

UUA Employee Benefits Trust Trustees Meeting, Jointly with the UUA Audit Committee

MINUTES

DECEMBER 10, 2010

1:00 P.M.

TELECONFERENCE

ATTENDEES	<p>Trustees: Brent Wilkes, David Tedesco, Tim Brennan, Paul Bluestein (Chair), Mindy Scharlin, Kathy Burek, Dan Brody</p> <p>UUA Audit Committee: James Key, Carol Gable, David Friedman, Chris Reece</p> <p>UUA Staff: Jim Sargent, Liz Oliver, Richard Nugent, Rob Molla, Ibrahim Essa, Karen Wheeler</p>
GUEST PRESENTERS	<p>McGladrey: Tom Barrick, Meghan Cassidy, Greg Natalucci</p>

Agenda topics

1:00 PM REPORT OF EBT AUDITORS OF THE RESULTS OF FY 2010 AUDIT GREG NATALUCCI,
MCGLADREY &
ASSOCIATES

DISCUSSION	<p>During the past year, McGladrey acquired prior auditor Caturano & Co. There was a name change to McGladrey, but personal and operations remained essentially unchanged.</p> <p>Natalucci began with a review of the FY10 Financial Statements.</p> <p>The audits are taking less time each year since the UUA Health Plan began (2008 took 21 months, 2009 took 9 months, 2010 took 5 months after the end of the fiscal year).</p> <p>For FY10, as in each past year, the EBT received a clean audit letter.</p> <p>McGladrey continues to streamline the process; the only item keeping them from releasing in November is Highmark's SAS70.</p> <p>The statement of net assets was consistent with previous year.</p> <p>The Incurred But Not Reported (IBNR) claims liability, as determined by Plan actuaries, was much less than the previous year.</p> <p>Balance sheet is healthy.</p> <p>Natalucci reviewed all of the Footnotes to the financial statements.</p> <p>Q&A on the statements followed. It was noted that current plan reserves would cover 6 – 8 months of claims, and amount McGladrey considers adequate. Net assets have shown solid year-to-year improvement. Jim Sargent confirmed that stop-loss levels are reviewed annually with the actuaries and by the EBT Board.</p> <p>Natalucci then reviewed the Report to the Board, a required communication. There were no material or significant control deficiencies. One minor deficiency has been fixed with a process change</p>
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1:50 PM DISCUSSION OF REVISED APPROACH TO THE ISSUE OF 750 HOURS OF JIM SARGENT,
ELIGIBILITY PROVISION VERSUS 1,040 HOUR OPTION RICHARD NUGENT

DISCUSSION	<p>Jim Sargent spoke to the Plan's attorney regarding the continuing issue of how not to disadvantage employees in states that offer subsidized health insurance pools for those unable to obtain insurance through their employer. An employee who has the option of coverage through an employer could lose their pool option, while at the same time being unable to afford their employer's option. The situation is likely to occur for employees working less than half-time, or 1,040 hours per year, a part-time category where employers are unlikely to offer contributions.</p> <p>The proposed solution is to use location and availability of a state pool option or insurance exchange to determine whether a participating employer would be required to offer the UUA Health Plan to people working less than 1,040 hours per year. If there is a state pool exchange, the employer could opt to set a floor of 1,040 hours in place of the 750 hours that would otherwise apply.</p>
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	<p>In 2011, it would only apply to Massachusetts and Utah, but the number of states would likely increase as the mandated introduction of exchanges nears in 2014.</p> <p>Discussion followed, including an analysis of alternatives, potential subsidies, fairness and uniformity of practice.</p>
RELATED VOTE	<p>Kathy Burek moved to approve the amendment as drafted by the Plan attorney. David Tedesco seconded. On a roll call vote, all but Dan Brody voted in the affirmative, and the amendment was approved 6-1.</p>
2:15 PM	<p>DIRECTOR'S UPDATE</p>
	<p>JIM SARGENT</p>
DISCUSSION	<p>Used a multi-tiered strategy to reach all congregations during Open Enrollment. Estimated final enrollment is about 815 employees, a small gain over the November figures. Our penetration is now approximately 50% of all eligibles.</p> <p>The Church Benefits Association continues to be a real asset for us. In addition to providing us with large group purchasing power for administrative services, the CBA's legislative action wing has been working actively to shape regulatory decisions as the early portions of Healthcare Reform are implemented. Their work is important to us a church Plan, a designation that provides us distinct advantages as tax code is written.</p>
2:30 PM	<p>UPDATE ON INVESTMENT STRATEGY</p>
	<p>TIM BRENNAN</p>
DISCUSSION	<p>Tim Brennan reviewed the recommendations from Heritage Capital, included in their April 30, 2010 letter. Heritage recommends a laddered CD maturity approach to improve yield. As in the past, all CDs are liquid and could be cashed at any time without penalties. Tim further detailed CD maximum amounts, maximum position in any one security, and maximum maturity length. A final version of the investment strategy will be presented at a future meeting.</p> <p>Discussion followed, with general agreement of the proposed strategy.</p>
2:45 PM	<p>SET MEETING DATES AND VENUES FOR 2011</p>
	<p>PAUL BLUESTEIN</p>
DISCUSSION	<ol style="list-style-type: none"> 1. Webex Thursday, May 5, 9am to 11:30am (Highmark review of plan claims performance) 2. In Person, Monday, August 1, 9am to 3pm (Discussion with Milliman on direction for 2012 renewal) 3. In Person, Saturday, October 1, 9am to 3pm (Vote on details of the 2012 renewal) 4. Teleconference, Friday, December 9 or 16 (Joint meeting with UUA Audit Committee to receive the Auditor's Report)
3:00 PM	<p>APPROVE MINUTES OF OCTOBER 1. ELECT CHAIR FOR 2011. OTHER BUSINESS</p>
	<p>PAUL BLUESTEIN</p>
DISCUSSION	<p>Change on October minutes – Mindy's name misspelled.</p>
RELATED VOTES	<p>Move to approve minutes as amended, Tim Brennan. Seconded by Mindy Scharlin. APPROVED unanimously.</p> <p>Brent Wilkes nominated Paul Bluestein for chair for 2011. Seconded by Kathy Burek. APPROVED unanimously.</p> <p>Meeting adjourned at 3:10.</p>