

UUA Employee Benefits Trust Trustees Meeting

MINUTES

JULY 31, 2015

9:00 A.M. EST

24 FARNSWORTH STREET

ATTENDEES	Trustees: Tim Brennan, Jan Sammons, Barbara Johnson (Chair), Tom Loughrey, Suzyn Smith Webb, John Vogt. Absent: Larry Ladd Guests: Retiring board Member Paul Bluestein UUA Staff: Jim Sargent, Sarah Parisi, Richard Nugent, Rob Molla, Kati MacDonald
PRESENTER	Andrea Sheldon, FSA, Milliman

Agenda topics

9:15 AM

CALL TO ORDER

BARBARA JOHNSON

PRESENTATION by Andrea Sheldon of Milliman, Plan actuaries

PRESENTATION	<p>Andrea presented Milliman's initial analysis of 2015 Plan claims experience and medical cost trends, an historical review of experience back to Plan inception, initial 2016 rate projections, an impact analysis of certain plan design changes under consideration, an analysis of target surplus using advanced modelling techniques, and additional considerations for the Board, including the future of the so-called Cadillac Tax and the impact of specialty drugs on overall plan costs.</p> <p>Main discussion topics:</p> <p>New classes of specialty drugs. The Plan will need a strategy to address the surge in the number and cost of specialty medications. Discussion of the tiered plans that are becoming industry standard.</p> <p>The status of coverage for assisted fertilization.</p> <p>The optimal approach to indexing the value of our plans to the Gold/Silver/Bronze structure of the Exchanges</p> <p>Optimal surplus target and industry comparisons</p>
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DISCUSSION	<p>Specialty drugs and the impact on plan design. Andrea reported on the rapid increase in the number and cost of specialty drugs, newly introduced and in the development pipeline. In addition, there is an increasing trend toward previously inexpensive generics being taken up by new manufacturers who boost the price to specialty drug levels. Andrea reported that most plans are moving to 4-tier and 5-tier plans to align co-pays with the new reality. The Board discussed several potential structures, and asked staff to evaluate.</p> <p>Assisted fertilization. The board reviewed past discussions on this topic, and heard input from Milliman. Staff was directed to have Highmark provide an update on their ability to distinguish eSET from other procedures.</p> <p>RELATED VOTE: M-Jan, S-Tom: If eSET-only cannot be administered by Highmark, the Plan will not pursue for 2016. APPROVED unanimously.</p> <p>Indexing. Andrea again reviewed the mechanics of indexing and the rating consequences of various timing options, including periodic increases vs smaller annual adjustments. The actuaries were charged with showing the possible benefit adjustments that would keep the three plan levels in the 85% / 72% / 62% range in 2016.</p> <p>Surplus analysis. Andrea presented a stochastic modeling analysis of the Plan's surplus position, and a risk-based capital analysis, and compared the results to industry standards for multi-employer pools.</p>
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	The board will use the information as a guideline and requested that similar modeling be done each year.
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11:45 AM BUDGET APPROVAL JIM SARGENT

DISCUSSION	<p>Jim presented the CY16 budget to be used in the rate-making process.</p> <p>RELATED VOTE: M-Tom; S-Jan, to accept the budget as presented. APPROVED unanimously.</p>
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12:00 PM FY15 DRAFT FINANCIALS & AUDIT STATUS UPDATE TIM BRENNAN

DISCUSSION	<p>Tim presented the preliminary FY15 close, being readied for the EBT auditors. The audit schedule has been set, and staff will work with McGladrey on a comprehensive list of items.</p>
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12:15 PM APPOINTMENT OF TRUST COMMITTEE MEMBERS BARBARA JOHNSON

DISCUSSION	<p>The two retiring Board members, Paul Bluestein and Katy Burek, made up the Trust Committee with staff member Jim Sargent. The Board discussed optimal Trust Committee staffing.</p> <p>RELATED VOTE: M-Tim; S-Suzyn, to add John Vogt to the Trust Committee, to serve with Jim. APPROVED 5-0, with John voting "present".</p>
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12:30 PM IMPLEMENTATION OF PROPOSED PORFOLIO STRATEGY TIM BRENNAN

DISCUSSION	<p>The Board had previously discussed providing additional investment flexibility for the Treasurer with regard to the Plan's surplus. Tim presented a detailed plan to add equities and high-yield bonds to the portfolio.</p> <p>RELATED VOTE: M-Tim; S-Tom, to permit up to 35% in equities and 5% in high-yield bonds, with the balance in investment-grade bonds and cash. APPROVED unanimously.</p>
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1:05 PM APPROVAL OF MINUTES OF APRIL 24, 2015 BARBARA JOHNSON

DISCUSSION	<p>M-Jan; S-Tom, to accept the minutes of Apr 24, 2015 as presented. APPROVED unanimously.</p>
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Meeting adjourned at 1:10 PM