

SHASTA-TRINITY SCHOOLS INSURANCE GROUP
BOARD OF DIRECTORS MINUTES
January 21, 2005
Best Western Hilltop Inn

ATTENDANCE

Members Present: President, Jim French, Trinity County Office of Education
RoseAnne Adams, French Gulch, Igo Ono, Shasta Union & Redding Elementary SDs
Cindy Plank, Cascade Union Elementary School District
Art Schmitt, Shasta Union High School District
Patricia Demo, Shasta College
Marla Kraft, Gateway Unified 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 President, Jim French

2.0 **APPROVAL OF AGENDA** – It was moved by Marla Kraft, seconded RoseAnne Adams, and unanimously approved to accept the agenda.

3.0 **APPROVAL OF MINUTES** – The minutes of the June 11, 2004 board of Directors meeting were presented for approval. It was moved by Patricia Demo, seconded by Jackie Titus, and unanimously approved to accept the minutes as presented.

4.0 **PUBLIC COMMENTS** – There were no comments at this time.

5.0 **CORRESPONDENCE/EXECUTIVE COMMITTEE/EXECUTIVE CONSULTANT COMMENTS**

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Pat Casey reviewed a letter from Karen Kratzer requesting clarification regarding the Domestic Partner Law as well as the Workers' Compensation Network status. Pat noted that the JPA would begin enrolling Certified Domestic Partners at the July 1, 2005 Open Enrollment as required by law. Pat noted that the JPA did receive a letter from an attorney representing a member inquiring about the implementation of enrolling Domestic Partners in our benefit programs. Pat Casey also explained the benefits of using a Provider Network for Workers' Compensation Claims. The Network would apply Utilization Review by doctors in the Network

5.1 Report on Health Benefits Committee re: Union Participation – Pat Casey reported that since meeting both CTA and CSEA Regional Representatives at the Sept. 12th Health Benefits Committee, there has been little Interest generated by union members regarding union participation at the meetings. Although trend was not

available at the time, Pat asked the Health Committee to think about ways to defer possible increased costs.

6.0 **GENERAL BUSINESS**

6.1 2003/04 Audit by Matson and Isom – Marilyn Everett, Matson and Isom, had reviewed the annual audit at the December Executive Committee meeting. She had noted that there were no fraudulent or misreported financials and felt that the audit went well. Pat Casey commented on the Actuary numbers versus the real numbers. We hope to have better numbers for Actuarial Report to be done in March 2006. Pat Casey will bring a new Actuarial Report to the April Board of Directors Meeting. It was moved by Marla Kraft, seconded by Jackie Titus and unanimously approved to accept the Annual Audit as presented.

6.2 **Year-End Financial Reports**

6.2.1 Year-End Financial Reports (2003/2004) – Year-End financial report for the 2003/2004 plan year was distributed for the Board's information. Pat Casey reviewed the financials commenting that the JPA Admin. Account would transfer \$125,000 to the Workers' Compensation program. Pat Casey noted that the Self-Insured Workers' Comp Account expended approximately \$482,000 in claims the first year with approximately \$3.8 million in LAIF.

6.2.2 December 2004 Financial Report – Financial reports for December 2004 were distributed for the Board's information. Pat Casey reviewed the financials with the Board. Pat Casey commented that we are having a good year in Self-Insured Workers' Comp. and efforts by SCOE to reduce claims is paying off. The Workers' Comp. old claims are on track with a recent \$40,000 settlement. Dental continues to look good with the reserves being more than adequate. Vision is also doing well with the rates set correctly. The Medical account has been closed.

6.2.3 Quarterly Investment Report – A Quarterly Investment Report was included in the packets as an information

item along with a memo to the Investment Committee regarding investing surplus funds from the new self-insured W/C program. After discussing investment options with other JPA's Pat has recommended the investment of funds with California Asset Management Program (CAMP) through PFM Asset

Management as a way to increase the interest on the accumulated cash in the Self-Insured Workers' Compensation Account. LAIF is currently at a 2% interest level. We are hoping to realize 3 ½% to 3 ¾% potential return on our investments with CAMP. We will try and invest \$2 to \$3 million over a two year period of time with CAMP with the remainder in LAIF to cover claims costs.

- 6.2.4 Resolution Authorizing Investment of JPA Funds- A motion was made by Marla Kraft and seconded by Art

Schmitt to approve the Resolution authorizing investment of JPA Funds with California Asset Management Program (CAMP). The Resolution was unanimously approved by the Board.

- 6.2.5 Annual COLA for Benefits Administrator- An annual COLA based on the State Revenue Limit in an amount to be determined by the Board and retroactive to July 1, 2004 for the Benefits Administrator, DeDe Davis was requested. After discussions regarding the calculation and amount, the Executive Committee has recommended a 2.4% COLA without a reduction due a COLA not having been awarded for 2003-04. A motion was made by Patricia Demo, seconded by Laura Merrick and unanimously approved by the Board.

