



Finance Committee Meeting
March 16, 2012
Shasta County Office of Education
9:30-10:30am

Members Present: Adam Hillman, Gretchen Deichler (via teleconference), Phil Brown, Robert Fellingner

Members Absent: David Flores, Bob Lowden

Staff: Mike Strech, Amy Cavalleri

Consultants: Mari Moore, Accountant

I. **Introductions**

Phil Brown called the meeting to order at 9:30am.

II. **Acceptance of previous meeting minutes**

Adam moved to approve the minutes from the January 12, 2012 meeting. Gretchen seconded. Motion carried. Unanimous.

III. **Discussion of current medical stabilization policy – impact of CAJPA Criteria**

Phil reviewed 2009 document outlining stabilization policy of the JPA recommending three months of stabilization reserves in addition to a fully funded IBNR. During the activities related to CAJPA accreditation, it was discovered that these standards are higher than industry recommendation from CAJPA. CAJPA recommends a minimum of one month stabilization reserves. Graphs were presented outlining the current trend of a three-month stabilization fund, vs. switching to a stabilization goal of a two-month reserve. A discussion followed regarding the process and climate that led to the decision to aim for a three-month stabilization fund. The goal of the committee at that time was to avoid dramatic rate swings due to instability in the reserve funding. Based on the standards set by CAJPA it was recommended that the stabilization goal for medical be adjusted to a two-month reserve, still well above the CAJPA accreditation criteria, yet cushioned enough to avoid significant rate swings when large claims are incurred. Adam moved that a recommendation be brought to the Board to lower stabilization funding goal from three to two months. Robert seconded. Motion carried.

Unanimous.

IV. ERRP Recoveries

Mike presented a report of ERRP recoveries received to date. An additional \$358,397.10 recovery was received on March 15, 2012, bringing the total to \$528,584.13.

V. Adjourn

The meeting was adjourned at 10:12am.