

**SHASTA-TRINITY SCHOOLS INSURANCE GROUP
EXECUTIVE COMMITTEE MEETING MINUTES**

March 28, 2008

Hilltop Inn, 2300 Hilltop Drive, Redding, CA

ATTENDANCE

Members Present:

Vice-President, Donna Heller, Columbia Elementary School District,
Black Butte Elementary School District
RoseAnn Adams, French Gulch-Whiskeytown Elementary School District, Igo Ono-
Platina Union Elementary School District, Shasta Union Elementary School District &
Redding Elementary School District
Art Schmitt, Shasta Union High School District
Adam Hillman, Shasta County Office of Education
Patricia Demo, Shasta College
Janet Crabtree, Gateway Unified School District
Philip Brown, Enterprise Elementary School District

Ex-Officio:

Patrick Casey, Executive Consultant

Staff:

DeDe Davis, Benefits Administrator

Others Present:

See Attendance Sheet

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1.0 **CALL TO ORDER** – The meeting was called to order at 9:00 a.m. by Vice-President, Donna Heller followed by the Flag Salute.

2.0 **APPROVAL OF AGENDA** – A motion was made by Art Schmitt, SUHSD and seconded by Adam Hillman, SCOE to approve the Agenda. The motion was approved unanimously.

3.0 **APPROVAL OF MINUTES** – The minutes of the January 25, 2008 Executive Committee Meeting were presented for approval. It was moved by RoseAnn Adams, Redding seconded by Janet Crabtree, Evergreen and unanimously approved to accept the minutes.

4.0 **PUBLIC COMMENTS**-None

5.0 **CORRESPONDENCE/EXECUTIVE COMMITTEE/EXECUTIVE CONSULTANT COMMENTS**
Pat Casey reviewed a letter of intent to withdraw effective 7-1-08. Weaverville Elementary School District and Trinity Union High School District has unified and Weaverville may move to another group. Pat also reviewed a letter being sent out by a local urologist group indicating that they will no longer be contracted with Blue Cross as Preferred Providers. Jeanette Price, Blue Cross indicated that Blue Cross would pay in network prices if there is no negotiated provider available.

6.0 GENERAL BUSINESS

6.1 Approve List of Expenditures through February 2008 - A list of checks and wires was presented as part of the Executive Committee Packet. A motion was made by Adam Hillman, SCOE and seconded by Phil Brown, Enterprise to approve the expenditures as presented. The Motion was unanimously approved by the Executive Committee.

6.2 Financial Reports through February 2008 – Financial reports for each program through February 2008 were

included in the Packet for review. Pat Casey noted that everything is looking good either at or near budget. Donna Heller, Vice-President inquired as to how the interest rates are doing. The long term rates have come down. The impact will be slow in coming. It will probably be Summer or Fall before we see LAIF (Local Agency Investment Fund) lower their interest rate.

6.3 Approve Final Revised Budget for 2007-08 and Preliminary for 2008-09 - Pat Casey reviewed the budget for the Executive Committee. Donna Heller, Vice-President asked why the 2004-05 increase from \$600,000 to \$900,000 in the Self-Insured Workers Compensation program. Pat noted that the change is due to a large settlement amount yet to be offered. The claim would settle at approximately 80% on disability. Donna Heller asked why the JPA Admin payroll increased with only a \$12 increase in payroll expense. Pat Casey explained that the UI amount had decreased. Donna Heller inquired about the Medical budget and the \$500,000 transfer. Pat commented that the transfer is covered under a separate Agenda Item.

6.4 Approve Financial Audit Contract – Matson and Isom’s proposal for the 2007/2008 financial audit was included in the Packet for review and approval. The proposed fee will not exceed \$13,700 plus travel costs. The proposed fee does not include the implementation of SAS 109 (Statement on Auditing

Standards

109). The estimated fees for implementing SAS 109 will range from \$1,000 to \$1,500. Patricia Demo, Shasta College moved to approve the Financial Audit Contract. The motion was seconded by Adam

