

Chairperson's Annual Report

Cynthia Hier, Chairperson 2004-2005

Mike Dougherty, Chairperson 2005-2006

Part I - Summary

As a first item, I want to extend my personal thank you for the privilege of working with each of the Trustees on behalf of the CHEIBA Trust. The shared vision, prudence and care with which the Trustees consider and act upon Trust business make service on the Trust Committee a true pleasure. The participants in the Trust are well served by this diligence and foresight.

I hope that this report will become an annual activity of the Chair, and I hope it will serve to provide an effective source of general information about the Trust and activities undertaken in its support. A number of challenges were faced during 2005-06. One of the more difficult items was the loss of our long-term partner, Mesa State College. As with any transition, a number of issues needed consideration. I believe that the Trustees acted appropriately within the terms of the Restated Trust Agreement and prudently protected and preserved Trust assets for the benefit of the participants.

The development and adoption of the *Benefits and Reserve Philosophy and Management Plan* was an important step in further cementing the concept of long-term focus and preservation of our collective ability to provide quality, affordable insurance benefits to participants. While this Plan does not preclude future actions that may be decided upon by the Trustees, it provides a valuable perspective and anchor to future management decisions.

Initiating and establishing support for campus wellness programs was also an important step forward. This enabled a more comprehensive and consistent approach to wellness throughout the member schools. Continued development and support over time can begin to positively affect the health risks present in the plan, thereby improving the utilization component of the plan's financial stability.

After two years of working on reducing costs to the Trust, the renewal presented by Anthem for 2006 contained a reduction in retention costs for the health plan of 2.8%. Not only did this reduction more accurately recognize the risk to Anthem, it brought into peer alignment the administrative costs of operating the plan. This one action represented over \$500,000 in **annual** operating cost reductions to the Trust.

Completed in the spring of 2006 was a comprehensive review and comparative analysis of the CHEIBA health plans. The request for information and response by the vendors affirmed that the current array of plans, the design and costs were not only competitive with the market, but these elements were market leaders in design value to cost.

A premium holiday was declared for the 2006 plan year for both health and dental coverage. While the ability to do so reflected upon previous years' decisions regarding premium, in these periods of tight budgetary constraints, both member schools and participants were able to benefit.



Finally, an employee satisfaction survey was conducted showing that 80% of the group was satisfied to very satisfied with the benefits offered through CHEIBA Trust. Additionally, 62% of the survey respondents indicated that they were satisfied to very satisfied with the premium cost.

As with all benefits programs, the accomplishments of the past only serve to position the Trust in a positive manner to deal with the future. While 2005-06 contained both challenges and opportunities, the ever changing landscape and environment for providing employee benefits will continue to demand at least the same levels of commitment, prudence and energy from Trustees. I look forward to continuing to work with the Trust Committee to meet the new opportunities and challenges that present.

Mike Dougherty
Chairperson
CHEIBA Trust



Part II – Meeting Locations and Date

◆ 2004

Beaver Run Resort, Breckenridge, CO
July 14-16, 2004

Mesa State College, Grand Junction, CO
September 16-17, 2004

University of Northern Colorado, Greeley, CO
November 18-19, 2004

◆ 2005

Auraria Higher Education Center, Denver, CO
January 13-14, 2005

Gallagher Benefit Services, Greenwood Village, CO
March 16-17, 2005

Ft. Lewis College, Durango, CO
May 19-20, 2005

Beaver Run Resort, Breckenridge, CO
July 13-15, 2005

Western State College
September 15-16, 2005

Colorado State University – Pueblo, Pueblo, CO
November 17-18, 2005

◆ 2006

Anthem Blue Cross Blue Shield, Denver, CO
January 19-20, 2006

Colorado School of Mines, Golden, CO
March 15-16, 2006

Adams State College, Alamosa, CO
May 18-19, 2006



Part III – Officers

◆ 2004

Chairperson – Cynthia Hier
Vice-Chairperson – Mike Dougherty
Secretary – Kim Gailey
Treasurer – Marshall Parks

◆ 2005

Chairperson - Mike Dougherty
Vice-Chairperson - Tamy Calahan
Secretary - Kim Gailey
Treasurer - Marshall Parks

◆ 2006

Chairperson - Mike Dougherty
Vice-Chairperson - Tamy Calahan
Secretary - Kim Gailey
Treasurer - Marshall Parks

Part IV – Projects and Accomplishments

◆ *July 2004*

Dental Plan Overview – Dr. Jeff Sulitzer, D.M.D., Anthem

Benefit Booklet layout assumed by GBS (Karen Eisiminger) as part of the regular consulting fee. This saved the Trust some \$10,000-\$20,000 per year.

Retiree claims experience was reviewed versus active employee claims experience. Anthem was directed to provide a retiree only renewal as well as part of the whole group.

