

# COLORADO HIGHER EDUCATION INSURANCE BENEFITS ALLIANCE TRUST

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## Chairperson's Annual Report

### Part I - Summary

Fiscal year 2007-08 proved to be a very busy year once again for CHEIBA Trust, and a number of significant matters were either completed or initiated. Before summarizing and highlighting the year, I first want to express my sincere admiration of and appreciation to the Trustees for their diligence, thoroughness, and caring approach to the management of CHEIBA on behalf of the participants in the plans. The dedication and consideration given by the Trustees to the wide variety of issues that arose is top tier.

Also, I want to recognize the dedication of our business partners at Anthem and Gallagher Benefits Services (GBS) as well as the outstanding counsel we receive from the Attorney General's Office. Paula Wilson, Kathleen King, and Ambereen Ebrahim of Anthem, Barbara Batt, Bill Raines, and Michele Moreau of GBS, and Dixon Waxter of the Attorney General's Office deserve special recognition and thanks. The partnerships that have grown over the last two decades make it possible for the Trust to work intelligently on addressing each year's set of issues and to develop solutions that meet our collective needs. The ability of the member institutions to follow a consistent benefits philosophy over time and to compromise to make the Trust function is central to the long term viability and success of the Trust ... and is remarkable.

**The Admission of Colorado State University System Office and Global Campus** was a matter of significance that consumed substantial effort. CSU-System Office approached the Trust in the fall of 2007 requesting to become a member institution. Dee Martinez, Director of Human Resources for CSU-System attended the November meeting of the Trust. A subsequent meeting was held in December at the CSU System Office to clarify elements of their request. Attending on behalf of the Trust were the Chair, Mike Dougherty, and the Trust's Counsel, Dixon Waxter, Assistant Attorney General. Substantial work on developing the terms of the admission ensued with much discussion at the January and March Trust meetings, culminating in a motion to admit CSU System Office and Global Campus being passed at the March meeting. Through subsequent drafts of the terms of admission and corresponding drafts of amendments to the Trust, a final vote on the Eighth Amendment to the CHEIBA Trust admitting CSU System Office and Global Campus to the Trust effective July 1, 2008, was approved at a special meeting on June 11, 2008.

**Allowing Domestic Partner Coverage.** A formal request to modify the definition of dependent to include Domestic Partners was made by Ft. Lewis College. Before a motion to consider the request could be made, the Trustees needed to understand the full implications of the change and began a process of due diligence. Multiple matters were considered and analyzed. Among these were the legal basis, potential financial impacts to the Trust, obtaining a Colorado Department of Insurance opinion, determination of whether domestic partners would be restricted to only same sex domestic partners or would include opposite sex domestic partners, the ability of the Trust's vendor partners to administer the benefits, tax implications, and what processes needed to be developed to support this change. Much of the work that would support the ultimate motion and vote (taken at the July 2008 meeting) occurred during the 2007-08 year, including authorizing the Attorney General's Office to acquire external benefits counsel related to this matter. The decision to modify the definition of dependents to include domestic partners was made in July 2008 and will be reported in the 2008-09 annual report.

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**Audits.** Anderson & Whitney, the Trust's financial auditors, provided an unqualified audit report for the 2006-07 year. They also concurred with the Trustees that the requirements of GASB 45 did not apply to the Trust, but accrued to the respective member institutions. However, in any event, these liabilities were determined not to be material. Additionally, due to the issues that arose in late 2006 and early 2007 from Anthem's conversion to a new claims paying system, BMI, Inc., performed a second, random audit of Anthem's claims processing. BMI concluded "...that Anthem is performing in a very satisfactory manner in terms of benefit payment accuracy. Further, BMI went on to state: "Such satisfactory due diligence findings are somewhat rare, and should be perceived by CHEIBA as extremely favorable. A clean audit report validates the efforts of CHEIBA staff and its advisors in selecting a vendor who is properly staffed, equipped, and trained to make accurate decisions on behalf of the CHEIBA Trust health care benefits plan."

**Wellness.** In October and November 2007, Wellness/Benefits Fairs were held at the member institutions. Strong participation was experienced with participants able to avail themselves of both free and self-paid screenings and tests. Additionally, to continue delivering effective wellness-oriented services, a Wellness Committee was appointed and charged with developing the concepts and components of a wellness program. The Committee presented and the Trust adopted its recommendations at the March 2008 meeting. The members of the Wellness Committee (Trustees Marshall Parks, Cynthia Hier, and Judy Zewe along with business partners Michele Moreau, Barbara Batt and Paula Wilson) agreed to remain on the Committee continuing their work. CHEIBA Well Being was born, and the first communication focusing on Anthem's *Nurse 24/7 Line* was sent to participants in May. This was followed by a June e-mailing regarding skin cancer prevention. The CHEIBA Well Being program included starting in September an incentive program for completing Anthem's Health Risk Appraisal.

**Rural Health Access Issues.** Services available in smaller communities for member institutions participants had increasingly become a problem. The most difficult issues arose in Durango, but other issues existed in Gunnison. Recognizing that these problems could threaten the ability of the affected schools to provide quality access to care at a reasonable price, the Trust engaged with the Colorado Rural Health Association and its Anthem and GBS partners to become actively involved finding solutions. A focus of the July 2007 education session was a presentation oriented on the issues faced in smaller communities and the strategies that could be employed to meet these challenges. Through our combined efforts, most of the problems were addressed and able to be solved. This issue continues to be a high priority for the Trust.

