

**LINCOLNWAY AREA AFFILIATION OF PARTICIPATING
SCHOOL DISTRICTS EMPLOYEE BENEFIT PLAN
TRUSTEES MEETING DECEMBER 10, 2020**

MEETING MINUTES

The meeting was conducted via conference call due to COVID-19. Trustees participating were Donna Gray, Steve Stein, Joe Simpkins and Cathie Pezanoski and Tim Baldermann. Call started at 10:30. A motion was made by Joe Simpkins to approve the minutes from October 8, 2020, seconded by Cathie Pezanoski with all in favor.

PARTICIPANTS: From Assurance; MaryAnn Mileto, Bobby Dufkus, Ashton Wagner and Scott Remmenga. From Shorewood Agency; Marcus Taylor and Jan Smith.

Others: The following accepted the conference invitation: Andy Siegfried, Chaney-Monge; Joe Salmieri, Laraway S.D.; Elizabeth Kaufman, Wilco; Bill Roseland, SOWIC and Mark Campbell, Dixon

PLAN FINANCIAL REPORT:

Marc Taylor welcomed Tim Baldermann as the newest Trustee and reported that Donna Gray was reelected for a three year term November 1st (thru October 1, 2023) with no dissenting ballots.

The Trustees reviewed the November financial report. The beginning balance was \$ 16,183,188 with \$1,576,201 in contributions. Several districts had not paid due to the billing transition. More districts are contributing on first of month or later. More districts have changed to paying during the month for the month. Dental claims are running normally, prescription claims are high with many specialty drugs. Life insurance costs were the standard premium, PPO claims were \$852,117 which is a typical level. Excess loss expenditures were level. There was an expense of \$10,851 for the renewal of fiduciary liability. The HMO Cost is stabilizing after the termination of the high school. Investment interest rates are declining. There are some long-term investments with higher rates. Last CDAR to renew renewed at .02%. The sweep account is .01%. HMO contributions were \$517,641 with expenses of \$629,200 resulting in a decline to \$938,319. This should come back up in December. Overall plan expenses were \$1,962,060 resulting in a balance of \$15,797,338. The districts which did not pay would have increased the balance by approximately \$600,000. All of them paid on the 1st

of December. There are some large claims building in the PPO, but nothing over \$300,000 at this time. There are some long term CDs which will be paying some interest over the next year, a \$4 million CD at 1.51%.

Network savings discount rate is 56.4% in network which is above what BCBS projected. Participation rate of in-network claims is 98.37%. Medicare primary claims for retirees were \$800,000. The review of the discounts for October shows discounts of \$1,162,782 on over \$2 million in eligible claims or 55.9%. The amount of out of pocket spent by participants was \$55,000, a small percentage (5%) of allowed claims.

AUDIT RESULTS

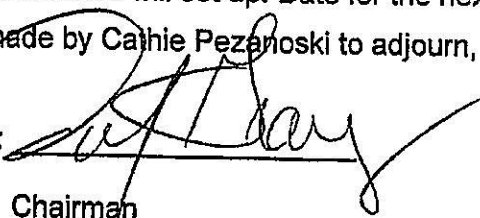
Marc Taylor reported that the Affiliation is required to report to DOI by end of November every year. A cash basis audit was performed by Mueller & Co., LLP. Note 1 addresses the cash basis and notes that a significant event was Lincoln-Way High School's departure. Marc Taylor reported that the auditor was the same as last year and there were no disagreements and the process went smoothly. All information up to November 19th was provided which is the date the final audit was issued. The audit states that it fairly represents the receipts and disbursements of the Affiliation. Recovered claims were \$523,000, up from prior year. Contributions were up even though there was no rate increase due to the addition of Dixon. Investment income was up as rates were higher. Total receipts were \$30,759,313, paid claims were \$12,885,616. HMO cost were higher costs directly related to HMO claims with a significant portion of those claims attributed to Lincoln-Way High School. Prescription drug costs increased. Dixon being added influenced the increase. 78.4% of excess premiums paid were recovered in claims. The prior year the plan recovered 104%. Section 125 expenses will not be eliminated after next year's audit as all districts currently work directly with PBA. The four year rate guarantee for life insurance has been very beneficial. Administrative fees declined because of the increase in prescription drug rebates which are a credit to administration fees. Consultant fees increased with the addition of Dixon and Dixon pays the increase. During the year the Plan still had an increase in receipts over disbursements composed of \$900,000 which was Dixon's self-funded balance in the plan and \$800,000 paid by the Lincoln-Way High School in June. The resulting balance of \$24,761,278 is a high watermark for the plan. The audit did note that Lincoln-Way High School has already been paid \$6,500,000 and the Plan is holding \$815,000 for their terminal liability. Marc Taylor advised Lincoln-Way High school that the terminal liability will re-evaluate in January for any additional

terminal liability will re-evaluate in January for any additional adjustment. Auditor's note 3 addresses the uninsured risk which was higher this year because the Plan would be paying Lincoln-Way High School. Balances are now lower and there is no longer an uninsured risk. The audit and actuarial reports have been sent to Illinois Department of Insurance. The actuarial report was prepared by Mitchell I. Serota & Associates, Inc. They have projected the HMO medical claims to be \$417,000 and HMO prescription drugs \$62,000. Medical PPO was projected to be \$599,000, PPO RX \$128,650, and dental \$94,000. The report doesn't take into consideration that plan pays on a one month lag.

PLAN ADMINISTRATION:

Quarterly updates on RX formulary was discussed. Any individual impacted is sent a letter by BlueCross BlueShield so they can make adjustments to their medications as necessary. ----- Marc Taylor reminded the Trustees about coverage through the Marketplace that is available. There has been a slight reduction in the Marketplace premiums. Since 2014 there were rapid increases. It has now become easier to access and there are now reductions in premiums. There is also an increase in the number of plans being provided. If income is below 138% of the federal poverty level the individual will be switched to Medicaid. ----- Marc Taylor provided an update of BlueCross BlueShield's COVID coverage for vaccines. Vaccines will be covered as a preventive service and BlueCross BlueShield plans will cover the cost to administer the vaccine, they expect the government to pay for the vaccine. The Trustees were polled and agreed to opt in and are continuing to comply with the BlueCross BlueShield COVID coverage recommendations for grandfathered and non-grandfathered plans. - Joe Simpkins asked if next meeting could be by Zoom. Assurance will set up. Date for the next meetings/conference call is February 11, 2021. Motion made by Cathie Pezanoski to adjourn, all in favor. Meeting adjourned at 11:07 am.

SIGNED:



TITLE: Chairman

DATE:

2/11/2021