



SHASTA-TRINITY SCHOOLS
INSURANCE GROUP

MINUTES

**SHASTA-TRINITY SCHOOLS INSURANCE GROUP
BOARD OF DIRECTORS MEETING
SCOE – UPSTAIRS CONFERENCE ROOM
1644 Magnolia Avenue, Redding, CA
FRIDAY, APRIL 20, 2012 9:00 A.M. to NOON**

ATTENDANCE

Members Present: President, Adam Hillman, Shasta County Office of Education
Vice President, Donna Heller, Columbia ESD, Black Butte UESD
Treasurer, Phillip Brown, Enterprise Elementary School District
Charlie Hoffman, Bella Vista Elementary School District
Cindy Trujillo, Redding Elementary School District, Igo-Ono, Shasta Union
Elementary
Dana Reginato, Shasta Union High School District
Debbie Kogel, Grant
Janet Tufts, Happy Valley School District
Jim French, Trinity COE
Michelle Hutchins, Mt. Valley USD
Mindy Whitman, Junction ESD
Patricia Demo, Shasta College
Peggy Canale, Southern Trinity Jt. Unified School District
Robert Lowden, Cottonwood UESD

Alternates Present: David Flores, Shasta Union High School District
Gretchen Deichler, Trinity Co. Office of Education
Melanie Cich, Shasta Co. Office of Education
Robin Jackson, Mountain Valley USD
Robert Fellingner, Redding Elementary School District

Ex-Officio: Michael Strech, Executive Director, Secretary to the Board
Staff: Amy Cavalleri, Benefits Administrator
Leah Grant, Benefits Administrator
Mari Moore, Accountant (Contracted)

Others Present: Amber Davis, LWP
Amanda Jinks, LWP
Dante Bellino, InterWest Insurance Services
David Weisner, Mercer
Fan Neal, Anthem Blue Cross
Michelle Voth, Redding School District
Ryan Neese, Delta Dental
Susan Bordon, Cottonwood

1.0 CALL TO ORDER/PLEDGE OF ALLEGIANCE

Adam Hillman called the meeting to order at 9:07am. Announcement of Quorum.

2.0 APPROVAL OF AGENDA

Mike recommended changing the order of the agenda to address item 9.2 (Dental & Vision Rates) prior to item 9.1 (Medical Program). Donna made a motion to approve the Consent Agenda and the agenda for the April 20, 2012 Board Meeting as amended. Pat seconded. Motion carried. Unanimous.

3.0 APPROVAL OF MINUTES

Debbie made a motion to approve the minutes of the January 27, 2012 Board Meeting. Dana seconded. Motion carried. Unanimous.

4.0 PUBLIC COMMENTS

Adam Hillman acknowledged the service of retiring Board members Pat Demo and Jim French, and thanked them for their service.

5.0 CORRESPONDENCE

5.1 Mike made the board aware of the following correspondence items (#5.1.1 – 5.1.4). With these changes, JPA membership is down approximately 5%.

5.1.1 A letter of intent to join the JPA's employee benefits program was received from Butte Valley Unified School District.

5.1.2 A letter and resolution of Intent to Withdraw from the JPA was received from Evergreen Union Elementary School District.

5.1.3 Letters and resolutions of Intent to Withdraw from health benefit programs were received from Anderson Union High School District and Cascade Union Elementary School District. Many years ago district's teachers exited the JPA and for administration reasons, have opted to go with one business partner for health benefits programs.

5.1.4 Cascade Union Elementary School District submitted a letter and resolution to withdraw from the Workers' Compensation Program.

5.1.5 Several letters were received requesting to migrate from a composite rate structure into a tiered rate structure effective 7-1-2012. A total of 504 employees are moving to the tiered rate structure.