Page 2

- Hillman, SCOE and unanimously approved by the Executive Committee.
- 6.5 Approve Multi-County Local Agency Biennial Report – Art Schmitt, SUHSD moved to approve the Multi-County Local Agency Biennial Report and it was seconded by Janet Crabtree, Gateway. The Motion was Unanimously approved by the Executive Committee.
- 6.6 InterWest Services and Loss Control Services - Pat Casey reviewed the InterWest Proposal enclosed in the Packet. Pat recommended the JPA continue the Loss Control Services provided by Danté Bellino of InterWest. He is concerned that the new employees are not getting the required training. Pat noted that the trainings have helped bring down claims experience, especially in lifting techniques. Donna Heller, Columbia asked what last year's rate was. Keith Schuler, InterWest spoke to the average loss time claim. The statewide average is about \$80,000 per claim. Loss control is important to prevent these claims. Jeff Keena, LWP stated that all incidents, i.e. First Aid and near misses can be avoided by safety training. When looking at the budget with possible staff reductions, there is a better chance at increasing incidents. Melanie Cich, SCOE and RoseAnn Adams, Redding both commented on how positive the trainings are that are provided for the staff. RoseAnn Adams appreciates the skill and expertise in that direction. Phil Brown, inquired about the 14% increase in the per day rate. Keith Schuler, InterWest commented that the rates established two years ago are lower than what InterWest normally charges. The rates also include travel and expenses unlike other companies. Danté is housed locally so there is a decreased amount as compared to the normal amount. The rates also include his training aids. Danté Bellino, InterWest commented that he did a collaborated training including more than one district which helps the school budgets. It saves on training days. Pat Casey would like to schedule dates ahead of time to meet annual OSHA training requirements. Pat Casey also recommended scheduling every third Thursday to send all new employees so all areas of training could be covered to meet compliance issues at the district level. The employees would be signed off with documentation given to the districts. For example custodial/maintenance, food service and special education aids. There will be no change in InterWest's brokerage fees this year. Art Schmitt, SUHSD moved to approve the InterWest Services Loss Control Services as presented. Adam Hillman, SCOE seconded the motion and it was unanimously approved by the Executive Committee.
- 6.7 Casey Consulting, Inc. Increase for 2008-09 - RoseAnn Adams, Redding commented that it has been quite a task to review and evaluate the Executive Consultant Contract approved at the last meeting. RoseAnn thanked the Committee. Pat Casey has met with the Sub-Committee to provide additional information regarding the Risk Management contract. RoseAnn explained that at one time, some of the districts had some claims issues. The contract was initiated to target those districts. Pat Casey continued to add schools to the target list as needed. The Sub-Committee felt that there was duplication of services. Pat Casey feels the cost is appropriate for his service. The Sub-Committee would like more time to look into other alternatives. If the contract is renewed it may be an annual contract vs. a three year contract. Donna Heller, Vice-President, Columbia commented that it is hard to determine the difference between the Executive Consultant Contract Workers' Compensation portion vs. the Risk Management Contract. Donna Heller feels that Loss Control and Risk Management are proactive to keep things from happening. RoseAnn Adams, Redding stated that everything needs to be clear and concise so as we move forward it is clear to everyone. Pat Casey thanked the Sub-Committee for the opportunity. Pat Casey reviewed the history of the Risk Management Contract and the ongoing services provided by him. David Flores, Grant appreciated the ability to have Pat Casey's expertise available especially to the smaller districts. Pat Demo, Shasta College feels the Workers' Compensation program administered by the JPA is cost effective. Pat Demo commended the Sub-Committee for asking the right questions. Danté Bellino, InterWest commented that there is expense associated with the claims reduction. RoseAnn, Adams, Redding noted that the districts are contributing to the reduction of claims experience in house. Redding has an incentive program for their employees and SCOE's in house management by Melanie Cich contributes to the reduction of claims. Donna Heller, Vice-President asked what percentage of time during the week Pat Casey utilizes for Risk Management. Pat Casey felt it is about 30% to 40%. Art Schmitt, SUHSD discussed the contract history and does not want us to stop what we are doing. Art Schmitt, SUHSD recommended a two year renewal of the existing Risk Management contract. Pat Casey stated that he would be o.k. with that. Pat Casey would also like permanent status to the Sub-Committee and would like to meet once per quarter. Pat Casey will contact Sub Committee members by email monthly. Phil Brown, Enterprise would like to target districts. RoseAnn Adams, Redding commented that she is not comfortable with a long term contract and feels it needs definite clear concise information on what is done, and would like the results of the targeted districts, i.e., Gateway, Enterprise and Cascade. Donna Heller, Vice-

Page 3

President noted that she is not comfortable with two years. She needs more information on the difference between the two contracts. Donna Heller, Vice- President recommended the Sub-Committee meet again and bring back a recommendation to the full Board. RoseAnn Adams believes continuing the Sub-Committee would be a good idea. RoseAnn would like to not rush the decision. The April 25th Board Meeting has a conflict. The Executive Committee would like to reschedule the Board Meeting to April 18, 2008. Donna Heller, Vice President asked if the same Sub-Committee would be utilized to establish Pat Casey's goals for the annual contract increases. Phil Brown, Enterprise recommended David Flores be a participant as well. It was agreed that the existing Sub-Committee (Donna Heller, RoseAnn Adams, Art Schmitt, David Flores and Phil Brown if Jim French does not wish to continue). This would prevent having a quorum at the Sub-Committee meetings. This item was tabled until the April 18th Board Meeting.