Bariatric Surgery was discussed at length and a limited benefit was later adopted.

All contracts were reviewed, rewritten and are being reissued to the Trust. Heidi Dineen of the Attorney General's office is working on this project.

Discussion on domestic partners continued.

Initial discussions on CHEIBA Trust funding a part of the cost of Benefit Fairs at the various campuses was initiated.

The educational segment of the July meeting had presentations on Consumer Driven Health Plans (HSAs) by Don Heilman of GBS and Management and Analysis of Health Care



Performance and The Concept of Risk by Joe Hoffman, President of Rocky Mountain Blue Cross Blue Shield.

◆ **September 2004**

An audit of the LTD plan was conducted by Standard Insurance Company to try to determine why the Trust coverage currently has so few LTD claimants. Numbers of claims and denial rates were looked at back to 1992. Out of 92 claims submitted, 16 were revised. No conclusion as to low number of claims was determined.

All plan renewals for 2005 were dealt with at this meeting. All benefit changes for 2005 were dealt with at this meeting.

First drafts of the independently produced (Needles and Associates) financials for the 2003 plan year were reviewed.

Mesa State College sent a letter to Cynthia Hier expressing their intent to withdraw from the Trust on December 31, 2005.

◆ **November 2004**

Jane Gruhl discussed the GBS contingent commission situation. She told the Trust that as of January 1, 2005, GBS would not longer accept contingent commissions. No contingent commissions were received from Anthem on behalf of CHEIBA during the prior three years.

Marshall Parks updated the group on the status of the independent financials.

The schedule for the 2005 premium holiday by campus was completed.

◆ **January 2005**

Discussed self-funding the LTD plan with Standard. Will get more information before making a decision.

Private letter ruling on CHEIBA taxability is being reviewed by Heidi's boss prior to presenting it to the Trust.

Financial report from Needles and Associates still being worked on.

Domestic partner definition of dependents was dropped for the present.

Exempla hospital and Anthem's network was discussed.

◆ **March 2005**

A coalition for property casualty and workers' compensation was presented by Jeff Kassal of Gallagher's Brokerage Services Division to the Trustees.

Joe Hoffman and Jim Thorne of Anthem presented information on organizational change and prescription drug statistics. Joe spoke about the Anthem Wellpoint merger (effective November



30, 2004) and what it means to CHEIBA. Jim Thorne presented reports comparing CHEIBA prescription drug utilization with Anthem's prescription drug book of business.

Joe also discussed Anthem's retention rate for CHEIBA and why it was higher than for ASO contracts such as CSU.

Joe also discussed claims discounts that Anthem has with doctors and hospitals.

The Mesa State College situation was discussed. Mesa has asked for specific claim data for their employees. The Trust document signed by all parties, including Mesa State College, does not allow for departing members to take any reserves or surpluses with them.

◆ **May 2005**

Standard provided information on the LTD plan. The Trust decided to reduce funding on the LTD plan to \$.17 per \$100 of insured payroll from the current \$.30 per \$100 of insured payroll. This was done based on Bill's calculation and information from Standard to not generate any additional surpluses.

A strategic plan for reserves was discussed. A subcommittee was to make suggestions and possibly have an actuary in the future.

"Why has CHEIBA been so successful" document was represented to the group primarily for new Trustees and as a refresher for those that have seen it before.

Patrick Doyle from Mesa State College said there was a good change of Mesa leaving the Trust but no final decision was made.

◆ **July 2005**

Educational Meeting

Population Health Management – The New Direction of Wellness Programs – Jennifer Spence
Healthy Living - Wil Johnson and Steve Myer – American Specialty Health
Ft. Lewis Wellness Program – Steve Miller
Anthem's Disease Management – Dr. Jay Krakovitz, Medical Director

Regular Meeting

A report on the ORP – Ad Hoc Committee was given by Bill Liley and Tim Greene.

Gary Redabaugh announced that Anthem is reducing retention from 11.88% to 9.08% for the 2006 plan year. The IBNR reserve factor increase has been reduced by 2% from 4% in the July renewal. These two changes in the retention and reserves will reduce the renewal by some \$1,300,000 in 2006. The Committee and Bill Raines have been working for these changes for some time.

Anthem will contribute toward the cost of health fairs on the campuses (\$5,000 for 2005).



A discussion on the business plan (strategic reserves) was held with the Trustees. The subcommittee and Bill recommended until if or when an actuary is consulted that the Trust would keep 10% of premium, \$2.4 million, as a claim fluctuation reserve. This reserve was on top of all other required reserves. The consultant was to write a business plan and submit to the chair and the subcommittee.

Wellness programs were discussed. The Trustees will continue to look at these plans.

