

**SHASTA-TRINITY SCHOOLS INSURANCE GROUP
BOARD OF DIRECTORS MEETING
Hilltop Inn – DOWNSTAIRS CONFERENCE ROOM**

FRIDAY, JANUARY 27, 2012 9:15 A.M. to NOON

ATTENDANCE

Members Present: President, Adam Hillman, Shasta County Office of Education
Treasurer, Phillip Brown, Enterprise Elementary School District
Charlene Essig, Gateway
Cindy Trujillo, Redding Elementary School District, Ogo-Ono, Shasta Union
Elementary
Dana Reginato, Shasta Union High School District
Debbie Kogel, Grant
Donna Heller, Columbia ESD, Black Butte UESD
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

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: Beth Hodge, Gateway
Bordon Darm, Mercer
Colleen McLearn, Shasta-Trinity ROP
Dan Saeger, Anthem Blue Cross
David Flores, Shasta Union High School District
Jeff Keena, LWP
Michelle Voth, Redding School District
Melanie Cich, Shasta County Office of Education
Paul Ford, Mercer
Robin Jackson, Mountain Valley Unified School District
Sue Wallick, Bella Vista

- 1.0 **CALL TO ORDER** – The meeting was called to order at 9:12 am by President, Adam Hillman.

- 2.0 **APPROVAL OF AGENDA** – The agenda was presented for approval. It was recommended that Item 11.5 be removed from the agenda. Jim French motioned to

approve the agenda as amended. Debbie Kogel seconded. Motion carried. Unanimous.

3.0 **APPROVAL OF MINUTES** – Pat Demo motioned to approve the minutes of the September 15, 2011 Board Meeting. Dana Reginato seconded. Motion carried. Unanimous.

4.0 **PUBLIC COMMENTS** – None

5.0 **CORRESPONDENCE** - A letter dated January 12, 2012 was received from Cascade School District requesting inclusion of new charter school employees into the JPA. It was agreed to address this under item 11.1.

6.0 **CONSENT AGENDA** – A motion was made to approve the Consent Agenda. Motion carried. Unanimous.

7.0 **WORKER’S COMPENSATION PROGRAM**

7.1.1 **General Status Claim Committee Update.** A brief description of the roles and responsibilities of the claims committee was provided as well as a status of pending activity. Worker’s comp claims up for settlement between \$50,000-\$150,000 go to the committee for review. There are no reportable items since the last Board meeting. The next committee meeting is scheduled for mid-March. Committee members are Donna, Adam, Jeff Keena and Mike.

7.1.2 **New Self Insured Program.** Jeff Keena reviewed the open inventory of workers comp claims as of 12/31/2011 in relation to the status as of 12/31/2010. There were 75 new loss time files in 2011. There were two fewer open claims at end of year as opposed to start of year. The count of open medical-only files was reduced by eight. In 2011 there were 99 medical-only closures, and 16 fewer unresolved claims. Since 2004, the open claims inventory has consistently gone down. The Board will receive an actuarial study from Bickmore at the March, 2012 meeting. Jeff called attention to Pg. 14 of the Board packet that included key statistics for JPA litigation, average claim length, etc. All areas are trending better than the industry average. Jeff invited members to call him direct with questions or for further explanation.

7.1.3 **Old Self Insured Program.** Jeff reviewed program performance for the Old self-insured program (claims from 1980-1994). There are now 26 open claims. LWP continues their work to try to close remaining claims.

7.2 **Risk Management/Loss Control Programs.** Mike presented in Dante’s absence. Per the Board’s inquiry at the retreat last fall, STSIG leadership worked with Interwest on development of a safety incentive program. The proposed program is designed to be simple, relevant, and directly tied to reward for participating districts. Donna recommended moving forward so districts have time to get committees together and plan for

implementation. It was clarified that any incentive would begin during the 2012-13 school year. Details should be clarified for a target launch date of July 1, 2012. Donna will take proposal to committee for further review and return with a recommendation to the Board at their next meeting. Dana and Cindy also volunteered to sit on this committee.

7.3 Worker's Compensation Training. Mike highlighted the upcoming Return to Work/Worker's Comp training and encouraged all districts to attend. There was discussion of possible remote access for Trinity County, and/or recording the session for future viewing. Amy will follow up with SUHSD regarding facility use and Jim regarding remote access.

8.0 **EMPLOYEE BENEFIT PROGRAMS**

8.1 Medical Program Claims & Trends for 2011-12. Bordon presented claim trends for the medical and prescription programs. During the first five months of fiscal year, the plan incurred approximately \$5.8 million in medical claims and \$1.8 million in prescription claims. Total plan expense for that time period was approximately \$9 million total, including administrative expenses. The medical program is currently running at a 98.9% loss ratio. The goal is 98% loss ratio to allow 2% for margin reserves. Average plan enrollment is 1,944 members. STSIG is awaiting \$379,000 reimbursement from ERRP. Since this amount is not guaranteed, it has not been factored into plan revenue projections. There were three large-loss claims (over \$175,000) during the first five months of the fiscal year.