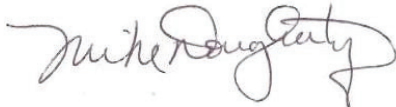
**Financial and Design Matters.** While there are always multiple decision points in managing the benefits the member schools provide through the Trust, a few items of significance deserve special mention.

- After carefully looking at the reserves and the projected expenditures, as well as developing historical patterns, the Trustees modified the *Benefits and Reserve Philosophy and Management Plan* of the Trust at the January 2008 meeting. The rate stabilization reserve requirement was determined to be sufficient at 7.5% of total premiums paid for future fiscal years. This was a reduction of 2.5% from the previously estimated 10% and freed some reserve dollars for other uses.
  - A careful analysis of projected expenditures indicated that a full month's premium holiday would not be prudent. At the November 2007 meeting, the Trust approved a premium holiday for 2008 medical premiums equal to one-half month's premium. This completed the long term goal of the Trust to assure that its reserve levels were appropriate. In most cases, these dollars were directly returned to participants in the plans by the member schools.
  - The banking arrangement with Standard Life Insurance for the Long Term Disability coverage was modified and restructured to eliminate the need for the Trust to move funds each month to meet the required LTD payments. This change ensures that beneficiaries on LTD receive a consistent and reliable stream of payments and provides better services to those in the most need.
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- Final issues related to claims paying errors due to Anthem's claims paying system were resolved and service levels, as confirmed by the above mentioned claims audit, returned to a proper level of timeliness and service.
- The pooling point for reinsurance to the medical plan was increased from \$200,000 to \$250,000 after analysis and recommendation from GBS. This change saved participants and the member school's approximately \$100,000 in annual premiums.

**CHEIBA Memorandum of Agreement.** Almost since the inception of the CHEIBA Trust, a companion, parallel entity, CHEIBA, existed for the cooperative purchasing of health, dental and other insurances. This entity was created by a Memorandum of Agreement (MOA) among the participating schools and systems effective July 1, 1995. When CHEIBA Trust was restated June 30, 2003, there was no longer a need for the CHEIBA entity created by the MOA. However, much work needed to be redone, especially with contracts among the many insurers and vendors and CHEIBA Trust. All of the revisions were completed in the first part of 2007. The Trustees took formal action effective December 31, 2007, to dissolve the CHEIBA entity created by the MOA.

As can be seen from the above summary, 2007-08 was indeed a busy year of significance to the Trust. I hope that this information, as well as the detail that follows, provides a good picture of CHEIBA Trust and its operations. I appreciate the opportunity to serve as Chair, and I very much appreciate the support of the Trustees.



Mike Dougherty  
Chair  
CHEIBA Trust

## Part II – Meeting Locations and Dates

Beaver Run Resort, Breckenridge, CO  
July 18-20, 2007

CSU-Pueblo, Pueblo, CO  
September 20-21, 2007

Colorado School of Mines, Golden, CO  
November 15-16, 2007

Anthem Blue Cross and Blue Shield, Denver, CO  
January 24-25, 2008

University of Northern Colorado, Greeley, CO  
March 20-21, 2008

Adams State College, Alamosa, CO  
May 22-23, 2008

## Part III – Officers

### ◆ 2007-08

Chair - Mike Dougherty  
Vice-Chair – Tracy Rogers  
Secretary - Kim Gailey  
Treasurer - Marshall Parks

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## Part IV – Projects and Accomplishments

### ◆ July 18-20, 2007 – Breckenridge

#### *Educational Meeting*

##### *Anthem Webtools Demonstration*

Presenter: Kathleen King, Anthem Blue Cross and Blue Shield.

##### *Smart Program – American Heart Association*

Presenter: Judy Zewe, Metropolitan State College

##### *Benefit Panel Discussion – Rural Health Care and Future of Health Care*

Presenters – Dr. Bill Wright, Associate Medical Director for External Relations, Kaiser  
Dr. Arthur Jones, Chief Medical Officer for Anthem BCBS of Colorado and Nevada  
Lou Ann Wilroy, Acting Director & Critical Access Hospital Director, Colorado Rural Health Center

#### ***Regular Business Meeting Summary***

New amendments were signed with Standard so the LTD claims will be paid from a claims funding account (out of CHEIBA's reserves) and released immediately. Claimants can have automatic deposit for checks on the self-funded account when they become eligible for LTD claims.

Trustees reviewed the preliminary final accounting for medical, dental and life plans. The Trustees discussed the 10% premium reserve to determine the use of the reserve and if this is the correct amount.

Alan Holmberg, auditor to the Trust from Anderson and Whitney, distributed financial statements for the years ending June 30, 2006, 2005, and 2004. The results of operations and cash flows for the years ended is in conformity with the accounting principles generally accepted in the United States. Alan recommended that the Trustees obtain an actuarial study to review the post-retirement rates to make sure there is not an implicit subsidy under GASB 45.

Dr. Arthur Jones, Anthem Chief Medical Officer for Anthem BCBS of Colorado and Nevada and Julie Theodore and Verna Velasquez gave a presentation on the 360 Degree Program Anthem offers.

The Trustees discussed the dissolution of CHEIBA Memorandum of Agreement (MOA). There are no contracts that currently exist under CHEIBA. All of the contracts have been moved to the CHEIBA Trust. Ken Nufer proposed a resolution to dissolve CHEIBA MOA consistent with the language drafted by Dixon. The Trustees agreed to modify the effective date of the dissolution from September 30, 2007, to December 31, 2007.