Mesa State made a refund request for a percent of reserves and fund balance. Much discussion followed and the committee voiced several times that as Trustees to the Trust their fiduciary responsibility is to the Trust and not the individual campus.

◆ **September 15, 2005 – Western State College**

The reserve philosophy was discussed. Below is the projected reserves, expenses and surplus as of January 1, 2006 (revised 2/10/06).

**2006
CHEIBA Projected Reserves, Expenses and Surplus**

Projected total unencumbered	
Reserve available 1/1/06	\$7,223,787
Underfunding 2006 rates (2.1%) Medical; (3.9%) Dental	(\$ 478,500)
2006 projected premium holiday	(\$1,600,000)
Projected 10% of total premium in reserve	(\$2,350,000)
2006 Budget	(\$ 144,000)
Wellness Fairs	<u>(\$ 26,000)</u>
Projected surplus funds available	\$ 2,625,287

Note: Projected 2006 premiums based on October enrollment

Dental	\$ 2,386,476
Medical	\$21,104,856
LTD	\$ 240,000
Life	<u>\$ 1,023,034</u>
Total	\$24,754,366

Mesa State College announced they were leaving the Trust. Mesa made a motion to have a three month premium holiday during 2005. The motion failed for a lack of a second. A subsequent motion made by Mesa for a two month premium holiday also failed for lack of a second.



A new budget for 2005-2006 (\$144,000) was approved.

The Trustees approved the medical renewal.

A motion to increase medical rates by 4% lost 2 – 6.

A motion to increase the medical rates by 2.55% was approved 6 – 2. Retiree rates were also increased by 2.55%.

The dental rates for 2005 – 2005 were continued for the 2005 – 2006 plan year.

Life and AD&D rates were reduced from \$0.30/\$1,000 to \$.25/\$1,000 for 2005 – 2006.

Benefit changes were discussed and colonoscopies are to be covered under a separate benefit with no limit.

Wellness benefit was increased from \$300 to \$500.

Discussions were started to bid the FSA administration.

◆ **November 17 & 18, 2005 – Pueblo**

A discussion took place on redefining eligible employees to include part time faculty.

Metro States draft RFP was discussed. A request was made by Tamy of Metro to implement a competitive review and analysis of CHEIBA's current benefit plans. Metro is concerned about the richness of the plans.

A motion was made to do a comprehensive review and comparative analysis of the plans. As part of this analysis a questionnaire to employees was agreed to as well as an RFI to other carriers that could provide geographical coverage and dividend eligible accounting.

A study for use of reserves was discussed subsequent to the results of Referendum C & D being known.

The Trustees went into executive session to discuss a possible premium holiday for 2006.

Upon returning to the open Trust meeting, a decision was made to have a premium holiday on medical and dental plans during 2006.

The premium holiday months will be determined now that the results of Referendum C & D are known.

The Trustees asked and were given an extension until December 15, 2005 to announce the decision to move money from the Anthem accounts. Trustees are to advise Anthem what month they wish to take the premium holiday but not until a preliminary final accounting is available to make sure 2005 performed as projected.

Anthem's Disease Management program was discussed.



Gallagher has agreed to a contract with the Trust in which the current broker of record letter is tied to the contract.

◆ **January 19 & 20, 2006 – Anthem**

Information was presented on the disease management plan at Anthem in which CHEIBA participates.

Creditable coverage under Medicare Part D was discussed.

HB1101 – coverage for dependents (children) until age 25 was discussed and the tax ramifications.

Timing for the premium holiday was discussed. Consensus was to wait until final figures were in – (1st of February).

Wellness fairs and their costs and what CHEIBA will cover were discussed.

COBRA proposal from AAG was discussed.

The RFI process for the benefit plans was discussed. The proposal employee satisfaction survey was discussed.

The RFI draft was discussed and modified. The RFI will be sent to all carriers (providing insured medical and dental) and carriers were to be given 60 days to respond.

◆ **March 15 & 16, 2006 – Colorado School of Mines**

Administration and Regulations Guidebook updates were distributed.

Representatives from Anthem Dental attended the meeting to discuss service issues that CHEIBA has had.

Paula Wilson distributed information on Anthem's website – MyAnthem.com

An update and further refinement of the employee survey was presented. The survey is to be sent out on April 10 and is to run until April 21st.

◆ **May 18 & 19, 2006 – Adams State College**

The upcoming conversion to the Wellpoint computer system was discussed.

An update of the RFI for medical and dental was discussed. Bill reviewed the analysis presented by Gallagher from the carrier responses. Consensus of the Trustees was to not pursue a full RFP since no information presented by responding carriers appeared to be better than what is currently offered by Anthem.



In many instances the carriers queried could not or would not offer the financial arrangements, networks, blended rates etc. currently offered by Anthem.