7.0 WORKERS' COMPENSATION PROGRAM

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

- 7.1.1 Review of Claims through November 2004 – LWP – A summary of LWP claims through November 2004 was presented for the Committee's information. Anne Cook, LWP, advised the Board that LWP is pursuing settlement of old claims. They have settled two claims this week and hope to have more settlements in the next few months. They have lowered the number of old claims to a total of 54.
- 7.1.2 Review of SAWCXII Deficit – Pat Casey discussed the twelve claims that are exceeding the excess of SAWCXII. Pat proposed having LWP take over these claims if possible and try to settle them. The deficit is a moving target as to what it will be annually. Pat will continue to keep the Board updated as to any options that may arise.
- 7.1.3 Claims Reserves-Review on November 22, 2004 – Pat Casey commented that he would like to pursue a number for buying out the SAWCXII claims.

Self-Insured Program – Claims After July 1, 2003

- 7.1.4 Review of Claims through November 2004 – LWP – Pat Casey noted that there is a good closure rate on the 2003-04 claims. The overall number of claims has decreased and the cost of claims has decreased. Jim French commented that Risk Management and Loss Control are paying off.
- 7.1.5 Review Actuarial Report – Pat Casey reviewed and discussed the Actuarial Report. Pat noted that the Actuarial Report states the JPA should book \$5 million; however, the claims are not reflecting that amount. The report is based on four years with Keenan. The numbers during those years were not good. The paid amount is no where near the incurred. The \$5 million expected loss had only \$1.8 million spent 5 years later. The Actuary has to use those numbers. Pat Casey recommended having a new Actuary Report available for the April Board of Directors Meeting.
- 7.1.6 Review New Claims Procedure – Pat Casey reviewed the new claims procedure. The JPA will now be looking at the claims prior to them being forwarded to LWP. This will reduce the claims cost by not opening files on the first aid claims. This procedure will also give Risk Management an opportunity to provide Risk Management services quickly when an area of concern is seen.
- 7.1.7 Report From Ex-Mod Committee – Pat Casey reviewed the calculation method for Ex-Mods with the Board. Pat commented that incurred works better in calculating ex-mods. He would like to stay with incurred and a four year average comparison of incurred to premium. Art Schmitt noted that the Ex-Mod Committee felt no need to make a change.
- 7.1.8 Medical Provider Network-Status Report – Pat Casey discussed the elements of the Medical Provider Network (MPN). Employees do have a right to designate a physician. That physician has to accept that designation. Corvell is not approved yet. It is a long process. Two other JPA's are in the process of creating their own network. Those JPA's are in larger cities. It is still a work in progress. The JPA does not lose anything by not being in a network. Anne Cook, LWP, felt that with limited doctors in this rural area it is not as critical until a MPN can be put together. If it looks like it will help the JPA, it will be pursued. Once an employee goes to a doctor in the network and did not pre-designate, they will not be able to pre-designate in the future.

- 7.2 Risk Management Program** – Pat Casey reviewed Risk Management and Loss Control services provided. Pat and Dant'e Bellino are doing several ergonomics reviews at the districts. Pat noted that for a low cost of approximately \$400, a better work station could be recommended. The largest problem seems to be

inadequate chairs. Dant'e commented that the JPA is being very proactive and the workforce appreciates the risk management involvement with district site visits and workshops.

- 7.2.1 Safety Program Budget – Pat Casey discussed the purchase of the annual OSHA Posters for all of the school districts as well as supplies for Risk Management Workshops.

8.0 Health Benefits Programs

- 8.1.1 Medical Cost Trend – Pat Casey reviewed the current trend which is between 15-20%. He noted that it is too early to tell and will have more information to present at the March Executive Committee Meeting. Trey Naron, MARSH, commented that trend is dictating that rate. We will continue to work with Blue Cross to get to the low end of the trend. Pat Casey discussed the possibility of a high deductible plan as part of a Health Reimbursement Account. If all plans were converted it would the rate would be reduced by approximately 11%. Patricia Demo, Shasta College, would like the JPA to look at a 70% plan.
- 8.2 Dental Program – Pat Casey noted that the dental claims are down and the program is holding its own.
- 8.3 Vision Program – Pat Casey noted that the vision program is stable as well.
- 9.0 Meeting Date- A motion was made to change the date of the March Executive Committee meeting to March 18th at 9:00 a.m. at the Hilltop Inn. A motion was made by Patricia Demo, seconded by Marla Kraft and unanimously approved by the Board to change the date as recommended.
- 9.0 ADJOURNMENT** – There being no further business to come before the Board of Directors, the meeting was adjourned at 10:40 a.m.

Respectfully submitted,

DeDe Davis
Benefits Administrator

Patrick H. Casey, Executive Consultant
Shasta-Trinity Schools Insurance Group

James B. French, President
Shasta-Trinity Schools Insurance Group

