

**SHASTA-TRINITY SCHOOLS INSURANCE GROUP
BOARD OF DIRECTORS MEETING MINUTES**

January 22, 2010

Hilltop Inn, 2300 Hilltop Drive, Redding

ATTENDANCE

Members Present: President, Adam Hillman, Shasta County Office of Education
Vice President, Donna Heller, Columbia ESD & Black Butte ESD
Treasurer, Phillip Brown, Enterprise Elementary School District
Patricia Demo, Shasta College
RoseAnn Adams, Redding, French Gulch-Whiskeytown, Igo Ono-Platina, Shasta Union
Elementary School Districts
Cathy Campbell, Gateway Unified School District
Tom Mancuso, North Cow Creek Elementary School District
Jim French, Trinity County Office of Education
Dana Reginato, Shasta Union High School District
David Flores, Grant Elementary School District
Donna Paxson, Fall River Jt. Unified School District
Robert Lowden, Cottonwood Union Elementary School District
Ruth Shankles, Shasta-Trinity ROP
Matthew Carroll, Mountain Union Elementary School District
Gretchen Deichler, Lewiston, Burnt Ranch, Coffee Creek Elem. School Districts

Ex-Officio: Michael Strech, Executive Director, Secretary to the Board

Staff: Nancy Panks, Benefits Administrator
DeDe Davis, Benefits Administrator
Mari Moore, Accountant (Contracted)

Others Present: Melanie Cich, Shasta County Office of Education
Bordan Darm, Mercer
Paul Ford, Mercer
Jeanette Price, Anthem Blue Cross
Lorie McElligott, Anthem Blue Cross
Shelly Glover, Shasta Union High School District
Mary Nunes, Redding Elementary School District
Cindy Trujillo, Redding Elementary School District
Debbie Goodman, Shasta College
Ryan Neese, Delta Dental of California
Jeff Keena, LWP Claims Solutions

- 1.0 **CALL TO ORDER** – The meeting was called to order at 2:30 p.m. by President, Adam Hillman.
- 2.0 **APPROVAL OF AGENDA** – A motion was made by Jim French, seconded by RoseAnn Adams and unanimously approved to accept the agenda as presented.
- 3.0 **APPROVAL OF MINUTES** – Minutes of the November 6, 2009 Executive Committee meeting was presented for approval. It was moved by Donna Heller, seconded by RoseAnn Adams; the motion was approved unanimously.
- 4.0 **PUBLIC COMMENTS** – None
- 5.0 **GENERAL BUSINESS**
 - 5.1 Introduce New Representative to Executive Committee – Dana Reginato of the Shasta Union High School District was appointed as the Executive Committee member representing High School Districts, replacing retiring Art Schmitt. Adam Hillman introduced her to the Board and welcomed her to the Committee.
 - 5.2 2009/10 Year-to-Date Financial Reports – Michael Strech directed the Board’s attention to the Financial Reports in their packet wherein all programs were combined for ease of determining the JPA’s financial position. In addition, the Profit & Loss Statements for each program were presented. Most notably was the Medical Program that showed
 - 5.3 2008/09 Year End Audit – The 2008/09 Financial Audit performed by Matson & Isom was presented to the Executive Committee for review and recommendation to the Board. There were

no control findings. It was moved by Jim French, seconded by Phil Brown, and approved unanimously to recommend acceptance of the Audit to the Board of Directors.

- 5.4 Modification of PARS Alternative Retirement System Plan Agreement & Terms – The IRS has made some revisions that had to be addressed in the Plan Agreement and this included an additional \$3,000 to \$4,000 of contributions. Plan Agreement will be signed and submitted to PARS. Moved by Phil Brown, seconded by Tom Mancuso, unanimous.

- 5.5 Bylaw Changes – Reviewing the Bylaw language while in the Finance Committee and contemplating the goals and objectives of the JPA to build a stabilization fund, it became apparent that the Bylaws were not clear enough to state that the stabilization fund is not to be considered as money to go to districts upon withdrawal. Treasurer, Phil Brown, explained it was philosophical in nature and that the Stabilization Fund belongs to the JPA, not the districts. If a district comes in and contributes to the Fund, and they remain, those funds are not dispersed as a dividend. Only monies in excess of the Fund. Therefore, exiting districts are being treated the same as those districts that stay, in that no district receives the Stabilization funds. RoseAnn Adams expressed her disagreement with the philosophy saying that if a district puts money into the Fund upon entry, they should get it back as they leave. It is the goal of the JPA to have a Stabilization Fund, along with Reserves, and once achieved and exceeded, the excess would be dispersed as a Dividend; but never the Stabilization Fund or Reserves, only the excess.