Claim issues with Anthem dental were discussed.

Committee expense reimbursement was discussed. Several wording changes were adopted. The major change was that CHEIBA would only reimburse the designated Trustee expenses. Additional attendees from each institution would have their expenses reimbursed per their institutions' travel policies.

Final plans were discussed for the annual Breckenridge meeting.

A wellness proposal was made by Bret Freeman for the upcoming campus health fairs.

The survey results from the employee satisfaction survey were discussed. The medical plan responses to the various medical questions varied from premium cost 62% satisfied or very satisfied to benefits offered 80% satisfied to very satisfied. Additional information was requested by the Trustees to look at male vs. female, age groups and faculty vs. staff responses. Overall the survey results concluded that the respondents were quite satisfied with the plan. This considering a response rate of 25%. It can be assumed that the 75% not responding were satisfied or they would have responded.



Part V – Financial (Rates, Renewal and Reserves)

◆ September 2004 – Renewal--2005 Rates

Coverage	Carrier	2005 Renewal
Life and AD&D	Anthem	No increase
Voluntary AD&D	Mutual of Omaha	No increase
Flex Administration	Gallagher Benefit Administrators	No increase
Dental	Anthem	No increase
<i>Note: A contingent liability of \$43,000 is projected due to dental implant benefit increase.</i>		
Medical	Anthem	+1.87%
<i>Note: A contingent liability of \$510,509 exists due to the Trust removing the increase to IBNR shown in the renewal statements. Rates for 2005 will be \$299 individual and \$779 family.</i>		

A one-month premium holiday was approved to be taken during the period January 2005 through June 2005 at the campuses discretion. This premium holiday creates a net decrease in medical premium rates during 2005 of –6.46% versus 2004 rates.

Retiree medical rates were increased by 25% of the COBRA rate due to high claims experience.



CHEIBA SURPLUS & RESERVES
(Estimated)

November 2005

LTD - Standard	
Required Reserve as of 5/2/05 ¹	\$200,000
Surplus Reserve as of 5/2/05 <i>(Surplus includes 2004 dividend of \$121,825)</i>	\$798,047
TOTAL STANDARD RESERVES	\$998,047
AG Edwards - 3/31/05	\$1,034,862
Gallagher Benefit Services - 3/31/05	\$138,363
TOTAL	\$2,171,272
Medical - Anthem	
Basic Reserve as of 12/31/04 ²	\$3,886,419
Surplus Reserve as of 12/31/04	\$4,261,687
Includes Gain of \$3,015,867 as of 12/31/04 (including interest)	
TOTAL ANTHEM MEDICAL RESERVES	\$8,148,106
<i>(2005 Premium Holiday not netted out & rate buy down not included)</i>	
Dental - Anthem	
Basic Reserve as of 12/31/04 ²	\$459,137
Surplus Reserve as of 12/31/04	\$204,665
Includes Gain of \$216,712 as of 12/31/04 (including interest)	
TOTAL ANTHEM DENTAL RESERVES	\$663,802
Life - Anthem	
Basic Reserve as of 12/31/04 ²	\$221,687
Surplus Reserve as of 12/31/04	\$1,123,704
Includes Gain of \$463,061 as of 12/31/04 (including interest)	
TOTAL ANTHEM LIFE RESERVES	\$1,345,391
Total Reserves	
Total Encumbered (Basic and required Reserves)	\$4,767,243
Total Unencumbered (Surplus Reserves)	\$7,561,328
Total Pledged-2% underfunded on 2005 medical rates and \$1.6 million premium holiday taken in 2005	(\$500,000)
Projection for claims experience (Jan-Oct 2005)	(\$810,508)
Medical Loss Ratio 104.01% at year end	
Total Unallocated Surplus Reserve	\$6,250,820

Note: As an ongoing business plan for loss ratio fluctuations over and above required reserves we keep 10% of premium (2005 projected premium-all coverages = \$24,086,138) = **\$2,408,614**. In 2005, January-April loss ratio projected 104.01% equals loss of **\$810,508** by year end.

1) Required reserves needed to be dividend eligible (amount required is flat \$200,000).
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.