7.0 WORKERS' COMPENSATION PROGRAM

7.1 Self-Insured Program – Claims Prior to July 1, 1995

- 7.1.1 Review Claims through February 2008 – Pat Casey reviewed the Self-Insured Workers' Compensation Takeover Claims through February 2008. Claims are down. The Auditor needs to use the initial number minus the actual paid claims. Donna Heller, Vice-President asked what the number is for the ultimate maximum on retention. Pat Casey explained that it is approximately \$900,000. Jeff Keena, LWP noted that it is impossible to say if the reserves will stay fixed. It really depends on the treatment increases. It depends on how many claims with future exposure can be re-opened. It is probably a small exposure for some claims. There is no statute of limitation for reopening a claim.
 - 7.1.2 Review of Self-Insured Workers' Compensation Claims through February 2008 – Pat Casey reviewed the open claims by year and noted that out of 318 claims from 2003-04, only 17 claims remain open. One claim was just reopened yesterday which now has a \$50,000 reserve established.
 - 7.1.3 New Ex-Mods for 2008-09 – The proposed new Ex-Mods were included in the Packet for the Executive Committee's information. Pat Casey's recommendation after receiving the Actuary Draft is a 2.17% rate at a 90% confidence level, which is the rate calculated by the actuary, BRMS Company.
 - 7.1.4 Rate for 2008-09 – Pat Casey made the preliminary Workers' Compensation rate recommendation of 2.17% for the 2008-09 year. Adam Hillman, SCOE moved to approve the 2.17% rate. Phil Brown, Enterprise seconded the motion. The motion was unanimously approved by the Executive Committee.
 - 7.1.5 2003-04 and 2004-05 Unrestricted Balance – Pat Casey reviewed the Equity Balance. It is based on the actuary number. Pat recommended some of the money be used in safety programs. Pat would recommend that half of the reserve goes to the Medical Program to help fund the reserve. Adam Hillman, SCOE asked if the intention is to utilize the reserve as a dividend. Pat Casey responded that it is an Equity transfer, and he would develop a breakdown of the amount allotted to each district. Art Schmitt, SUHSD requested to see the \$1,000,000 distributed by district for the April Board of Directors meeting.
- 7.2 Risk Management Program** – Danté Bellino, InterWest reviewed the services provided July 2007 through March 14, 2008. Donna Heller, Vice-President would like a breakdown of how much time the trainings would take and who they would apply to. RoseAnn Adams, Redding wanted to confirm that even though it may be a three hour training, it is considered one day of training. Danté confirmed that to be true.

8.0 HEALTH BENEFITS PROGRAMS

8.1 Self-Insured Medical

- 8.1.1 Retiree Benefits and less than fulltime employees – Pat Casey reviewed a request the JPA had received from a district requesting a Special Enrollment period for School Board Members. Art Schmitt, SUHSD asked if a Board Member retires from a School Board, are they eligible for retiree benefits? Do we need language in our Policies to cover this? The question was raised regarding how many Board Members are retired and what their age group was. How long have they been on the plan and has the premium paid been covering the cost? Patricia Demo, Shasta College noted that Board Members were at one time eligible for PERS which would have made them eligible. Phil Brown, Enterprise proposed a definition of what it means to be a retire Board Member. Art Schmitt, SUHSD briefed the Executive Committee about an person in the community that sells services to districts. This person became an employee of a district for the purposes of becoming eligible for benefits. Art Schmitt inquired as to where the JPA Board draws the line. Phil Brown, Enterprise does not feel it is within the Executive Committee's jurisdiction to deal with this issue.
- 8.1.2 Propose changes to By Laws re: New Member or Group – Proposed new language for the By Laws was included in the Packet for the Executive Committee's review and approval. Pat Casey reviewed the proposed language commenting that it is addressing a language change for Charter Schools and

Page 4

also consolidations of district's bargaining units, and new employee groups. They must meet requirements of eligibility. If

Health Questionnaires look good there is no reason to have two years of claims history. Art Schmitt, SUHSD suggested that rather than a buy in, how about not including them in the reserve. Pat Casey noted that the JPA would risk having their claims use the current reserve. Art Schmitt, SUHSD suggested that the existing Charter Schools would be grandfathered in. Donna Heller, Vice-President recommended putting an effective date in the By Law language change. Art Schmitt, SUHSD moved to accept the recommended language change to the By Laws with the effective date. The motion was seconded by RoseAnn Adams, Redding. The motion was unanimously approved by the Executive Committee.

