

**MINUTES OF A REGULAR MEETING OF THE
BOARD OF DIRECTORS
VLCT EMPLOYMENT RESOURCE AND BENEFITS (VERB) TRUST, INC.
MARCH 10, 2016
VLCT OFFICES - MONTPELIER, VERMONT**

Directors present: Bill Shepeluk, Kathleen Ramsay (by phone), Carrie Johnson, Sandra Gallup, Charles Safford, Joe Colangelo and Todd Odit. Directors absent: Joel Cope.

VLCT staff present: Ken Canning, David Sichel, Jeremiah Breer, Larry Smith, Maura Carroll and Kelley Avery.

The meeting was called to order at 10:10 a.m.

A board quorum was confirmed.

Upon motion (Johnson/Odit), duly adopted, by roll call, the board voted unanimously to approve the meeting agenda.

Upon motion (Johnson/Gallup), duly adopted, by roll call, the board voted unanimously to approve the minutes of the December 3, 2015 and February 19, 2016 meetings.

Ken Canning provided the staff report. Mr. Canning announced recent staffing changes at VLCT. He also announced both he and David Sichel will be presenting at an NLC RISC Information Sharing Consortium scheduled for May. As an update from the last meeting, the agreement for trust custodial services with US Bank has been fully ratified and services with the new bank will begin effective April 1st.

Jeremiah Breer provided an overview of unaudited financial results through December 31, 2015. Total net position is up over \$100,000 from 2014. Claims came in under budget, and investment income low. Operating expenses were up slightly due to the UVM internship program and the newly implemented HR program, both of which were funded from surplus and not included in the budget. The auditors will be presenting the 2015 fully audited financial results at the next meeting.

Kelley Avery reviewed the unemployment claims reports through December 31, 2015. Fourth quarter claims costs increased 59% from the third quarter, but decreased by 17% compared to the fourth quarter of 2014. Claims frequency increased as well but likewise decreased in comparison to the same quarter for the prior year. Overall, claims costs for year-end 2015 decreased by 15% compared to 2014.

Upon motion (Safford/Colangelo), duly adopted, by roll call, the board voted unanimously to approve the staff, financial and unemployment claims reports as presented.

President Shepeluk provided an overview of the results of the Joint Investment Committee meeting held January 30th. The primary recommendation which resulted from the meeting was to change bank custodial services, and the trust boards already enacted this change by authorizing the new agreement with US Bank. The board and staff also discussed increased PACIF rates for 2016. Staff explained these increases were largely due to a combination of adverse workers' compensation and law enforcement liability claims and recommendations provided by the new trust actuary, Milliman.

Kelley Avery reviewed the results of the Health Advocate utilization report. Utilization did improve for the final quarter of 2015, but it's unknown whether these increases were a result of

staff educational efforts or just general trends. 2014 showed increased utilization results in the last quarter as well, but higher than those for 2015. Staff will be continuing outreach efforts by direct employee education for large groups and increased marketing to members in 2016.

Ken Canning reviewed staff's recent efforts to find a new partner for the voluntary Accident and Critical Illness products. After several meetings with representatives from AFLAC, staff concluded they are not the right fit for our organization. They were not able to bring any added value to a partnership with VLCT, and they struggled with how to manage and administer the multi-employer association model. Staff and Hickok and Boardman will be moving forward to investigate possible alternatives.

Larry Smith reviewed the new Voluntary/Individual Direct dental program through Northeast Delta Dental (NEDD). The program was announced to VLCT member groups in February, and 25 member groups have responded back showing interest for their employees. This program is available without restrictions since it is an individual product with a direct relationship between the consumer and NEDD. It is also fully paid for by the consumer. Staff will be continuing marketing efforts for this product and assisting with enrollment.

David Sichel provided the legislative update. The House Commerce Committee is working on a bill to find a common definition of an independent contractor for the purposes of both workers' compensation and unemployment. Mr. Sichel testified on this issue on behalf VLCT. Additionally, the House Health Care Committee is proposing a bill to seek a federal waiver for the requirement to build a portal for small businesses on the Exchange.

Also, the Green Mountain Care Board (GMCB) has released the results of a study regarding large groups moving to the Exchange. Most recently the state enacted legislation to delay large groups moving to the Exchange from January 1, 2017 to January 1, 2018. The results of the GMCB study conclude the inclusion of large groups would inevitably lead to higher rates over the small group market. As a result, the state may decide to delay large group inclusion in the Exchange indefinitely.

Staff is requesting a change in the 2016 meeting schedule to move the December 8 meeting to December 15 due to a travel conflict for Mr. Canning and Mr. Sichel.

Upon motion (Safford/Colangelo), duly adopted, by roll call, the board voted unanimously to approve moving the meeting scheduled for December 8 to December 15.

There was no other business

Upon motion (Johnson/Gallup), duly adopted, by roll call, the board voted unanimously to adjourn the meeting (11:55 a.m.).

Respectfully Submitted,

David Sichel
Assistant Secretary