6.0 CONSENT AGENDA

6.1

6.1.1 Designate Official Correspondence Address and Phone Number for the Shasta-Trinity Schools Insurance Group: The official address and phone number of the Shasta-Trinity Schools Insurance Group is:
350 Hartnell Avenue, Suite D
Redding, CA 96002 221-6444 530/221-6225 (fax)

6.1.2 Designate Official Representatives and Alternates to the Board of Directors:
Pg. 14 of the meeting packet contains a current list of representatives and their alternates to the Shasta-Trinity Schools Insurance Group Board of Directors.

6.1.3 Annual Review and Adoption of Investment Policy:
Pursuant to G.C. 53646, a statement of investment policy must be reviewed by the Board for adoption. The investment policy has not changed, nor are there any proposed changes.

6.1.4 Open Enrollment Schedule:
Open Enrollment meeting attendance is again encouraged and the schedule is presented for the Board's information. Meeting attendance will be the first step in the Wellness Incentive Program that reduces the member's copay and deductibles.

6.2 Contract Approval. The following contracts are recommended for approval:

6.2.1 InterWest Insurance Services Proposal for Broker & Loss Control Services
A proposal from InterWest to provide Broker and Loss Control Services for the 2012/13 program year is presented with no increase.

6.2.2 Mercer Broker Services
Mercer has presented a proposal for Broker Services with no increase and is included with this packet. Stop loss placement responsibility to move to Mercer with 4% commission – current vendor is 5%.

6.2.3 Healthyroads Wellness Platform
Based on the Health Benefits Committee recommendation, Healthyroads has presented a proposal for their Wellness Platform and it is included with this packet. The renewal reflects no increase.

6.2.4 Matson & Isom
A two year Proposal from Matson & Isom for Auditing Services reflects no increase.

6.2.5 Matson & Isom
A two year Proposal from Matson & Isom for Special District Annual Reporting reflects no increase.

Dana moved to approve all contracts as presented. Michelle seconded. Motion carried. Unanimous.

6.3 Set Meeting Dates for 2012/13

Meeting dates for the Board and Executive Committee are proposed as follows:

Executive Committee:

Thursday, Sept. 27, 2012* 2:30 p.m. – 4:00 p.m. (Retreat)

Friday, Jan. 25, 2013 9:00 a.m. - Noon

Friday, March 29, 2013 9:00 a.m. – Noon

Board of Directors:

Thursday, Sept. 27, 2012* **8:30 a.m.** – 2:30 p.m. (Retreat)

Friday, April 19, 2013 9:00 a.m. – Noon

*This meeting is proposed as a Board Retreat at McConnell Foundation and will be held prior to the Executive Committee Meeting. Board Meeting begins at 8:30 a.m.

All meetings are at 9:00 a.m. unless otherwise specified and will be held at the Hilltop Inn in Redding, CA. All meetings are open to the public and your participation is encouraged.

Peggy moved to approve the meeting dates for 2012/2013. Cindy seconded. Motion carried. Unanimous.

7.0 GENERAL BUSINESS

7.1 Financial Reports

7.1.1 Year-to-Date Financial Reports (2011/12)

Financial Reports are presented for the Board's information. Mike mentioned that all programs are in good shape and in line with budget. The JPA is on target to end the year with small surplus (\$679,000) that will be put toward stabilization goals.

7.2 District Interested in Joining JPA

A letter of intent to join the JPA's employee benefits program was received from Butte Valley Unified School District. This district would be the first member in Siskiyou County. They are attracted to STSIG by the rates, local control and focus on wellness. A discussion followed about the rural nature of the district and potential impact on overall group experience. The full impact will be examined during the application process. Phil made a motion to allow Butte Valley Unified to apply for membership. Debbie seconded. Motion carried. Unanimous.

8.0 WORKERS' COMPENSATION PROGRAM

8.1 Workers' Compensation Claims Report

Mike introduced Amber Davis from LWP, who presented a brief claims overview for the New and Old Self-Insurance Programs.