◆ **October 3, 2005 – Renewal – 2006 Rates**

	Current		January 1, 2006		Change
<u>Basic Life/AD&D - Anthem Life</u>	<u>Life</u>	<u>AD&D</u>	<u>Life</u>	<u>AD&D</u>	
Active EE	\$.30	\$.03	\$.25	\$.03	-17%
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; \$.43/unit is eliminated		Dependent life is included in the Life/AD&D premium; \$.43/unit is eliminated		None
<u>Voluntary Group Life – Anthem Life</u>					
EE	Age Rated		Age Rated		None
Dependent	\$1.50		\$1.50		None
<u>Voluntary AD&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	\$299.00		\$307.00		2.68%
Family	\$779.00		\$799.00		2.57%
<u>Dental – Anthem BCBS</u>					
Single	\$36.00		\$36.00		None
Family	\$89.00		\$89.00		None
<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	\$.30		\$.17		-43%
Standard (premium)	\$.21		\$.15		-29%
Trust (claims & fixed costs)	\$.09		\$.02		-78%



	Current	January 1, 2006	Change
<u>Vision - Vision Service Plan</u>			
Employee	\$9.78	\$9.78	None
Employee +1	\$18.33	\$18.33	None
Employee +2 or more	\$26.63	\$26.63	None
<u>Flexible Benefit Plan Administration Fees</u>			
One Spending Account	\$5.00 per month	\$5.00 per month	None
Two Spending Accounts	for one or both	for one or both	

Retiree Rates as of January 1, 2006

	Current Retiree Rates	January 1, 2006	Change	Amount Submitted to Anthem
Single	\$381.23	\$390.95	+2.55%	\$384.81
Family	\$993.23	\$1,018.56	+2.55%	\$1,002.58



CHEIBA RESERVES
Required & Claims Fluctuation Reserve (CFR)
(Estimated)
January 2006

Includes Mesa State College

LTD - Standard

Required Reserve as of 12/31/05 ¹	\$200,000
CFR as of 12/31/05 (includes \$43,643 deficit 2005)	\$794,651
TOTAL STANDARD RESERVES	\$994,651
AG Edwards - 11/30/05	\$1,177,297
Gallagher Benefit Services - 11/30/05	<u>\$62,041</u>
TOTAL	\$2,233,989

Medical - Anthem

Required Reserve as of 12/31/05 ²	\$4,053,043
CFR as of 12/31/05 (includes projected 2005 deficit of \$622,271)	<u>\$3,472,792</u>
TOTAL ANTHEM MEDICAL RESERVES	\$7,525,835
<i>(2006 Premium Holiday not netted out & rate buy down not included)</i>	

Dental - Anthem

Required Reserve as of 12/31/05 ²	\$472,495
CFR as of 12/31/05 (includes projected 2005 dividend of \$160,648)	<u>\$351,801</u>
TOTAL ANTHEM DENTAL RESERVES	\$824,296

Life - Anthem

Required Reserve as of 12/31/05 ²	\$233,115
CFR as of 12/31/05 (includes projected dividend 2005 of \$486,044)	\$1,365,205
TOTAL ANTHEM LIFE RESERVES	\$1,598,320

Total Reserves

Total Encumbered (Required Reserves)	\$4,958,653
Total Unencumbered (CFR)	\$7,223,787
Total Pledged-2.1% underfunded on 2006 Medical rates ³ (\$395,500); Dental 3.9%, \$83,000; \$1.6 million premium holiday taken in 2006	(\$2,078,500)
Total Unallocated CFR	\$5,146,194

Note: As an ongoing business plan for loss ratio fluctuations over and above required reserves, we keep 10% of premium (2006 projected premium-all coverages = \$23,500,000) = \$2,350,000.

- 1) Required reserves needed to be dividend eligible (amount required is flat \$200,000).
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.
- 3) These estimates do not include Mesa State College since they no longer are in the Trust effective January 1, 2006.
Above reserves will no longer show Mesa State College as of December 31, 2006.



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

◆ *July 15-17, 2004, Discussion and Information Items*

3. Update on Contracts

A motion was made that all relevant documents are revised to state that if an employee does not complete an enrollment or waiver form within 30 days of employment, that the employee will be enrolled in the Custom Plus medical plan and the Blue Classic Dental Plan at the employee only status on an after-tax basis. The motion passed unanimously.

12. Election of CHEIBA Officers

A motion was made to nominate the following officers for CHEIBA:

- Cynthia Hier, Chairperson
- Mike Dougherty, Vice Chairperson
- Kim Gailey, Secretary
- Marshall Parks, Treasurer

The motion passed unanimously.

◆ *September 16-17, 2004, Discussion and Information Items*

1. Plan Renewals

- Anthem Life

A motion was made to accept the renewal rates as outlined in the Notice of Renewal Action of September 14, 2004, from Anthem Life. The motion passed unanimously.

- Mutual of Omaha Accidental Death and Dismemberment

A motion was made to accept the renewal as outlined in the letter dated September 8, 2004, from Mutual of Omaha. The motion passed unanimously.

- Gallagher Benefit Administrators Flexible Spending Account administrative services

A motion was made to accept the rate of \$5.00 per employee per month effective January 1, 2005, for the flexible spending account administration by Gallagher Benefit Administrators. The motion passed unanimously.

