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**Special Meeting of the Board of Directors
VLCT Employment Resource and Benefits (VERB) Trust, Inc.
MAY 2, 2019
VLCT Offices, Montpelier, Vermont**

Minutes

Directors present: Bill Shepeluk, Todd Provencher, Todd Odit, Charles Safford, Kathleen Ramsay and Chris Hoyt

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

Others present: Carolyn Rice and Laura Macuga (Johnson Lambert LLP); Sarah Thayer and Tim Vartanian (Northeast Delta Dental)

The meeting was called to order at 10:03 a.m.

A board quorum was confirmed. Kelley Avery introduced the guests from Northeast Delta Dental and Johnson Lambert LLP.

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

Upon motion (Safford/Ramsay), duly adopted, the board voted unanimously to approve the minutes of the March 14, 2019 meeting.

Carolyn Rice and Laura Macuga presented the results of the 2018 VERB Trust audit. Ms. Rice reported this was an unmodified, clean audit for 2018 with no material weaknesses, internal control recommendations or adjustments. Laura Macuga reviewed the financial statements and also provided a brief overview of the testing process. Ms. Rice pointed out the importance of cybersecurity, and Joe Damiata noted VLCT has increased in-house staff training surrounding this issue.

Upon motion (Safford/Provencher), duly adopted, the board voted unanimously to approve the 2018 VERB Trust Audited Financial Statements.

President Shepeluk had to leave the meeting, and he appointed Director Todd Odit to preside over the remainder of the meeting.

Joe Damiata provided the staff report on the following topics:

- Communications Director Dean Mudgett has resigned, and a search is underway for his replacement.
- Staff have completed the 2018 VERB & PACIF Annual Report. Copies were distributed to the board.
- VLCT staff held a kick-off meeting last week with VC3 regarding the new CRM system. The hope is to have the initial phase of this system rolled out by the end of the year.

Mr. Damiata also noted the next board meeting scheduled for August 8th will need to be rescheduled due to a conflict. The board agreed to move the meeting to August 15th.

Jeremiah Breer reviewed the unaudited financials through March 31, 2019. Net position is up \$135,618 from year-end with an operating deficit of \$73,861. Total liabilities have decreased 26.3% year to year. Total operating expenses are nearly 14% lower than last year and under budget. Investment income is up slightly over year-end.

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

Kelley Avery reviewed the Q1 2019 unemployment claims reports. First quarter claims costs were 9% higher than the first quarter of 2018, and were also up 42% compared to Q4 2018. The number of claims processed decreased 6% both in comparison to prior quarter and to Q1 of 2018. Ms. Avery also distributed a bulletin which was released by the VT Department of Labor in April regarding a claimant system breach. Fortunately, no claimant benefits or employer accounts were compromised as a result.

Kelley Avery reviewed the 2019-2020 Northeast Delta Dental (Delta) proposed renewal. The proposed rate is 3.39%, down from an initial proposal of 3.73%. VLCT requested an additional month of claims experience to see if it might offset the initial proposal, which it did. This will be VLCT's first rate increase to exceed Delta trend, currently 3%, in 10 years, and is largely due to increased claims for our pool.

VLCT staff is also proposing we eliminate dental Plan 6 due to low utilization. This plan has been closed to new groups since 2008 with only 7 subscribers spread between two groups. Staff would like to develop a new PPO-only plan over the course of this year to roll out at next year's renewal. The hope is that this new plan may reduce claims by restricting the network to PPO only where costs are lower. Currently, subscribers are not restricted to any particular providers, but they save more by going to Delta Premier and PPO participating providers, with the highest savings under the PPO provider network. The board suggested it would be helpful to include information on finding Delta PPO providers with the upcoming renewal mailing. Staff will incorporate this information into the renewal communication.

Sarah Thayer of Delta reviewed the new Oral Wellness report, which details VLCT's pool experience in utilization compared to Delta's book of business for the most recent contract year period.

Upon motion (Provencher/Ramsay), duly adopted, the board voted unanimously to approve eliminating Plan 6 for the July 1, 2019 renewal and authorizing staff to develop a PPO-only plan for the July 1, 2020 renewal.

Upon motion (Provencher/Cope), duly adopted, the board voted unanimously to accept the Delta Dental renewal at a 3.39% increase.

Kelley Avery reviewed the EyeMed 2018 Utilization Report. The report shows a slight increase from 2017 to 2018 in benefits utilization. The highest concentration of benefits utilization appears to be in the 41 - 65 year age groups.

Kelley Avery provided a brief update on the Life & Disability Program RFP timeline. Presently VLCT staff is working with Hickok & Boardman HR Intelligence (H & B) to update census detail for our participating member groups. This updated detail will be incorporated into the RFP, which will go out in late May. Submitted proposals will be reviewed through June and July, and the plan is to have a recommendation to the board for its August meeting. VLCT and H & B recently met with Lincoln Financial, the incumbent, and they informed us they have initiated a more robust service team and also intend to extend our current rate guarantee another two years.

At the last meeting, the board suggested the formation of a VLCT Budget Committee. The VLCT Board considered this request at their April meeting and voted to form an advisory subcommittee comprised of two members from each of the three boards. The board will need to select members from this group to serve on this subcommittee.

Upon motion (Safford/Provencher), duly adopted, the board voted unanimously to appoint Bill Shepeluk and Todd Odit to serve on the VLCT Advisory Budget Subcommittee.

Kelley Avery provided the legislative update. The legislative session is winding down over the next few weeks. Staff is keeping an eye on H.524 regarding the "look-through" provision for Association Health Plans (AHPs), S.41 regarding regulation of HRA program administrators, and H107 regarding Paid Family and Medical Leave.

H.524 passed in the House and is now being debated in the Senate Finance Committee. The committee may vote on this bill as early as tomorrow. If this also passes in the Senate and is signed into law, it will likely mean the Association Health Plans will not exist in 2020, and we'll update our impacted members if this is the case.

S.41 on HRA program administrative oversight passed in the Senate, then passed out of the House Health Care Committee, but it appears to have stalled after being passed on to Ways and Means.

H.107 on Paid Family and Medical Leave is a bill of primary importance currently in the legislature. It passed in the House and is now being discussed in the Senate Economic Development, Housing and General Affairs Committee. If this bill passes, we will need to work closely with our Life & Disability Program vendor on amendments to existing STD policies due to the impact to benefits.

Upon motion (Provencher/Cope), duly adopted, the board voted unanimously to adjourn the meeting (11:52 a.m.).

Respectfully Submitted,
Kelley Avery
Assistant Secretary

Board or Committee:

VERB Board of Directors

Board/Committee Meeting Date:

Thursday, May 02, 2019

Resource Category:

- Minutes
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