The Trustees decided that an actuarial study on the retiree premiums must be done and the need to make sure that the plan designs are actuarially equivalent. They also wanted to look at the analysis of the reserves to determine if 10% is an appropriate cushion.

The Trustees discussed plan design changes for all plans, requesting from Anthem a summary of any medical changes Anthem is considering for the coming year.

GBS scheduled a meeting for August 15 with Anthem provider representatives to meet with the Colorado Rural Health Association to discuss current and ongoing provider issues in rural areas: Alamosa, Gunnison and Durango.

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Kathleen and Paula discussed the status of Anthem calls to members. There were about 1,000 calls that still needed to be made. A report to the Division of Insurance was included in the Anthem report notebook. Anthem continued to report to the Division of Insurance regarding the conversion problems.

Auto adjudication was turned back on June 1<sup>st</sup> for all CHEIBA medical claims. An average of 78% of claims was auto adjudicated in July. This indicates that claims paying operations were returning to normal after the conversion issues arose.

#### ◆ **August 15, 2007 – Gallagher Benefit Services, Inc. CHEIBA Trust, Anthem and Colorado Rural Health Center Meeting**

Janet Pogar, Director of Provider Contracting Colorado, Anthem Blue Cross Blue Shield, gave an overview of the provider issues in the rural areas. She noted a diminishing number of providers in rural areas and that Anthem has experienced a decrease in physician capacity for commercial members.

Paula Wilson, Senior Account Representative, Anthem Blue Cross Blue Shield distributed the following exhibits to the attendees:

- Speaking points for the Durango/Cortez provider negotiation issues.
- Speaking points for Delta County provider update. Paula stated that this needs to be corrected as Gunnison is in Gunnison county not Delta county.
- Anthem Blue Cross Blue Shield - Colorado Provider Access in Rural Counties 2007

Lou Ann Wilroy, Director of Colorado Rural Health, provided a background of the Colorado Rural Health Center and described some of the different programs they have in place.

Janet agreed to meet with Colorado Rural Health and put together an action plan to better address the rural physician needs and present it to the CHEIBA Trust November meeting.

#### ◆ **September 20-21, 2007 – CSU-Pueblo**

Kathleen King reviewed the status of Anthem calls to members. Kathleen explained that the target end date for this project is December 1, 2007.

Kathleen King stated that the only dental provider in Gunnison has terminated with Anthem Dental. She proposed applying the medical access rules that state if a provider is not within so many miles, Anthem will pay the billed charges at the in-network benefit rate and the billed charges are not subject to usual and customary.

Mike reviewed the process of the dissolution of CHEIBA MOA. He stated that the resolution must be introduced at one meeting and then voted on at the next meeting.

The required rate adjustment for the medical is 10.8% and the two-year review is showing at 10.9%. The Trustees discussed increasing the pooling point from \$200,000 to \$250,000.

The Trustees reviewed the analysis of the 10% premium reserve documents provided by Gallagher Benefit Services. Based on discussions with Anthem and further validated by the GBS actuaries, the probability of CHEIBA exceeding the 20% basic reserve in any one year is .04% (4/100ths of a percent). The rate history shows the eight-year average for the net rate change is 6.28% while the eight-year average for trend is 12.99%.

The dental rate renewal indicated there was not rate change required for the dental.

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The renewal information from Vision Service Plan showed an increase of 1.3%.

Mike Beaton, Anthem Actuary, determined that the actuarial equivalency of the three plan designs is very close. Compared were CHEIBA's plans to existing plans and plans that Anthem is quoting. Anthem defines large groups as those with over 50 employees. Anthem is not actively marketing Point of Service plans making it hard for Mike Beaton to compare CHEIBA's plans against other plans. CHEIBA's POS plan compared to Anthem's normative HMO group, CHEIBA's is about 2% to 4% richer than the average group. The PPO plan is also slightly richer than Anthem's norm.

Gallagher Benefit Services were reviewed.

Michele Moreau, of GBS, described the different programs the Colorado Rural Health Association offers and the medical clinics they have set up. There is strong incentive to develop relationship building between Anthem and Colorado Rural Health Association.

The Trustees reviewed the mandated changes that have to be made to CHEIBA's plans concerning mental disorders and the immunizations. These do not need to be voted on because they are state mandates.

The Trustees review the benefits plan options provided by Anthem. Based on significant consideration and discussion, the Trustees approved the following benefit design changes effective January 1, 2008:

- Change the Dexascan benefit from one paid every three years to one being paid every one year. Anthem approved this change with no cost impact to the 2008 premium.
- Coverage for the following conditions (previously covered under the mental health care benefits) will be no less extensive than the coverage provided for any other physical illness:
  - Post-Traumatic Stress Disorder (PTSD),
  - Drug and alcohol disorders,
  - Dysthymia,
  - Cyclothymia,
  - Social phobia,
  - Agoraphobia with panic disorder,
  - General anxiety disorder,
  - Anorexia nervosa and bulimia nervosa to the extent those diagnoses are treated on an outpatient day treatment and inpatient basis, exclusive of residential treatment. (This benefit change is a state mandate with no cost increase to the 2008 premium.)
- PPO Plan and Custom Plus Plan - HPV-Gardasil immunizations will continue to be covered but not applied to the \$500 wellness benefit maximum (deductible and coinsurance are applied). This benefit change is a state mandate with no cost increase to the 2008 premium.
- Increase the pooling point from \$200,000 to \$250,000. This results in no increase to the current 2007 charge of \$8.40 per member per month.