- Anthem Dental renewal

A motion was made to accept no rate change effective January 1, 2005, on the dental plan as proposed and acknowledge a contingent liability of up to \$43,000 to cover a shortage if one occurs for the addition of the dental implant benefit. The motion passed unanimously.



- Anthem Medical

A motion was made based on the September rate renewal exhibit proposal that CHEIBA subtracts from the required premium amount of \$20,106,348 the reserve adjustment which is indicated as \$510,509. This would equal required premium of \$19,595,839. This represents a 1.87% increase which produces the following rates effective January 1, 2005:

Employee - \$298.48 and that will be rounded to \$299
Employee plus Family - \$779.31 rounded to \$779

The motion passed, eight were in favor and one was opposed (Fort Lewis opposed).

- Premium Holiday

A motion was made to have a one-month premium holiday between January 2005 through the end of the fiscal year June 2005 to be determined by each institution. The motion passed, eight were in favor and one opposed.

- Retirees

A motion was made to change the retiree rate to be calculated at 25% higher than the COBRA rate effective January 1, 2005. Eight were in favor and one was opposed (Colorado School of Mines opposed).

A motion was made to eliminate the administrative fee for the retirees of \$7.00 effective January 1, 2005. The motion passed unanimously.

6. Plan Design Discussion of All Plans/Revision of Rate Sheets

- Bariatric Surgery Coverage

A motion was made that effective January 1, 2005, there will be a requirement for the utilization of the Centers of Excellence for bariatric surgery with the maximum of \$15,000 applying. If a member has the surgery performed at another facility, the maximum would be \$1,500. Follow-up complications at another facility would be covered as any other illness. There would be no change in rate for this plan design. The motion passed unanimously.

- Breast Reduction Surgery

A motion was made to continue to cover breast reduction surgery as previously covered under the CHEIBA Trust plan. The motion passed unanimously.

- Anthem BCBS-Smoking Cessation Program

A motion was made to add the smoking cessation program to all three CHEIBA Trust plans with no additional cost to the plan. The motion passed unanimously.



- Benefit Modifications

A motion was made to change the out-of-pocket maximum in-network for the HMO/POS plan to the benefits outlined as \$2,000 individual and \$4,000 family effective January 1, 2005. The motion passed unanimously.

A motion was made to accept the new benefit proposals regarding preventive services outlined in the benefit modifications effective January 1, 2005. The motion passed unanimously.

A motion was made to accept the \$15 copay for biologically based and non-biologically based mental illness effective January 1, 2005. The motion passed unanimously.

A motion was made to modify the CHEIBA plan to include that occupational, physical and speech therapies will be covered separately and members will be allowed 30 visits for each type of therapy per benefit period effective January 1, 2005. The motion passed unanimously.

A motion was made to accept that the cardiac rehabilitation benefit will no longer have a visit limit and not be subject to program initiation or completion requirements effective January 1, 2005. The motion passed unanimously.

A motion was made to accept the benefit modification to include the coverage of the first wig following cancer treatment and which will be subject to the durable medical equipment payment maximum effective January 1, 2005. The motion passed unanimously.

A motion was made to change the benefits for infertility effective January 1, 2005, to state that the benefits will be provided for diagnostic services only subject to a \$2,000 lifetime maximum. No benefits will be provided for any type of infertility treatment including hormone replacement therapy. The motion passed unanimously.

- PPO Plan Changes

A motion was made to accept all the benefit modifications to the PPO plan as previously listed effective January 1, 2005. The motion passed unanimously.

- Dental Implants

A motion was made to add the dental implant benefit at the appropriate coinsurance level effective January 1, 2005. The motion passed unanimously.

◆ **September 16-17, 2004, Old Business**

2. Budget 2004-2005

A motion was made to approve the budget as amended. The motion passed unanimously.

3. Retiree Plan-Adding Stronger Language (Amendment to Trust)



A motion was made to accept the definition of colleges as presented by the First Amendment, Section 2.4. The motion passed unanimously.

A motion was made to accept the change under Section 2.6, Definition of Dependent, to include the language, “end of the month of their 25th birthday”. The motion passed unanimously.

A motion was made on adding the paragraph to Section 2.6, Definition of Dependent, regarding domestic partner coverage. The motion was defeated. Three were in favor, three opposed and three abstained.

A motion was made to accept 2.8, Definition of Employee, as presented and replace “12 consecutive month period” with “24-month consecutive period”. The motion passed, eight were in favor, and one was opposed.

A motion was made to accept Section 2.12, Definition of Participant, as proposed. The motion passed unanimously.

A motion was made to accept Section 2.18, Definition of Retiree, as proposed. The motion passed unanimously.

A motion was made to accept Section 7.2 in its entirety, except for the paragraph regarding termination of dependent coverage for domestic partners, as it is not needed. The motion passed, eight were in favor, and one was opposed.