8.1.1 New Self-Insured Program

There are currently 210 open claims on the new program. 2008-2011 plan years are still highly variable. \$1.4 million in total variance for all plan years.

8.1.2 Old Self-Insured Program

There are still 25 open claims on the old program. The early years have stabilized. The old program averages \$21,000 per claim at closure. Average age of injured worker is 51 years old.

8.2 Actuarial Study & Rates

Hard copies of actuarial are included in the packet (Pg. 53) for Board review. STSIG does actuarial studies every year to ensure rates are sufficient to cover expenses (claims) incurred by the plan. The worker's compensation program has \$14.3 million in liabilities nearly \$20 million in assets. The program is funded to 90% confidence level.

8.2.1 Accept 2012 Actuarial Study Donna moved to approve the actuarial study as presented. Dana seconded. Motion carried. Unanimous.

8.2.2 Approve 2012/13 Workers' Comp. Rates

Based on the Actuarial Report prepared and presented by BRS at the March 23, 2012 Executive Committee Meeting, the report and rate increase were presented for approval as recommended by the Executive Committee. A 13.1% rate increase is recommended for the 2012-13 plan year.

It was proposed that approximately \$900,000 in surplus be used to control the rate increase for the 2012-13 plan year. Phil mentioned that the rates were reviewed in detail at the Executive committee meeting and are brought to the Board. Phil moved to approve the rates for 2012-13. Donna seconded. Motion carried. Unanimous.

8.3 2012/13 Experience Modification Factors

The Ex-Mods were presented as recommended by the Executive Committee for approval. Mike presented proposed Ex-Mods for the next fiscal year. The pure rate is set at \$3.099. District Mod-Rates vary from 0.8 to 1.8. The process for determining Ex-Mods has been adjusted to more accurately reflect the experience of the district and avoid huge rate swings from year to year. Jim moved to approve the proposed Ex-Mods for 2012-13. Cindy seconded. Motion carried. Unanimous.

8.4 Risk Management/Loss Control Programs

8.4.1 Status Update on 11/12 Loss Control

Dante Bellino from InterWest Insurance provided a brief overview of the results of the Loss Control program for the current plan year. 24 sessions were presented (same number as last year), but attendance numbers overall decreased significantly from the prior year. InterWest and the JPA will focus on improved marketing efforts next plan year to improve participation. Dante also mentioned the need for districts to develop a plan for heat-related illnesses in response to state legislation.

8.4.2 Incentive Program Acceptance

A four-step worker's Comp Incentive Program was presented for approval. A Board working group met and developed the concept of an incentive program to reward districts for improved safety behaviors. Different guidelines were developed for very large, large, medium and small districts. The hope is that this incentive program will reward the districts in a more timely manner for improving workplace safety. Michelle moved to implement the Incentive Program effective July 1, 2012, Cindy seconded. Motion carried. Unanimous.

9.0 HEALTH BENEFITS PROGRAMS

9.1 Medical Program

9.1.1 Review Claims and Trend for 2011/12

Medical claims trend for 2011/12 was presented by Dave from Mercer. (See Pg 66 in the packet)

Claims incurred between July, 2011 – March, 2012 were slightly over \$16 million. The program is currently operating at a 97.8% loss ratio. 98.5% is underwriting goal.

9.1.2 Conditioned Care/Anthem

Conditioned Care is an Anthem program designed to manage five different chronic diseases. Currently only 2% of the total population participates in the program, at an annual cost of over \$60,000. Due to low participation, and high program costs, a recommendation was made to not renew the program. Jim moved to discontinue the Conditioned Care program effective July 1, 2012. Debbie seconded. Motion carried. Unanimous.

9.1.3 Medical Plan Open Enrollment Details

Given the new three plan options, employees will be required to select one of the newly offered plans at Open Enrollment. For those employees who fail to make a selection, a default plan needs to be identified by the Board. Jim moved to default non-responders into the Premier 80/20 plan. Cindy seconded. Motion carried. Unanimous.

