

**DULUTH JOINT POWERS ENTERPRISE TRUST
BOARD OF TRUSTEES MEETING MINUTES
Wednesday, October 10, 2012**

Board Members Present: Rick Ball, David Montgomery, Randy Overby, Dan Russell

Others Present: Barb Akervik, Paul Borrell, Amy Diedrich, Don Douglas, Keely Downs, Cookie Gilmore, Kim Hall, Steve Hanke (*arrived at 10:30 a.m.*), Terry Johnson, Tom Maida, Terri Nowak, Wayne Parson

Chair Montgomery called the meeting to order at 9:35 a.m.

Approval of Minutes: The September 26, 2012, Minutes were approved with one minor correction(4-0). Russell/Overby

Randy Overby is retiring, and in the interim Tom Werner will be the Airport representative.

Treasurer's Report

- Parson stated 271,000 net loss for first nine months. The 1,166,000 was budgeted. This looks positive, though we do have higher claims in the last quarter.
- Five year trend information is slightly higher for 2012. There was a high claim for September in which we did receive a stop-loss reimbursement.
- Our trend increase is 9.3 % which is a decrease from last month.
- Drugs are substantially less than this time last year, and the trend decreased to 5.5%.
- Combined medical and drugs are a 8.33% trend increase for the year so far.
- Russell asked about the fund balance forecast, and Parson anticipated we will be at a \$1.2 million loss on the balance, which is what we budgeted.
- Montgomery requested year to date fund balance comparison be added to the report in the future.

COBRA/Retiree Third-Party Administrator Agreement

- Gilmore indicated Steve Hanke is reviewing the agreement.
- There is a 38% savings predicted with Genesis as TPA. There is a \$2 million savings anticipated for the Medicare Supplement.
- Hanke will solicit input from the Trustees once it's ready.

2013 Medical Premium Rate Setting

- Diedrich reviewed the 2013 medical renewal summary.

- Montgomery questioned the types of claims that would be categorized as “factors influencing health status” listed in the top five diagnostic categories. Diedrich will provide this information.
- Diedrich explained CBIZ estimates the 2012 funding shortfall at \$1.4 million or 7.5%.
- CBIZ recommends lowering the stop loss level to \$300,000. Parson concurs.
- For 2013 CBIZ projects a 5.7% overall increase.
- Beginning in 2013, Medicare retirees will receive new insurance cards, have a slight increase in benefits, and the program will be geared more towards their specific needs. This will also decrease volatility and costs to the plan.
- The recommended premium increase is 21% if funding to the aggregate; however, funding to claims would be a 15.3% increase.
- Russell asked about a 15% increase. Parson advised that would put the reserve at approximately \$2 million.
- Overby asked if a 60 day reserve is standard, and Diedrich stated actuaries support that as the minimum reserve. Other entities can change rates mid-year, while the JPE cannot.
- Russell proposed an 18% increase for 2013.
- Motion by Russell second by Ball to increase the 2013 medical premiums to 18%.
- Parson advised if the increase is 18%, he recommends including a contingency plan in the 2013 budget. Diedrich suggested awareness of lower-cost utilizations such as Qclinics rather than urgent care.
- Overby urged that plan design issues be discussed in the future.
- **Resolution JPE 0912-26** passed unanimously (4-0).

2013 JPE Meeting Dates & Locations

- The April meeting will be changed to May. A revised schedule will be distributed.

Next meeting: The next meeting is scheduled for February 6, 2013, at 10:30 a.m. at the Duluth Airport Authority Board Room.

The meeting adjourned at 10:52 p.m.

Minutes respectfully submitted by,

Terri Nowak
Executive Assistant
City of Duluth