8.1.3 Update on New Member Request-Buy In – Pat Casey reviewed the recommended \$500 per employee Buy-In amount for new members that was included in the Packet. Bordan Darm, Mercer commented that if

the Committee considers a Buy-In over time, the new member should commit the equal amount of time to the JPA until the Buy In is paid off. Phil Brown, Enterprise moved to accept the proposed Buy In for new members in the amount of \$500 per employee within the first year of membership for 2008-09. The motion was seconded by Adam Hillman, SCOE. The motion was unanimously approved by the Executive Committee.

8.1.4 Cost Trend for Medical & Prescription – Pat Casey reviewed a conference call with Mercer and Blue Cross he had to improve customer service with IT generated reports, etc. Mercer needs time to take data from Blue Cross and calculate trend for the JPA. It was suggested that the Executive Committee be scheduled in April next year to include the February data. Bordan Darm, Mercer reviewed the current cost trend and cautioned that the February data could change the increase recommendation. Bordan reviewed the claims for each plan. The JPA will receive over \$500,000 reimbursement for claims exceeding the stop loss. The Loss ratios are in the highest plans for both active and retirees. The overall loss ratio is good. Pat Demo, Shasta College requested that a breakdown of retirees over 65 and under 65 be provided for the Board's review.

8.1.5 HMC Options – Lorie Hauser, Blue Cross provided a Power Point presentation regarding disease management or condition care services available to the JPA for purchase. These services are provided by HMC (Health Management Corp.) for purchase either a la carte or as a package. The pricing list was included in the Packet for the Executive Committee's review. HMC is a subsidiary of Anthem Blue Cross. The services recommended by Pat Casey for consideration for the upcoming plan year would include the 24 Hour Nurseline with Promotion, Condition Care and Complex Care as a la carte items at a total cost of \$4.40 per covered employee. The total cost would be approximately \$156,000 annually for the standard core program if chosen. Phil Brown, Enterprise recommended the 24 Hour Nurseline due to his past experience with it. Patricia Demo, Shasta College moved to approve the 24 Hour Nurseline, Condition Care and Complex Care at a cost of \$4.40 per covered employee. The motion was seconded by RoseAnn Adams, Redding and unanimously approved by the Executive Committee for recommendation to the Board.

8.1.6 Self-Insured Renewal Calculation - Bordan Darm, Mercer reviewed the calculations used on a twelve month period for setting the preliminary rate. There is an approximate 5% trend. The assumption is different between us and Blue Cross because their trend is based on Northern California and ours is based on our trend alone. The reinsurance rate has not been locked in and claims for February have not been calculated. The rate increase could move up to 2% higher or lower depending on the February claims.

Adam Hillman, SCOE inquired about the possibility of different rates for the different plans. Pat Casey commented that we need the February data before we can look at that. This item will be revisited at the April Board Meeting. No Action Taken.

8.1.7 Options to Reduce Rates – No Action Taken

8.1.8 Rate Increase Recommendation – No Action Taken

8.2 Dental Program

8.2.1 The Executive Consultant and Mercer will present options for increase in benefit level as well as final rate renewal calculation. The Executive Consultant recommends no increase – Pat Casey updated the Committee on how the dental claims have been increasing this year. If this continues, it could drain the excess reserve. Pat Casey recommended we wait until April to see if claims start to decline. No Action Taken.

8.3 Vision Program

Page 5

- 8.3.1 The Executive Consultant and Mercer will present options for increase in benefit level as well as final rate renewal calculation. The Executive Consultant recommends no increase – Pat Casey noted that there is sufficient reserve to increase the benefit level of an additional \$30 in the frame allowance plus allowing polycarbonate lenses for adults. Adam Hillman, SCOE moved to approve the increase in benefit level as presented along with no increase in premium. The motion was seconded by RoseAnn Adams, Redding and unanimously approved by the Committee.
- 9.0 Adjournment - The** meeting was adjourned at 1:00 p.m. The next meeting will be a Board of Directors Meeting on April 18, 2008 at the Hilltop Inn.

Respectfully submitted,

DeDe Davis
Benefits Administrator

James French, President
Shasta-Trinity Schools Insurance Group