Recommended changes to Article XII, Voluntary Withdrawal, include:

- Striking A.3.b. where it refers to Property & Liability which the JPA does not provide.
- Changing “Fringe Benefit Insurance Program” to “Health & Welfare Programs” in A.3.c., striking the word “life” within the parentheses).
- Changing 90 days to 150 days in B.1.
- Adding “and a dividend is declared,” after “agreement period” in B.2.
- Adding B.3.5. The above stated methodology does not apply to any form of stabilizations funding or any monies not directly allocated to claims and administration for a plan year. The plan does not contemplate reimbursement of stabilization funds for voluntary withdrawal from the program.

These changes would be effective 7/1/10 per the Bylaws.

Moved by Jim French, seconded by Phil Brown to adopt Bylaw changes to Article XII, Voluntary Withdrawal as presented above. The motion was passed with a vote of 15 Ayes, and 4 No (RoseAnn Adams representing 4 districts).

- 5.6 Appoint Michael Strech as representative to the SAWCX II Board – A resolution to appoint Michael Strech to the SAWCX II Board was presented to the Board for approval. Moved by Jim French, seconded by Phil Brown, unanimous.

6.0 **HEALTH BENEFITS PROGRAM**

- 6.1 Medical Plan – Claims Report and Trend – A report was distributed by Mercer detailing claims to date and comparing it to previous years. Average cost per employee for claims through November (December’s claims were not available as of the meeting date) are \$755 compared to \$785 the previous year. However, with only 5 months of data, the number is not usable until more data is collected as the year progresses. January claims are typically less as new deductibles are being realized and the out of pocket maximums start over. The Health Benefits Committee has been researching plan design modifications to help stave off a higher increase and to affect change in trend.

- 6.2 Health Benefits Committee Report – The Health Benefits Committee, made up of 35 people from various employee groups met December 7th and a Working Group of 10 was established and met on January 6th to discuss plan modifications to reduce a premium increase and presented the recommendations to the full HB Committee on January 11th. Also discussed by the HB Committee are Wellness incentives to encourage the membership to utilize preventive care. This will help in the long term to reduce the number of large claims when an illness is diagnosed before it becomes a major claim such as a heart attack. Bordan Darm reported that only 16% of

the membership currently utilizes preventive care services; by encouraging use of preventive benefits, the overall health of the membership could increase and ultimately help lower Trend. The HB Committee's recommendations will be presented to the Executive Committee in March and the Board in April when rates will be proposed.

- 6.3 Dental Plan – Claims Report and Trend – Ryan Neese of Delta Dental was present at the meeting. Last year's 29% increase to rates and reduction in Crown Benefits was necessary and is having an effect on the program as shown in the Financials.
- 6.4 Vision Plan – Trend – The Vision program continues to perform well. Due to a high amount of reserves, even though the claims were higher, the trend seems to be running at a manageable level.
- 7.0 **WORKERS' COMPENSATION PROGRAM**
- 7.1 Self-Insured Program – Claims Prior to July 1995 – This program is referred to a Takeover Claims and is administered by LWP Claims. There are 27 claims that remain due to the claimants' desire to receive continued care such as prescriptions. LWP continues to negotiate settlement but most are not interested in settling. A list of open claims was presented for the Board's information.
- 7.2 Self-Insured Program – Claims After July 2003 – Claims since 2003 were provided in the agenda packet for the Board's information. Number of claims for the 2009/10 program year is 99 through December. The prior year's total number of claims was 180 and 179 the year before. Concern was expressed that the number of claims will exceed previous years if they continue at the rate in which they are progressing. Jeff Keena reported that the higher number of claims is partly due to the change of philosophy of the JPA's first aid policy. As of May 2009, the JPA office began sending all claims to LWP for administration rather than self-administering first aid. Severity is what drives premium increases, not frequency as much. Therefore, looking at the previous year's indemnity claims (92) and comparing it to this year's (33), the severity of claims is down.
- 7.3 Risk Management/Loss Control Programs – Danté Bellino submitted a report of services provided for the 2009/10 year to date. Of the 80 contracted days, 26 have been used. Five more are scheduled for March and Mike Strech is working closely with InterWest Insurance Services to utilize the rest of the days. Loss Control reports will be generated in order to identify areas of need. Mike will ask for a more detailed list of services from Danté so he can help identify the direction for future services.
- 7.4 Closed Session – At 4:35 p.m., the Board adjourned to Closed Session to discuss Workers' Compensation claims settlement, per Government Code Section 54956.9(a).
- 7.5 Reconvene in Open Session – At 4:50 p.m., the Board reconvened in Open Session. Adam Hillman reported that the Board directed LWP to settle Claim #76056.
- 7.0 **ADJOURNMENT** – There being no further business to come before the Board of Directors, it was moved by Phil Brown, seconded by Patricia Demo, and unanimously approved to adjourn at 4:52 p.m.

Respectfully Submitted,

Nancy Panks
Benefits Administrator

Adam Hillman, President