The Trustees wanted to know what they could do to incent wellness or disease management programs through plan design. This topic will be on the agenda for 2008. The Trustees reviewed the wellness benefit of \$500 to determine if adequate. The industry standard is about \$500.

The Trustees reviewed the multiple dental plan options on increasing the dental annual maximums and increasing the orthodontic lifetime maximum. The Trustees discussed these plan changes and decided to not increase the annual maximum at this time as the norm is about \$1,250 for the annual maximum and CHEIBA already has a \$1,500 maximum.

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The Trustees revisited the issue of no dental providers in the Gunnison area and decided to apply Anthem's medical urban access rules to the dental products in Gunnison effective October 1, 2007.

The Trustees reviewed increasing the pooling point from \$200,000 to \$250,000. Bill Raines, GBS, recommended the Trustees increase the pooling point based on the last four years of experience. By accepting more risk, the Trustees were more cautious on releasing funds from the reserves. Because of this, the Trustees discussed in depth actually offering a premium holiday this year and decided to postpone the approval of a premium holiday until they have two more months of claims experience. By increasing the pooling point, it decreased the renewal from 10.8% to 10.3% (a change of -.48%).

The Trustees reviewed the tiers with a 10.3% increase proposed and decided they could not support a double-digit increase due to the numerous abrasions that occurred from Anthem's conversion to the WGS system. A 1% rate reduction from the 10.3% would equal about \$225,000. The Trustees noted that this 1% could be related to an erroneous assumption used in Anthem's estimations. The Trustees approved a 9.3% rate increase for the medical plan effective January 1, 2008.

The Trustees then revisited the dental renewal which indicated that no increase is required from Anthem Dental. The actual dental renewal from Anthem Dental showed a rate reduction of about -2.7%. The Trustees discussed that with trend fluctuations, they need to maintain the financial security of the dental plan. By not reducing the rates, the Trust might build up a small reserve to look at possibly improving the benefits for the next plan year.

The Trustees the life renewal from Anthem and decided to keep the Life/AD&D rates the same in 2008 as they were in 2007 (these rates are guaranteed for two years).

The Trustees reviewed the renewal from Vision Service Plan. They discussed the different options and accepted Option 1 which retains the current benefits and results in a rate increase of 1.3%.

#### ◆ **November 15-16, 2007 – Colorado School of Mines**

There was extensive discussion regarding the offering of a premium holiday. The Trustees discussed offering a 50% premium holiday or waiting to offer a full premium holiday later on. Some Trustees wanted to offer at least a 50% premium holiday due to the conversion issues with Anthem. Each campus can determine when to announce and how to administer the premium holiday.

The Trustees reviewed the retiree liability in relation to the GASB 45 decision. Alan Holmberg, Anderson and Whitney, believed there is no current subsidy for the retirees from the active group and that amount would be immaterial and an actuarial analysis is not needed.

After the retiree rates had been developed at the September meeting and the rate sheet was issued, there were questions on the rate increase affecting the retirees. The Trustees discussed this via email and made a motion to change the retiree rates.

Dee Martinez, HR director for the CSU System office joined the meeting to request that the CSU system office join the CHEIBA Trust effective January 1, 2008. The Trustees discussed the necessary steps in reviewing this request.

The Anthem packet Outbound Call Project progress was discussed. Of the 1,000 calls remaining to be made as described in the September meeting, there is still a balance of 239 calls that need to be made (out of 2032 targeted member calls).

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Kathleen King, Anthem, discussed the status of the overpayment letters to the members. Direct calls were made to the members. Anthem wrote off the over-payments and did not charge CHEIBA for them.

On October 29, 2007 the CHEIBA Trust was moved to Anthem's Employer Access program.

Janet Pogar, Director of Provider Contracting Colorado, Anthem Blue Cross Blue Shield, gave an update on the provider contracting issues in Fort Collins.

The Trustees discussed the Open Enrollment/Benefit Fairs that were held this year, and it appeared that participation increased. They decided to do an RFP to check the market for the wellness services. The Trustees decided to form a committee to look at what elements within the Trust or the plan design they can offer to reward or incent participation in the wellness activities and healthy living behaviors.

Bill Raines, Area Assistant Vice President, GBS, explained that the initial audit report from BMI did not meet all of the audit objectives. The focus of the audit was to identify those claims that were incorrect and to make sure they were corrected. The Executive Committee reviewed the audit report, and they did not feel it met the objectives. BMI was instructed to follow up on the audit results and follow the adjusted claims through completion. BMI and Anthem will share the cost of further work.

Janet Pogar, Anthem, and Lou Ann Wilroy, Colorado Rural Health Association, described how Anthem will partner with Colorado Rural Health Association. Janet distributed an exhibit on this topic. Janet discussed Anthem's initiatives in the rural market. Anthem has hired additional representatives that live in the rural areas to meet with the providers.

The Trustees reviewed the different components of the Business Plan that CHEIBA had produced September 16, 2005. They decided to decrease the 10% premium reserve to 7.5%.

#### ◆ **January 24-25, 2008 – Anthem Blue Cross and Blue Shield**

The Trustees revisited the premium holiday option and decided to not recommend another 50% premium holiday.

