

Finance Committee Meeting  
August 27, 2015 1:00 pm  
Redding Elementary School District

MINUTES

Members Present:

Adam Hillman  
Gretchen Deichler  
Morris Rodrigue  
Phil Brown  
Robert Fellingner

Others Present:

Brooks Rice, STSIG  
Leah Grant, STSIG  
Kurt Walling, STSIG  
Mari Moore, STSIG (Contracted)  
Dave Weisner, Epic (Consultant)

Phil Brown called the meeting to order at 1:00 pm.

**1. Acceptance of previous meeting minutes**

Robert Fellingner moved to approve the minutes from the April 14, 2015 Finance Committee Meeting. Phil Brown seconded.

Approved: Phil Brown, Adam Hillman, Robert Fellingner, Gretchen Deichler and Morris Rodrigue.

Motion carried.

GENERAL BUISNESS

**2. Investment Report Review**

Sara with PRM presented the Investment review via phone. The review included investment from April to June 2015. Overall earning are lower than expected due to recent volatility in the market as Greece and China's financial issues affect the world's markets. However, there were still earnings. Due to the recent volatility the federal interest rate increase is expected to be delay until December or early 2016. The true under employment rate is closer to 10% than the rate reported in the media.

As a result of the recent market volatility our investments have been more focused on longer term investments for now with expected earnings of 1.25%. This is still better than what LAIF is earning at .28%. After 10 basis points in fees our net return is approximately 1.14%.

Sara confirmed that our portfolio is in compliance with government code and our investment policy.

Treasurer's report was reviewed and signed by Phil Brown.

Robert Fellingner made a motion to receive, file, and recommend the Investment report and Treasurer's report to the board of directors. Adam Hillman seconded.

Approved: Phil Brown, Gretchen Deichler, Adam Hillman, Robert Fellingner, and Morris Rodrigue.

Motion carried.

### **3. Year to Date Unaudited Financial Reports**

2014-15 unaudited financial reports were presented. All three programs are doing well. We are on track with expectations. Dave Weisner shared that the industry medical increases are between 7.5% -9.5% and specialty drugs have increased 42%. We are under the industry trend.

Robert Fellingner made a motion to receive, file, and recommend the financial reports to the board of directors. Morris Rodrigue seconded.

Approved: Phil Brown, Gretchen Deichler, Adam Hillman, Robert Fellingner, and Morris Rodrigue.

Motion carried.

### **4. Loss Ratios**

Loss ratios for medical, dental, and vision plans through June 30, 2015 were presented. The fiscal year medical ratio is close to the same as last fiscal year. The calendar year medical ration has increased from last year due to high claims experience. Dental has increased slightly and vision has increased. All programs are doing well.

### **5. Stabilization Goals Annual Review**

Annual stabilization goals were presented without change.

Adam Hillman made a motion to receive, file, and recommend the current stabilization & reserve policies with no changes to the board of directors. Morris Rodrigue seconded.

Approved: Phil Brown, Gretchen Deichler, Adam Hillman, Robert Fellingner, and Morris Rodrigue.

Motion carried.

### **6. STSIG Medical Clinic and Building**

The focus of the discussion was the amount of investment the committee felt comfortable with making in the membership by providing a member clinic. Three proposals were reviewed with the primary focus on the Prestige offering. Pertinent discussion points include:

- Our members are referred to five times greater than the industry average
- Medical providers are rapidly reaching capacity due to ACA resulting in longer wait times to obtain appointments.
- Clinic would be open approximately 60 hours per week with members able to obtain services at either clinic resulting in 80 hours of operation.
- Utilization of the clinic by the membership will determine its ultimate success due to the acquisition of the clinic will be prepayment of claims.
- Although the fiscal aspect is important, providing the membership with a service that is unique and tailored to the needs and desires of our group

- Staff will investigate building opportunities ranging from leasing, lease with option to buy, to the purchase of a building for clinic and Administrative use located in the east section of Redding.
- The clinic will need two years of operation for a proper evaluation
- Committee felt comfortable with allocating \$900,000 for 2015/16 and 2016/17 which include a marketing campaign and a cushion for unidentified expenditures.

Adam Hillman made a motion to recommend allotting approximately \$800K to partner with Prestige for medical services and to develop an ad-hoc committee to explore procuring a building for the clinic and the JPA offices to the board of directors. Robert Fellingner seconded. Approved: Phil Brown, Gretchen Deichler, Adam Hillman, Robert Fellingner, and Morris Rodrigue.

Motion carried.

#### 7. **STSIG Wellness Program Funding**

A one-time wellness incentive may be needed for those who complete the 2016 wellness incentive requirement as lower co-pays and deductible will not be possible with SISC plan designs.

Adam Hillman made a motion to recommend give a one-time \$100 contribution to those who attain the wellness incentive for the 2016 plan year to the board of directors. Robert Fellingner seconded.

Approved: Phil Brown, Gretchen Deichler, Adam Hillman, Robert Fellingner, and Morris Rodrigue.

Motion carried.

#### 8. **2016 HAS Contribution**

There is concern that in the future as the ACA excise tax is implemented, the HSA contribution will be added to the overall benefit calculation. It is agreed that the HSA contribution will inevitable be discontinued. After reviewing the information the committee wants to continue the contribution for the 2016 plan year at a different level.

Adam made a motion to recommend a STSIG Health Savings Account contribution for those enrolled in a HDHP in the 2016 plan year and who qualify under IRS guidelines a \$250 individual contribution and a \$500 family contribution. Robert Fellingner seconded.

Approved: Phil Brown, Gretchen Deichler, Adam Hillman, Robert Fellingner, and Morris Rodrigue.

Motion carried.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None.

ADJOURN

The meeting was adjourned at 3:14pm.