VLCT Board of Directors Meeting Minutes 2019 03-14

VLCT Employment Resource and Benefits (VERB) Trust, Inc.
Special Board of Directors Meeting
Thursday, March 14, 2019
VLCT Offices, Montpelier, Vermont

Minutes

Directors present: Bill Shepeluk, Todd Provencher, Todd Odit, Carrie Johnson, Charles Safford, Kathleen Ramsay (via phone) and Chris Hoyt

VLCT staff present: Joe Damiata, Jeremiah Breer, Larry Smith, Kelley Avery, Dean Mudgett and Maura Carroll

Others present: Michael Kilfoyle (Hickok & Boardman HR Intelligence), Megan Keyes and Carey Griffin (Equifax)

The meeting was called to order at 9:30 a.m.

A board quorum was confirmed.

Upon motion (Safford/Johnson), duly adopted, the board voted unanimously to approve the meeting agenda.

Upon motion (Safford/Johnson), duly adopted, the board voted unanimously to approve the minutes of the January 24, 2019 meeting.

Michael Kilfoyle presented an overview to the board regarding health insurance captives. Mr. Kilfoyle has done two presentations for interested VLCT VERB Trust members on this topic, and a few large groups are interested in moving forward. Mr. Kilfoyle reviewed the captive model structure with the board and answered questions. VLCT staff and Hickok & Boardman HR Intelligence will keep the board informed of any future captive developments and growth potential in relation to the Trust.

Carey Griffin and Megan Keyes of Equifax presented the Trust’s Unemployment Management Annual Review. Equifax processed 329 claims in 2018 and removed $159,909 potential liability in claims costs. Additionally $4,254 in costs were reclaimed as credits in 2018. The overall claim win rate also increased.
from 74% in 2017 to nearly 87% in 2018.

Upon motion (Safford/Johnson), duly adopted, the board voted unanimously to enter into Executive Session to discuss a personnel issue (10:41 a.m.).

The board exited Executive Session at 10:46 a.m.

Joe Damiata provided the staff report on the following topics:

- Staff held their annual planning session with Hickok and Board HR Intelligence (H&B).
- Staff and H&B will be putting the life and disability coverage out to bid this year. We have been with Lincoln Financial for 5 years and have received a few complaints. Implementation would be for 1/1/2020. Staff will update the board on the RFP process at the next meeting.
- VLCT will be entering into a contract for CRM (client relationship management) software soon and hope to implement the new system by year-end.
- Mr. Damiata encouraged board members to take advantage of educational conference opportunities available this year.

Maura Carroll briefly provided an update on how VLCT is assisting members after the recent article on NEMRC vulnerabilities. She also briefly summarized the Tax Department RFP for CAMA software. Our work with the Tax Department is still in process, and a web page will be made available to our members that will include technical support contact information.

Jeremiah Breer reviewed the unaudited financials through December 31, 2018 and provided a cash flow analysis. Net position is down $392,995 from 2017 with an operating deficit of $17,352. Total liabilities increased from 2017 to 2018, largely due to increased claims. Revenue is also down due to decreased member contributions. General and administrative (G&A) expenses were slightly under budget, but 10% higher compared to 2017 due to planned increases in administrative expenses and extending Health Advocate services to the entire Trust membership. Staff will look into the trend of annual G & A cost increases more closely and will update the board at a future meeting.

Upon motion (Odit/Safford), duly adopted, the board voted unanimously to accept the financial reports.

Kelley Avery reviewed unemployment claims reports through December 31, 2018. Claims costs for 2018 ended up roughly 23% high than for 2017, despite claim frequency decreasing by nearly 5%. Claim costs combined with G & A expenses exceeded member total contributions for 2018 by 31%. The average claim benefit payment also increased by 29% from 2017 to 2018. Average G & A costs per member increased by 19%, while the average member contribution decreased by 25%. Claims costs are continuing to rise into the first quarter of 2019.

The board accepted the unemployment claims reports for 2018.

President Shepeluk reported on the Joint Investment Committee (JIC) meeting which took place on February 1. The 1st Quarter JIC meeting will likely be moved to March in future years so the investment advisor can provide more up-to-date information. 2018 investment volatility was high due to both political and economic factors. Total weighted investment portfolio returns came in at -.91% compared to the consolidated policy benchmark of -.87%. No policies were changed at this meeting.

Kelley Avery reviewed the most recent Health Advocate Utilization report for 2018 and compared it to
utilization figures from both 2016 and 2017. Despite extending Health Advocate services to the entire VERB Trust membership for 2018 and growing the program, utilization has dropped off to single digit interactions on a monthly basis. Staff is recommending the board consider ending its contract with Health Advocate, which is up for renewal 3/1/2020. This can be decided at a future meeting.

With Dave Sichel’s recent retirement, another signatory on VERB bank accounts must be chosen to replace him. Staff recommends Deputy Chief Financial Officer, Jeremiah Breer, to serve as a replacement.

Upon motion (Johnson/Safford), duly adopted the board voted unanimously to add Jeremiah Breer, Deputy Chief Financial Officer, as a signatory on VERB Bank accounts and authorized the Board President to sign the bank resolution.

Joe Damiata briefly noted the 2019 VERB Trust Business Plan drafted by staff. This will be updated during the course of the year and staff will keep the board apprised of any changes or progress.

Kelley Avery provided the legislative update. Nearly 700 bills have been introduced in the legislature so far this year. Two of note are S.103 regarding Association Health Plans (AHPs) and broker fees and S.41 regarding regulation of HRA program administrators. The House Health Care committee has its own version of S.103 and, despite VLCT’s testimony against the look-through provision on AHPs, this bill appears poised for approval. The look-through provision will essentially require all AHPs be community rated like Exchange plans, rather than treated as one large group. The bill also requires commissions be removed from AHP premiums. S.41 passed through committee March 1 and was approved in the Senate this week. The Department of Financial Regulation will need to draft rules by September 2020 to go into effective January 1, 2021 to regulate HRA plan administrative entities.

Upon motion (Odit/Safford), duly adopted, the board voted unanimously to adjourn the meeting (12:00 p.m.).

Respectfully Submitted,
Kelley Avery, Assistant Secretary

Board or Committee:
VERB Board of Directors

Board Meeting Date:
Thursday, March 14, 2019

Resource Category:

- Minutes