The Trustees discussed certain outstanding issues related to CSU System Office's request to join the CHEIBA Trust. Rich Schweigert, Laurence Pendleton and Dee Martinez from CSU System Office joined the meeting and provided a presentation on their request to join the CHEIBA Trust. Rich described the growth for the entities - CSU System Office / CSU Global. The Trustees discussed all the information they received and the voting privileges for these new entities. The Trustees discussed in detail the language necessary for the motion. Dixon Waxter, Assistant Attorney General, agreed to put all the requirements in a document for the CSU System Office to review.

Paula Wilson, Anthem, reviewed the exhibit titled, CHEIBA Outbound Project Numbers with the Trustees and stated that all the calls had been made by December 7, 2007; this project has been completed.

Marshall Parks noted that the various school controllers are still researching the retiree liability related to the GASB 45 decision. CHEIBA's auditor, Alan Holmberg, believes CHEIBA has no responsibility and the liabilities would be, in any event, immaterial.

The Wellness Committee provided a document which outlined the goals of the wellness program and proposed steps. The Wellness Committee utilized Anthem's care management reports as a starting point on the wellness discussions. The committee will review these reports every six months. The Trustees discussed having members complete a health risk assessment form and receiving a gift

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card for doing so. The Trustees stated they would like to move ahead on this program. At the March meeting they would like to start the program and have the program branded.

Ted Wood, Gallagher Benefit Services Area President, attended the meeting to discuss Bill Raines' retirement transition. Ted stated that Bill's retirement transition plan was put in place about two years ago when Bill approached GBS about his retiring. The Trustees believes that there is a large benefit in having the same consultant on all three entities: CHEIBA Trust, CSU Fort Collins and Community Colleges.

The Trustees decided to move forward on the RFP process for the wellness screening. They would like to have this RFP sent out and have the bid analysis done by the March meeting for discussion.

### ◆ **March 20-21, 2008 – University of Northern Colorado**

Anthem described the computer system fixes that were installed on February 29, 2008.

The Trustees struggled at the January meeting to get a motion to reflect all the components of the CSU System Office's request to join the CHEIBA Trust and to work on the admittance agreement for this group to enter CHEIBA. The Trustees discussed how to resolve these issues. They decided to rescind the motion that was made at the January meeting because not all the Trustees have a common understanding on this issue. The Trustees discussed CSU-Pueblo's desire to preserve itself as a separate entity and member of the Trust. They do not want to lose their identity as CSU-Pueblo and do not want to be combined with the CSU System Office. The Trustees extensively reviewed all the dynamics of the voting component. A revised motion was offered to admit the CSU System Office and Global Campus.

Bill Raines reviewed the BMI audit addendum. Paula Wilson stated that a second audit which was totally random was completed and Anthem is waiting for the draft of the second audit report.

Included in the CHEIBA packet was the Annual Solvency letter that Gallagher Benefit Services mailed to the Trust assuring the Trust that all the carriers meet the minimum ratings under AM Best Company, Inc.

The Trustees briefly discussed the Blue Ribbon Commission on Healthcare Reform.

Ted Wood, Gallagher Benefit Services Area President, attended the meeting to discuss the transitional consulting proposal for Bill Raines. The agreement outlines the communication processes to make sure issues do not exist. Also, it outlines Bill' responsibilities.

Janet Pogar, Anthem Regional Vice President of Network Management and Carolyn Gonzalez, Anthem Regional Director of Provider Contracting, distributed to the Trustees an updated information regarding rural health care issues. Anthem is going to be a sponsor of a rural health care forum that will be held on March 31-April 1, 2008. Another exhibit was the semi-annual provider seminar invitation which includes the dates and locations of the seminars. These seminars are for education on Anthem's website, their claims system and how to read EOBs. Janet said Anthem is in the final stages of offering regional provider relations positions to three employees. The Trustees discussed employers engaging in discussions with providers, possibly at town hall meetings.

Marshall stated that all controllers have agreed upon their approach to retiree liability related to the GASB 45 decision.

Marshall distributed the Executive Summary for the RFP for the fall wellness screenings. He described the process for the RFP that was established for the selection and the criteria utilized in

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selecting the finalist. Marshall requested two additional Trustees to help with the final selection of the vendors.

The proposal from the Wellness Committee was reviewed. The Trustees discussed the completion of the Health Risk Assessment and the available incentive. The Trustees also discussed the funding of the wellness program. The Trustees reviewed the list of suggested names for the wellness program and selected *CHEIBA Well-Being* as the name for the wellness program.

#### ◆ **May 22-23, 2008 – Adams State College**

A faculty member from Metropolitan State College attended the meeting today to discuss the offering of domestic partner benefits. Also presented to the Trustees was a letter from the Fort Lewis College Board of Trustees asking the CHEIBA Trust to move forward in offering domestic partner benefit coverage. The Attorney General's office recommends that this be a decision for the entire Trust. The Trustees reviewed sample domestic partner affidavits. The Trustees had several follow-up issues for Anthem to research.

Suzanne Devore, Special Projects Coordinator for the Valley-Wide Health Systems, Carolyn Gonzalez, Anthem Regional Director of Provider Contracting and Audra Ricke, Anthem Network Representative of Provider Contracting, joined the Trustees for lunch. Carolyn stated Anthem has hired two provider representatives, and she would like to see these same types of meetings in other areas, such as Greeley. The Trustees discussed in detail the Mountain View Direct Care Plan.

The CHEIBA Trust Agreement, Section 3.5, Meetings, was amended to change the amount of time written notice must be given to the Trustees of a regular or special meeting.

The 2007 audited financial statements were distributed to the Trustees. Marshall stated there is no comment on the Certificates of Deposits (CDs) being held outside of Colorado as the auditors believe that the CDs are held in compliance with the state rules.