8.2 Dental Claims & Trends Review. Mike reviewed dental plan performance. The plan enhancement added this year (dental implants) has not significantly impacted plan expenses. The plan is very well funded.

8.3 Vision Claims & Trends Review. Mike reviewed vision plan performance. The plan is well funded and did not require a rate increase this year. Vision plan performance continues to be in line with long-term stabilization goals.

9.0 **FINANCE COMMITTEE**

9.1.1 Approval of 6/30/11 Audit. Phil Brown presented the Audited Financial Statements from Matsom & Isom dated June 30, 2011. Cindy made a motion to approve the Audited Financial Statements. Donna seconded. Motion carried. Unanimous.

9.1.2 Trending Year End and Financial Goals Review. Phil reviewed the stabilization policy adopted by the board two years ago. The group was reminded that when the goals were initially set, the Medical program was underfunded by \$2 million.

- The Dental Program has a fully funded IBNR. The stabilization goal is a 3-month reserve. The program is still slightly below this goal, but is trending toward a \$700,000 surplus. It was mentioned that it is premature to consider plan design changes in response to the fully funded IBNR.
- The Medical program is trending for a fully funded IBNR. The stabilization goal is a 3-month reserve. Projections for 2011-12 indicate we may come in under this goal

if claim trending continues at current rate. The plan is on track to add approximately \$234,000 to stabilization fund.

- The Vision program. Equity is slowly decreasing but still in line with goals.
- Worker's Comp currently has \$200,000 in reserves.

9.1.3 **Revision of 2011/12 Budget.** The finance committee recommended an early budget revision. Medical program revenue is off by approximately \$1 million due to lower number of FTE, and significant plan migration from C to C-2. It was recommended that revenue numbers be adjusted, not claim expense projections. Pat made a motion to approve the budget revision as presented. Debbie seconded. Motion carried. Unanimous.

10.0 **HEALTH BENEFITS COMMITTEE REPORT**

10.1 **Final Wellness Incentive Numbers.** Mike reported that 1200 members completed Phase I of the wellness incentives for the 2011-12 plan year, earning lower copays. 957 completed Phase II, earning a lower calendar-year deductible for 2012.

10.2 **HBC Plan Change Recommendations** Pat Demo reviewed a letter dated January 22, 2012, summarizing the recommendations of the Health Benefits Committee (Pg. 49 in the Board packet). The committee proposed three plan options: A 70/30 plan, a hybrid of current C & C2, and a high-deductible CDHP. There was no recommendation on change for Rx coverage. The committee goal was to provide options for STSIG members, and offer a lower-cost, high deductible plan. Pat mentioned the need to have a reasonable option to compete on open market in response to healthcare reform. A discussion followed about the possibility of offering an HSA-compatible plan. Pat moved to accept the HBC recommendations as presented, with further analysis recommended on the inclusion of Rx as part of the deductible for the high-deductible plan (which would then make it HSA-compatible). Bob seconded. Motion carried. Cindy, Donna, Michelle opposed.

10.3 **HBC Wellness Incentive Recommendations.** Pat presented a recommendation from the HBC to require spouses to receive an annual physical for the family to qualify for Phase II benefits. Debbie made a motion to approve the recommendation as presented. Dana seconded. Motion carried. Michelle opposed.

10.4 **Proposed Modification of the Administration of Wellness Incentives for New hires.** Historically new hires have been allowed to participate in wellness program if they complete all steps prior to October 31. The administration of this benefit is cumbersome and time-consuming for STSIG staff. It was proposed that new hires eligible through June 15 be allowed to participate in wellness. New hires later in the plan year would default into a non-wellness group number for their first year. No motion.

11.0 **GENERAL BUSINESS**

11.1 **Request for inclusion of Charter School.** A letter was received from Cascade requesting that unrepresented classified employees from new charter school be allowed to join STSIG. This item was referred to the Executive Committee for review.

11.2 **Investment Report.** The investment report is provided on a quarterly basis (See pg. 56-57 of Board packet). Rate of returns remain low across the board.

11.3 **Determine Retreat Meeting Date.** Mike requested that all board members send Leah (lgrant@stsig.org) their availability during the first or second week in September. STSIG staff will gather calendar info and propose a date for a fall meeting/retreat.

11.4 **Form 700-Statement of Economic Interest.** Board members and alternates were reminded to complete and return a Form 700 no later than March 31, 2012.

11.5 **This item was removed from the agenda.**

11.6 **CA Association of Joint Powers Authorities (CAJPA) Legislation Update.** Mike encouraged everyone to read a recent article in the Sacramento Bee (pg. 62 in the Board packet) that mentioned CAJPA.

12.0 **ADJOURNMENT.**

Phil moved to adjourn the meeting at 12:15pm. Pat seconded. Motion carried.
Unanimous.

NEXT MEETING: The next meeting of the Board will be on April 20, 2012, 9am-Noon.