A motion was approved to accept the Schedule A in the Trust as amended. The motion passed unanimously.

◆ **November 18-19, 2004, Old Business**

2. Reports – Anthem Blue Cross Blue Shield

A motion was made to accept all changes presented and also include these changes for the Custom Plus plan. The motion passed. Eight were in favor, and one member was not present for the voting.

◆ **November 18-19, 2004, Discussion and Information Items**

6. Amendments to the Trust

A motion was made to capitalize the (e) in employee on page 3 and direct the chair to replace this page of the First Amendment to the Colorado Higher Education Insurance Benefit Alliance Trust. The motion passed by a majority.

◆ **January 13-14, 2005, Discussion and Information Items**

5. Amendments to the Trust

A motion was made to approve the second amendment with the formatting changes discussed. The motion passed, eight approved and one was absent.



◆ **March 16-17, 2005, Discussion and Information Items**

2. Update on Contracts

A motion was made to approve the Third Amendment to the Colorado Higher Education Insurance Benefits Alliance Trust as submitted. The motion was passed.

◆ **May 19-20, 2005, Old Business**

2. LTD Plan – Premium and Plan Options

A motion was made based on Bill's calculations, information provided by Standard, and the amount of current reserves that CHEIBA could determine a fiduciary sound LTD premium to be \$.15 per \$100 of covered payroll. Therefore, CHEIBA could reduce the LTD funding level from \$.30 per \$100 of covered payroll to \$.17 per \$100 of covered payroll effective with the July 2005 payroll. The motion passed.

◆ **July 14-15, 2005, Discussion and Information Items**

13. Election of the CHEIBA Officers

A motion was made to nominate the following officers for CHEIBA:

- Mike Dougherty, Chairperson
- Tamy Calahan, Vice Chairperson
- Kim Gailey, Secretary
- Marshall Parks, Treasurer

The motion passed unanimously.

◆ **September 15-16, 2005, Discussion and Information Items**

3. Benefits and Reserve Philosophy & Management Plan

A motion was made to approve the restated CHEIBA Benefits and Reserve Philosophy and Management Plan as stated with the discussed changes. The motion passed unanimously. The approved document is appended to these minutes.

6. Budget 2005-2006

A motion was made to increase the attorney's fees to \$25,000. The motion passed unanimously.

A motion was made to add a line item titled Audit and the cost of this audit would be \$10,000. The motion passed unanimously.

A motion was made to approve the new budget total of \$144,000. The motion passed unanimously.



7. Operating Plan – Adopt Amended Schedule A

A motion was made to amend Schedule A of the Operating Plan to change the address from Auraria to state that the address of the Trust shall be the address of the sitting Chair. The motion passed unanimously.

9. Plan Renewals

Medical Renewal

A motion was made to increase the rates by 4%. Therefore, the new rates effective January 1, 2006, would be \$311 for the employee, \$810 for family. There was a second to this motion.

Mike stated that in his experience whenever they went outside their comfort range in reducing rates, they would really suffer the consequences the next year. Marshall has concerns that if C & D do not pass, UNC as well as CHEIBA as a whole, will be looking at the rich benefits in the medical plan and may be reducing the benefits so as not to pass on a rate increase. Cynthia stated that all the Trustees are having to talk to their presidents about Mesa's situation and CHEIBA's large reserves. CHEIBA Trustees need to not build any additional reserves. The vote was taken. There were two in favor and six opposed to this 4% rate increase.

A motion was made to increase the medical rates by 2.55%, including rounding with the new rates effective January 1, 2006, being \$307 for the employee and \$799 for family. A second was made to the motion. Marshall believes the Trustees are still being fiducially responsible for the plan by using this as a rate increase. The motion passed with six in favor and two opposed.

A motion was made to increase the retiree rates by 2.55% rounded to the nearest penny. The motion passed unanimously.

Dental Renewal

A motion was made to maintain the current dental rates effective January 1, 2006. The motion passed unanimously.

Flexible Spending Account – Gallagher Benefit Administrators

A motion was made to accept the rate of \$5.00 per participant per month effective January 1, 2006, for the flexible spending account administration by Gallagher Benefit Administrators. The motion passed unanimously.

Vision Service Plan Renewal

A motion was made to accept the January 1, 2006, VSP renewal for the current vision plan with no increase in rates and no benefit changes. The motion passed unanimously.

Life/AD&D Renewal



A motion was made to accept the \$.25 rate for the basic life coverage effective January 1, 2006. The motion passed unanimously.