Ambereen Ebrahim of Anthem Life distributed to the Trustees some dental exhibits on the timeliness of dental claims processing. Anthem dental is bringing all customer service back "on shore" and calls will no longer be answered in Manila.

The Health Risk Assessment (HRA) program will start September 1, 2008. The Trustees discussed the gift card offered through IncentOne. The Trustees discussed the response to the two mailings that have gone out regarding the Well-Being program.

Bill Raines presented the summary paragraphs from the BMI audit which stated:

- With very few exceptions (two), Anthem provided satisfactory responses to BMI's potential findings with agreed error amounts totaling \$151.28.
- From BMI's audit activities, they concluded that Anthem is performing in a very satisfactory manner in terms of benefit payment accuracy.
- Such satisfactory due diligence findings are somewhat rare, and should be perceived by CHEIBA as extremely favorable.

The Trustees discussed the new \$10, 90-day refills available at King Soopers and WalMart. There is concern that if member receives a prescription from WalMart or King Soopers, without using his prescription drug card, it could impact Anthem's disease management program as it will not show the member having his drug refilled.

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## ◆ June 11, 2008 – Telephone Conference Call

The Trustees reviewed the Eighth Amendment to the Trust allowing CSU System Office and CSU-Global Campus admission into the CHEIBA Trust. Dixon Waxter, Assistant Attorney General, said that CSU signed the final amendment as provided to the Trustees. Dixon wants confirmation from all Trustees that they agree to the final amendment. A letter is required from the CHEIBA Trust notifying all carriers that they have allowed this group to enter into the plans.

Dixon has requested obtaining external benefits counsel to review and advise on the issues he identified at the last CHEIBA Trust meeting. Dixon shared that there will be tax issues related to domestic partner coverage. Dixon stated it is important that the Trustees know what Anthem's opinion or stance is regarding the coverage of opposite sex domestic partners. Dixon reviewed the scope of services external counsel will provide as outlined in his email of May 30, 2008, to the Trustees.



## Part V – Financial (Rates, Renewal and Reserves)

### CHEIBA RESERVES Required & Claims Fluctuation Reserve (CFR) (Estimated)

As of September 2007

LTD - Standard	Estimate as of 12/31/06		Actual 12/31/06
Required Reserve as of 12/31/06 <sup>1</sup>	\$169,083	7/1/2007	\$200,000
CFR as of 9/18/06	\$821,607	7/1/2007	\$661,718
<b>TOTAL STANDARD RESERVES</b>	<b>\$990,690</b>	7/1/2007	<b>\$861,718</b>
AG Edwards - 7/31/06	\$1,130,796	7/1/2007	\$928,366
Gallagher Benefit Services - 7/31/06	\$24,011	7/1/2007	\$65,435
<b>TOTAL</b>	<b>\$2,145,497</b>		<b>\$1,855,519</b>
<b>Medical - Anthem</b>			
Required Reserve as of 12/31/06 <sup>2</sup>	\$3,594,165	9/1/2007	\$3,623,087
Final CFR as of 12/31/06	\$2,104,012	9/1/2007	\$2,085,149
<b>TOTAL ANTHEM MEDICAL RESERVES</b>	<b>\$5,698,177</b>		<b>\$5,708,236</b>
<b>Dental - Anthem</b>			
Required Reserve as of 12/31/06 <sup>2</sup>	\$393,452	9/1/2007	\$391,811
Final CFR as of 12/31/06	\$429,901	9/1/2007	\$701,270
<b>TOTAL ANTHEM DENTAL RESERVES</b>	<b>\$823,353</b>		<b>\$1,093,081</b>
<b>Life - Anthem</b>			
Required Reserve as of 12/31/06 <sup>2</sup>	\$238,100	7/1/2007	\$196,942
Projected CFR as of 7/1/07	\$2,211,398	7/1/2007	\$2,118,047
<b>TOTAL ANTHEM LIFE RESERVES</b>	<b>\$2,449,498</b>		<b>\$2,314,989</b>

## Total Reserves

<b>Total Encumbered (Required Reserves)</b>	<b>\$4,394,800</b>	9/1/2007	<b>\$5,073,558</b>
<b>Total Unencumbered (CFR)</b>	<b>\$6,721,725</b>	9/1/2007	<b>\$5,898,267</b>
<b>10% of Premium Reserve</b>	<b>(\$2,438,526)</b>	9/1/2007	<b>(\$2,438,526)</b>
<b>Projected LTD self-funded reserve as of 7/31/06</b>	<b>(\$287,129)</b>	9/1/2007	<b>(\$184,381)</b>
<b>Total Projected Unallocated CFR</b>	<b>\$3,996,070</b>		<b>\$3,275,360</b>
2007 Premium Holiday			\$1,815,000
<b>FOR POTENTIAL USE IN 2008</b>			<b>\$1,460,360</b>

**Note: As an ongoing business plan for loss ratio fluctuations over and above required reserves, we keep 10% of premium (2007 projected premium-all coverages = \$24,385,260) = \$2,438,526.**

- 1) Required reserves needed to be dividend eligible (amount required is flat \$200,000). Currently at \$169,083 due to deficit last financial accounting.  
Required reserve is 100% owned by CHEIBA but at termination reserves are used to pay for any deficits.
- 2) Required reserves needed to be dividend eligible (amount required is 20% of premium).  
Required reserves for Medical, Dental and Life is owned 50% by Anthem.

