about the percentage of employer contributions, although we did establish guidelines at the time of open enrollment. This issue will come up again. Currently, 87% of participating congregations are contributing at least 70% of the premium for employees. However, 13% are contributing very little, and contributions for dependent coverage is variable. The whole issue ties in with the generosity of the church’s and their various stewardship efforts.
- Sargent: We have begun to look at the first round of survey data to see how many people with little or no coverage were included in the initial enrollment. We have added about 50 people who had no health insurance of any kind, approximately 30 who were coming off COBRA and would have been uninsured, and 130 who left individual plans (with generally inferior and/or more expensive coverage) to join the UUA plan. Altogether, we improved the health insurance situation of just over 200 employees, or nearly half of the people who were not UUA staff.

### ***Planning for member satisfaction surveys and for a consultant review of plan operations:***

- Sargent: If there were a poll of the members outside of the Boston area, there would be a good reaction, based on input received so far. The transition was difficult for some UUA staff, in particular in Boston, where the UUA transitioned out of an HMO with

comprehensive benefits. If we are going to make informed decisions on the next open enrollment, we will need member satisfaction data. Bluestein: member satisfaction is done from a marketing perspective – keep the plan viable and at the same time, give them the benefit enhancements they want. It’s a good way to get to know what people want, but costs are a consideration – it’s not always possible to provide all of the benefits people want to see. Burek: how the survey is structured will be important: there can be different levels within a given survey -- satisfaction with Highmark, satisfaction with the UUA plan, satisfaction with the providers in the network, etc. Scharlin: it’s important to determine what exactly you want to know; a trigger for whom to survey might be a person using the services.

- Brennan: Given the enormous investment of the UUA in the success of the Health Plan, the UUA Finance Committee wants to know how have we done in addressing the problems with lack of coverage that were identified at the beginning. Brody: the UUA Board of Trustees wants to know if there are still people out there who are still not covered. The Finance committee wants an independent review of how the plan is working. Bluestein: We should ask, “Is Highmark paying or not paying for claims that are specifically included or not, etc. Are the expense management controls in place as they are described? Burek: Does it make sense to have this plan? Should it be modified?
- Sargent: does anyone on the Committee have a suggestion of who to contact for the review? Wilkes: explore the Church Benefits Association for contacts; many times organizations will be able to offer peer review of plan operations – could be the best way to get a solid review from someone familiar with the issues we face as a denomination-based plan. More detail to be provided at the next meeting.

#### ***Looking ahead to 2007 General Assembly: issues we may hear raised***

- We should be looking at the cost of the plan, the social justice issues of not having insurance for all the staff, the variability of contributions.
- There are employees who do not work enough hours and are not eligible, and the congregations are not willing to increase the hours. This is a conversation that will continue. How do we effect the change around this?
- Age-banded rating. Sargent: what if the plan had an excess and we used the excess to flatten the rates for the upper age premiums? Wilkes: look at other options too, like lowering the premiums and encouraging more people to join the plan. Bluestein: what is the question of mission? You can reduce the premium and grow the plan. But what about those who are not covered? Very important to be careful how we use the money, in any event.

#### ***Electing a new Chairperson***

- Mindy Scharlin nominated Kathy Burek to be Chairperson. Seconded by several Trustees. There were no other nominations. Kathy Burek elected as Chairperson by unanimous acclamation.

#### ***Next meetings:***

**Saturday, August 4** (preferred date) or Friday, August 3, 2007, with primary agenda item the structure of the open enrollment; **Saturday, November 3** (preferred date) or Friday, November 2, 2007, with primary agenda item the report of the Auditors (preferred vs. alternate date will depend on availability of the auditors and actuaries), and March 2008 (detail TBD)

**October 12** morning 10:00AM – Noon Eastern Time, teleconference with actuaries to review the final 2008 rate recommendations.

**Meeting review:**

Overall impression: entire agenda done on time, able to select a chairperson, folks are able to be frank and open and willing to share. People were very prepared thanks to Jim's good preparation.

Good diversity in the group. Very qualified group.

What could we do better? Agenda – what is the desired course of action for a particular agenda item (vote? discussion? etc.?)

Adjourned – 3:50 P.M.