A motion was made to accept the remaining life renewal rates at no increase in cost for the AD&D, retiree basic life, dependent life and voluntary group life. The following rates are effective January 1, 2006:

Plan	Rates as of 1/1/06
Basic Life	\$0.25 / \$1,000
AD&D	\$0.03 / \$1,000
Retiree Basic Life (prior to 1/1/97)	\$1.25 / \$1,000
Retiree Basic Life (1/1/97 or later)	\$2.33 / \$1,000
Dependent life (\$2,000 benefit under Basic Term Life)	Included in Basic Term Life rates
Voluntary Group Life (voluntary life coverage for employee, spouse and dependent children)	In-force Age Rates

The motion passed unanimously.

LTD/ASO Administrative Services and Claim Fees

A motion was made to accept the January 1, 2006, Standard renewal for Long Term Disability Administrative and Claim Fees as listed on the renewal letter. The motion passed unanimously.

12. Plan Design Discussion of All Plan / Revision of Rate Sheets

A motion was made to adopt the benefit for colonoscopies to be covered under a separate wellness benefit with no maximum, no age limit and no frequency limit effective January 1, 2006. The motion passed unanimously.

A motion was made to increase the wellness benefit from \$300 to \$500 for the PPO and Custom Plus plans effective January 1, 2006. The motion passed unanimously.

◆ **September 15-16, 2005, Old Business**

2. Update on Wellness Programs

A motion was made for the Trust to provide the following wellness services: Cholesterol Screens (lipid panel plus glucose), Complete Blood Count (include anemia, infection and leukemia), mileage fees, room and board fees, Bone Density Screening, Skin Analyzer Screening, as well as the free services in accordance with the wellness proposal from Free-Well Corporate Wellness Services for the benefit of all CHEIBA participants. The motion passed unanimously.

3. Mesa State College Withdrawal – Update

After further discussion and with the understanding that the three month premium holiday he was proposing would occur in October, November and December 2005, Pat made the following motion:



It is recommended that the Trustees of the Colorado Higher Education Insurance Benefits Trust Alliance (CHEIBA), in accordance with Exhibit B of the Group Master Contract 98374 Part C, Paragraph B (1)(iii) approve the use of funds available from the (SRSR) to purchase a three-month premium holiday for all CHEIBA participants to occur in the 2005 plan year.

The motion failed for lack of a second.

Pat requested that he be able to revise his motion. Pat then made the following motion:

It is recommended that the Trustees of the Colorado Higher Education Insurance Benefits Trust Alliance (CHEIBA), in accordance with Exhibit B of the Group Master Contract 98374 Part C, Paragraph B (1)(iii) approve the use of funds available from the (SRSR) to purchase a two-month premium holiday for all CHEIBA participants to occur in the 2005 plan year.

The motion failed for lack of a second.

Pat requested that he be able to revise his motion to a one-month premium holiday. Mike asked Pat if Mesa would be agreeable to sign a document, which will release any or all claims against the CHEIBA Trust if the CHEIBA Trust agrees to this motion. Pat stated he needed to verify if he has the authority to agree to such a release. After consultation, Pat returned to the meeting. He said he would like to make a motion of the one-month premium holiday but that Mesa would not accept any other agreement.

Pat made the following motion:

It is recommended that the Trustees of the Colorado Higher Education Insurance Benefits Trust Alliance (CHEIBA), in accordance with Exhibit B of the Group Master Contract 98374 Part C, Paragraph B (1)(iii) approve the use of funds available from the (SRSR) to purchase a one-month premium holiday for all CHEIBA participants to occur in the 2005 plan year.

The motion failed for lack of a second.

After the motion failed, Pat left the CHEIBA meeting and did not return.

◆ **November 17-18, 2005, Discussion and Information Items**

2. Metropolitan State College Plan Review Request

A motion was made for the CHEIBA Trust to initiate a comprehensive review and comparative analysis of their current benefit programs. The motion passed unanimously.

9. After C & D Results – Strategy for Use of Reserves

A motion was made that the Committee enter into executive session at this time in order to discuss with legal counsel the following matters: to discuss pending or imminent court action involving the Committee as a party pursuant to C.R.S. §24-6-402(3)(a)(II); specifically addressing a specific threat by Mesa.

The motion passed unanimously.



The Trustees returned from the executive session. The following motion was made:

As per our contract allows, a motion was made to inform Anthem of our intent to take a one-month premium holiday on the medical and dental premiums for the fiscal year 2006; the specific months should be determined after consultation with the individual institutions. This motion passed unanimously.

◆ ***January 19-20, 2006, Discussion and Information Items***

9. HB 1101 – Dependent Eligibility

A motion was made to amend the Trust Agreement as presented by Heidi Dineen. The motion passed unanimously.

◆ ***May 18-19, 2006, Discussion and Information Items***

6. Committee Expense Reimbursement

A motion was made to accept Article V, Section 8 of the CHEIBA Trust Committee Operating Plan, Committee Expense Reimbursement, as amended. The motion passed unanimously.