\* As of 7/1/07 includes P.D.A. with Standard for self-funded claims payments.

**COLORADO HIGHER EDUCATION**  
**INSURANCE BENEFITS ALLIANCE TRUST**  
**January 1, 2008 RENEWAL RATES**  
**REVISED – October 12, 2007**

	Current		January 1, 2008		Change
<u>Basic Life/AD&amp;D - Anthem Life</u>	<u>Life</u>	<u>AD&amp;D</u>	<u>Life</u>	<u>AD&amp;D</u>	
Active EE	\$ .25	\$.03	\$ .25	\$.03	None
Retired EE (prior to 1/97)	\$1.25	\$.03	\$1.25	\$.03	None
Retired EE (1/1/97)	\$2.33	\$.03	\$2.33	\$.03	None
Dependent	Dependent life is included in the Life/AD&D premium		Dependent life is included in the Life/AD&D premium		None
<u>Voluntary Group Life – Anthem Life</u>					
EE	Age Rated		Age Rated		None
Dependent	\$1.50		\$1.50		None
<u>Voluntary AD&amp;D - Mutual of Omaha</u>					
EE	Based on amount of coverage chosen		Based on amount of coverage chosen		None
Family					
<u>Medical - Anthem BCBS</u>					
Single	\$334.00		\$365.00		9.3%
Family	\$870.00		\$951.00		9.3%
<u>Dental – Anthem BCBS</u>					
Single	\$36.00		\$36.00		None
Family	\$89.00		\$89.00		None



**COLORADO HIGHER EDUCATION  
INSURANCE BENEFITS ALLIANCE TRUST  
January 1, 2008 RENEWAL RATES  
REVISED – October 12, 2007**

	Current	January 1, 2008	Change
<u>Long Term Disability - Standard</u>			
ASO			
Admin Fee	\$.53/ee	\$.53/ee	None
New Claim Fee	\$275	\$275	None
End of Month Fee	\$16	\$16	None
Total Funding	\$.17	\$.17	None
Standard (premium)	\$.15	\$.15	None
Trust (claims & fixed costs)	\$.02	\$.02	None
<u>Vision - Vision Service Plan</u>			
Employee	\$9.78	\$9.91	1.3%
Employee +1	\$18.33	\$18.57	1.3%
Employee +2 or more	\$26.63	\$26.97	1.3%
<u>Flexible Benefit Plan Administration Fees</u>			
One Spending Account	\$3.25 per month	\$3.25 per month	None
Two Spending Accounts	for one or both	for one or both	

*Retiree Rates as of January 1, 2008*

	Current Retiree Rates	January 1, 2008	Change	Amount Submitted to Anthem
Single	\$425.74	<b>\$465.33</b>	+9.3%	\$456.02
Family	\$1,109.21	<b>\$1,212.37</b>	+9.3%	\$1,188.12

## Part VI – Motions Made, Voted On and Results (dated)

### ◆ *July 19-20, 2007*

#### Consideration of Benefits for Domestic Partners Update

A motion was made to share the cost of a formal Attorney General's Office opinion with DPA on the impact of SB 07-025 on domestic partnership benefits eligibility if a formal request is made by DPA and granted by the Attorney General's Office. The motion passed unanimously.

A motion was made that if the request for a formal opinion is not granted by the Attorney General's Office, share the cost for an informal opinion with DPA on the common questions. The motion passed unanimously.

#### Treasurer's Report – Actuarial study on retiree premiums

A motion was made to obtain from GBS a GASB 45 actuarial plan evaluation with the understanding that the cost will be shared equally by the CHEIBA Trust colleges. The motion passed unanimously.

A motion was made that the Trustees obtain from GBS an analysis of the 10% premium reserve in order to determine:

- a. optimum level of the reserve
- b. the risk created by increasing/decreasing the amount of reserves
- c. an analysis of the existing reserve norms

The motion passed unanimously.

#### Annual Budget

A motion was made to approve the proposed budget as described by Mike with the amended total of \$131,000. The motion passed unanimously.

#### Election of CHEIBA Officers

A motion was made that the current slate of officers continues for the coming year. The motion passed unanimously.

### ◆ *September 20-21, 2007*

#### Dissolution of CHEIBA (MOA)

A motion was made to vote on the Dissolution Agreement for the Colorado Higher Education Insurance Benefits Alliance effective December 31, 2007, as presented in written form at the July 2007 CHEIBA Trust meeting. The motion passed unanimously.

#### July meeting location

A motion was made that the CHEIBA Trust have the summer educational conference in Winter Park. The motion passed unanimously.

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## Plan Renewals

A motion was made to change the Dexascan benefit from one paid every three years to one being paid every one year effective January 1, 2008. This motion passed unanimously.

A motion was made to apply Anthem's medical urban access rules to the dental products in Gunnison, especially to the members of Western State College. There will be no change to the rate because of this benefit change. This motion passed unanimously.

A motion was made to make the application of the medical urban access rules applied to the dental products to be effective October 1, 2007. The motion passed unanimously.

A motion was made to increase the pooling point from \$200,000 to \$250,000 to be effective with the January 1, 2008, plan year. This motion passed.

A motion was made to accept a 9.3% rate increase for the medical plan year beginning January 1, 2008, resulting in the following rates of:

- Employee - \$365.00
- Family - \$951.00

The 9.3% is a 1% reduction from the recommended Anthem rate increase. The Trustees voted.

