

UUA Employee Benefits Trust Trustees Meeting
October 5, 2007

Present: Trustees: Brent Wilkes, Mindy Scharlin, David Tedesco, Dan Brody, Tim Brennan, Paul Bluestein, and Kathy Burek (Chair). UUA Staff: Jim Sargent, Ralph Mero, Joyce Stewart, Kati Deneen.

Guest: Bill Thompson from Milliman, the EBT's actuarial advisors

Call to Order: Meeting called to order at 10:00 am, EST via conference call and Webex

Introductions

Approval of Agenda: Agenda approved by all.

Web Presentation- Bill Thompson, Milliman

- The report from Milliman was based on claims data from Highmark and management reports of income and expenses from Jim Sargent. The report shows favorable experience for the first 36 weeks of 2007, creating a very solid foundation for the UUA Health Plan. Consistent with earlier projections, the 2007 surplus appears to be heading toward \$600,000+. This projection is based on a full 2007 claims estimate, including the claims that have not yet surfaced (Incurred but Not Reported, or "IBNR"). This surplus strengthens the plan by being able to absorb more risk and smooth out any "bumps" that may occur. While there is still the chance of a loss before year-end, that chance is less than 1 in 100.
- Reviewing 2007 experience brought us into the 2008 rate discussion, and how Milliman developed the suggested rate changes. All of the actuary's calculations for this discussion were based on a change in individual stop loss insurance, from \$100,000 to \$150,000, confirmed by Bill when asked by Dan. Mindy asked about the difference in cost, per employee, for the stop loss change. The presentation shows the premium at \$58.70 per employee/per month (PEPM) at the \$150K level. Jim reported that he has actually negotiated this premium down to \$49.83 PEPM. It would cost \$103.50 PEPM to remain at the \$100,000 level. Brent asked for the implied (expected) loss ratio, which Bill replied is 45.5%. The aggregate coverage will not change for 2008.

Milliman proposed using medical trend of 12%, a combination of medical cost inflation and the impact of deductibles, co-pays, and coinsurance. The recommended margin for claims fluctuation is 10%, as it was in 2007. There were minor adjustments for changes to Highmark expenses as

specified in the administrative services agreement, for prescription drug expenses, and for increases to UUA provided services. The total impact of claims trend, margin, expense changes, and adjustment of the stop loss retention was a suggested rate increase for 2008 of 2.4%. (Brent asked Bill what the increase would be if the stop loss remained at \$100,000, and Bill said 5%).

Dan asked if the rate action were based on the Health Plan's goal of adding additional members to the plan, bringing the total number of employees to 750, and whether there would be an impact if we did not grow as planned. Bill answered that the difference between adding 150 members and staying at 600 members is about \$8 PEPM, or roughly 1%. Jim added that this would be offset by the savings generated with the renegotiation of the stop loss rates.

- Discussion moved to potential benefit enhancements that the Director had proposed in response to member feedback. Bill provided Milliman's rate analysis for: an annual routine vision exam; various increases to the number of mental health outpatient visits per calendar year; and coverage for adult immunizations 100%. Jim described the importance of enhancing the plan to continue to demonstrate value for members. Because of the positive experience, the feedback of members, and the original spirit of the plan, these proposed enhancements are extremely important.

There was a short discussion about the implications of changing the out-of-pocket maximums, and it was agreed that this would have a negative long term impact on the plan, so that possibility was not factored in to any of the rate calculations.

The idea of increasing the number of mental health outpatient visits was very popular. Dan asked what increasing the number of visits might mean, and Ralph asked if this would translate into higher utilization. Bill explained that there would be more utilization, but not up to the new limits. The more important measure is incurred claims, and the total cost of mental health has been a small percentage of overall claims experience. Kathy asked for a breakdown of utilization patterns, and Jim said he could get some deeper analysis for the trustees for future review. Mindy expressed her feeling that the more MH visits allowed the better, as this benefit is, in most cases, preventive care. The question became; what number of visits would make the most sense? Jim asked Bill to discuss the national trend in MH outpatient care, and Bill said that it is not a high cost benefit, so a lot of employers try to send a positive message by providing "adequate" coverage, usually perceived as being at least 30 visits per year.

- In summary, the national average increase in rates for 2008 will be between 10-12%, net of benefit changes, primarily benefit decreases. The EBT is asked to consider a 4% rate increase, well below the national trend, and add the benefit enhancements discussed previously. The trustees agreed that the plan enhancements added to the low rate increase and creation of a rate stabilization fund make the plan both generous and sound, and keeps with the mission of the plan. Having a rate stabilization fund also allows the Trust to consider other plan enhancements off-cycle, such as a review of the age-banding.

Related Vote

- Moved by Brent Wilkes, seconded by Mindy Scharlin: For January 1, 2008, the Health Plan will add an annual vision screening, cover adult immunizations 100% without a deductible, increase mental health outpatient visits to 40 maximum per calendar year, change the individual stop loss level from \$100,000 to \$150,000, and increase all rates by 4%.

Motion passed unanimously.

Open Enrollment Update – Jim Sargent

- The plans for 2008 Open Enrollment are underway. The direction will be very similar to last year; the charge to the health plan staff is to get the word out about how the plan is a good, affordable plan, and today's vote cemented that. We are also able to say that the plan is stable and financially sound. The recent change in the required hours worked per year will allow us to include more people. A notice is being sent out with the November invoices, and an article is going out in the Religious Leader. Direct mailing, emails, and online information with detailed information will be the focus over the next several weeks. Joyce Stewart mentioned the UU Money List as a resource for reaching out to potential members. That and other listservs will be used extensively. The goal is to enroll 150 new subscribers and their families. The online enrollment process is being upgraded to make it simpler to use, and will to be completed prior to November 1.

Review and Approve Minutes from August 4, 2007 Meeting

- Moved by Dan Brody, seconded by Paul to approve minutes.

Motion passed unanimously.

Next Meeting

- Saturday, November 3, 2007 from 9 am to 12 pm Eastern, in the Schulz Room at 41 Mount Vernon St, meeting with KPMG to receive the audit report.

Meeting Review

- Kathy asked for feedback from everyone regarding the web presentation and conference call. Kathy reported an issue with the the web portion, and Jim referred her to Webex for help. Everyone agreed that the conference call was helpful for a meeting with a small agenda. Mindy experienced some feedback from the audio, but all were otherwise happy with the IDT Connect system. Brent suggested a roll call for each vote on future conference calls.

Adjourned – 11:50 am