9.1.4 Prescription Drug Plan

Mike discussed performance of the Envision Rx Program, now in its first year. Overall Rx costs for the group exceed \$4 million annually. When the group switched to Envision, they guaranteed an 8% costs savings, but has not quite got there yet. In an attempt to control costs for the group, the Executive Committee recommended the following Envision Rx Changes:

- Generic prescription co-pay will be reduced to \$7.50 for 30 day at retail or \$15.00 for 90 day mail order or preferred retail pharmacy.
- Specific contracted major retail pharmacies will accept 90 day generic prescriptions for 2 month co-pays rather than 3 month co-pays.
- “Dispense as Written” (DAW) penalties will only be able to be overridden with a Letter of Medical Necessity from the member’s physician.
- Retiree’s prescription drug benefits will move from Express Scripts into the Envision Rx plan.

Debbie moved to accept the proposed changes to the Prescription Drug plan. Pat seconded. Motion carried. Unanimous.

9.1.5 Stabilization Policy

Phil reviewed historical performance of Medical plan. (See Pg. 45 in the packet) The established goal is to fund IBNR and build up 3-month reserve. The Executive Committee now recommends modification of the Stabilization Policy pursuant to recently discovered CAJPA standards. CAJPA recommends a minimum one-month reserve. A 2-month reserve policy is recommended to ensure proper funding and cover large loss claims. Pat moved to approve the revised stabilization policy with a 2-month reserve goal. Jim seconded. Motion carried. Unanimous.

9.1.6 Recommend 2012/13 Medical Rate

Based upon the trend data, plan design changes and stabilization goals consistent with the Executive Committee’s presentation, a rate recommendation was made to the Board. A 9.5% rate increase was recommended to cover expenses and build stabilization fund in line with stabilization goals. The increase could be reduced to 8.5% if an equity transfer from Dental is used to fund 1% stabilization for the Medical plan. Debbie moved to approve aggregate rate increase of 8.5%, utilizing equity transfer from Dental program to Medical to fund 1% of stabilization goal at fiscal year end. Mindy seconded. Michelle and Charlie opposed. Motion carried.

9.2 Dental & Vision Rates

9.2.1 Set Dental Rates

Ryan Neese from Delta Dental provided a brief overview on the impact of the Implant Coverage change of 7-1-2011. Less than 100 members utilized the new benefit and the expense did not have a negative impact on the overall financials of the group. Phil mentioned the stabilization goals that were discussed at the Executive Committee level. Dental program has \$220,000 in excess stabilization funds that can be utilized either in the Dental program to enhance benefits, or transferred to another program (Medical or Vision) to improve stabilization funding. The committee recommends a zero rate increase. Pat moved to approve the recommended dental rate for 2012-13. Donna seconded. Motion carried. Unanimous.

9.2.2 Set Vision Rates

The Vision program is well funded. Equity continues to be depleted at a slow and stable rate. The Executive Committee recommends a zero rate increase on the vision program. Cindy moved to approve the vision rate for 2012-13. Dana seconded. Motion carried. Unanimous.

10.0 GENERAL BUSINESS

10.1 Approve Preliminary 2012/13 Budget

Based on the rate recommendations and financial reports, the Preliminary Budget for 2012/13 was presented for approval. This was approved by the Executive Committee. Dana moved to approve the preliminary budget. Peggy seconded. Motion carried. Unanimous.

ADJOURN TO CLOSED SESSION

There was no reportable action at Executive Committee, and no need to adjourn to closed session.

11.0 ADJOURNMENT

The meeting was adjourned at 11:37am.

NEXT MEETING: The next meeting will be a **Board Retreat and Executive Committee Meeting** on **Thursday, September 27, 2012** from **8:30 a.m. to 2:30 p.m.** and **2:30 to 4:00 p.m.** respectively at
McConnell Foundation
800 Shasta View Drive, Redding, CA