- Adams State College – Yes
- Ft. Lewis College – Yes
- Colorado State University-Pueblo – Yes
- Western State College – Yes
- Metropolitan State College - Yes
- Colorado School of Mines – No
- University of Northern Colorado – Yes
- Auraria Higher Education Center – Yes

A motion was made to leave the dental rates as they were for 2007 for 2008. The motion passed unanimously.

A motion was made to keep the Life/AD&D rates the same in 2008 as they were in 2007. The motion passed unanimously.

A motion was made to accept the VSP Option 1 renewal resulting in the following rates to be effective January 1, 2008:

- Employee Only - \$9.91
- Employee + One - \$18.57
- Employee + Family - \$26.97

The motion passed unanimously.

A motion was made to set the retiree rates for the medical plan effective January 1, 2008, as:

- Employee - \$464.00
- Family - \$1,208.00

The motion passed unanimously.

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## ***November 15-16, 2007***

### Premium Holiday

A motion was made to approve a 50% premium holiday for the health plan effective immediately; distribution to be determined by each institution with the understanding that the Trustees can consider an additional premium holiday later in the fiscal year. This motion passed six to two.

### Retiree Premium

A motion was made that the CHEIBA Trust change the 2008 retiree rates for the health plan from \$464 for employee only and \$1,208 for family per month to \$465.33 and \$1,212.37 per month, respectively to create the 9.3% increase. The motion passed unanimously.

## ***January 24-25, 2008***

### Analysis of 10% Premium Reserve

A motion was made to modify the Benefits and Reserve Philosophy and Management Plan document regarding the percent of premium reserve from 10% to 7.5% as stated in the draft of the document included in the packet.

The motion passed unanimously.

### CSU System Office Request to Join CHEIBA Trust

A motion was made to tentatively admit the CSU System Office into the CHEIBA Trust pending the development of a transition agreement to be negotiated by the CHEIBA Trust counsel and the CHEIBA Trust Chairperson subject to review and approval by the Trust. The motion passed seven to one.

## ***March 20-21, 2008***

### CSU System Office Request to Join CHEIBA Trust

A motion was made to rescind the motion that was made at the January 24<sup>th</sup> meeting to admit the CSU System Office. The motion passed unanimously.

A motion was made to allow CSU System Office and Global Campus to be considered for participation in the CHEIBA Trust as a single entity with no vote. Consideration to petition the voting status may be considered after three years of membership in the Trust. Non-voting participation will be effective on the date agreed upon in a bilateral Trust amendment between the Trust and representatives of the CSU System Office and Global Campus which will articulate the final terms of participation in the Trust. There was a second to the amended motion.

A vote was taken on the motion. It passed six to two:

- Ft. Lewis College - Yes
  - Western State College – Yes
  - Adams State College – Yes
  - CSU-Pueblo – Yes
  - Auraria Higher Education Center – Yes
  - University of Northern Colorado – Yes
  - Metropolitan State College – No
  - Colorado School of Mines - No
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## Executive Session

Moved that the Committee enter into an Executive Session pursuant to CRS §24-6-402(3) (a)(II), to confer with the Trust's attorneys for the purpose of discussing pending or imminent court action. The motion was seconded and approved.

## Completion of Bill's Transition Arrangement

A motion was made to accept the transition proposal submitted today. The motion passed unanimously.

## RFP for Fall Wellness Screening

A motion was made to move forward with the recommendations presented in the Executive Summary on the CHEIBA Trust wellness bid analysis. The motion passed unanimously.

## **May 22-23, 2008**

### Effects of SB 07-025 - Update

Marshall moved to authorize the Attorney General's office to pursue obtaining outside legal counsel for the purpose of exploring issues related to offering domestic partner benefits.

Judy seconded the motion and the motion passed unanimously.

### CSU System Office Request to Join CHEIBA Trust

A motion was made to strike the second paragraph from Section Five and the last sentence of Section Six in the current version of the Seventh Amendment. The motion passed, seven to one.

### Amend Trust Agreement

There was a motion made to amend the Trust Agreement, Section 3.5, Meetings, and replace with the following language:

Meetings: The Trust Committee shall determine the time and place of its regular, annual and special meetings. The Trustees shall be provided with at least five (5) calendar days prior written notice designating the time and place of regular and annual meetings. Special meetings of the Trust may be called by the Chair. The Trustees shall be provided with at least twenty-four (24) hours prior written notice designating the time and place of special meetings. Regular and special meetings may be held by telephone conference call.

The motion was seconded. The motion passed unanimously with the seven Trustees present.

## **June 11, 2008**

### Final Consideration of the Eighth Amendment to the CHEIBA Trust

A motion was made to approve the Eighth amendment as revised by Colorado State University System and the Colorado State University – Global Campus. The motion passed unanimously with the six Trustees present (Judy, Tracy, Ken, Cynthia, Marshall, Mike).

### Selection and Specification of the engagement of external benefits counsel as proposed by Mr. Waxter

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A motion was made to approve the following scope of services which was listed in Dixon's email of May 30, 2008:

1. Assist and advise the Trust in establishing domestic partner benefits coverage,
2. Assist and advise the Trust on any related tax, employee benefits and contractual issues, and
3. Other advice as may be requested by the Trust and the Trust's assigned Assistant Attorney General.

The Trustees amended the motion to include the requirement that they need response from Mary prior to the July 23, 2008 CHEIBA Trust meeting.

The motion passed unanimously with the six Trustees present (Judy, Tracy, Ken, Cynthia, Marshall, Mike).

