ATTENDANCE
Members Present: President, Jim French, Trinity County Office of Education
Vice-President, Donna Heller, Columbia Elementary School District,
Black Butte Elementary School District
David Flores, Gateway Unified School District
RoseAnn Adams, French Gulch-Whiskeytown Elementary School District, Igo Ono-
Platina Union Elementary School District, Shasta Union Elementary School District &
Redding Elementary School District
Art Schmitt, Shasta Union High School District
Adam Hillman, Shasta County Office of Education
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 9:05 a.m. by President, Jim French followed by
the Flag Salute.

2.0 APPROVAL OF AGENDA – A motion was made by Art Schmitt, SUHSD and seconded by Donna
Heller, Columbia to approve the Agenda with the exception of moving Item No. 6.3 to the last item. The
motion was approved unanimously.

3.0 APPROVAL OF MINUTES – The minutes of the September 22, 2006 Executive Committee Meeting
were presented for approval. It was moved by Art Schmitt, SUHSD, seconded by RoseAnn Adams,
Redding and unanimously approved to accept the minutes as presented.

4.0 PUBLIC COMMENTS-None

5.0 CORRESPONDENCE/EXECUTIVE COMMITTEE/EXECUTIVE CONSULTANT COMMENTS
There was no correspondence.

6.0 GENERAL BUSINESS

6.1 Appoint Phil Brown – Adam Hillman, SCOE moved for approval to appoint Phil Brown as representative
for Large Elementary School District to fill the current vacancy. The motion was seconded by Donna
Heller, Columbia and carried unanimously.

6.2 Appoint Cathy Campbell – It was recommended that Cathy Campbell be appointed to replace David Flores
as Representative for Unified School District. This item was tabled until the January meeting.

6.4 Approve List of Expenditures through September 2007 – A list of checks and wires were presented in the
packet for review and approval. Donna Heller, Columbia recommended that the JPA check into a less
expensive alternate location for future JPA meetings. Art Schmitt, SUHSD commented that he would
check into the availability of the SUHSD Board Room for future meetings in the interest of cost savings. A
motion to approve the List of Expenditures as presented was made by Rose-Ann Adams, Redding and
seconded by Adam Hillman, SCOE. The motion was approved by the Executive Committee.

6.5

6.5.1 Preliminary Year-End Financial Reports (2006-07) –Pat Casey reviewed the Preliminary Year-End
Financial Reports and noted that the year ended as expected. JPA Admin reserve is building and we will
keep it at approximately $35,000. The Dental account ended at approximately $150,000 and the program
is doing well. The Vision account ended with approximately -$57,317 last year end due to its constant
usage. The Medical Self-Insured program is at $304,000 in reserve. Blue Cross, Mercer and the JPA are
comfortable with the balance. The IBNR (Incurred But Not Reported) looks like we will come in under
the reported $1,277,223. It looks like the trend levied was accurate. A 7.6% increase worked 7 months out
and should hold. We will need until the February data and will be looking at 8%. Pat thanked Blue Cross
for making us whole on a claim issue that came up. The Blue Cross contract with the hospitals allows 150
days to bill them. A local hospital claim did not get billed properly to Blue Cross until June 2007 which
was too late to submit to the stop loss carrier. Blue Cross has agreed to pay the $331,000 to cover that
claim. Adam Hillman, SCOE questioned why Blue Cross would pay with no fault. Blue Cross explained
that it was a business decision and Blue Cross does want to see us succeed as a Self-Insured Group. Sue
Wallick, Bella Vista asked what Stop Loss is? Pat Casey explained that the JPA is responsible for the
initial $175,000 and the stop loss carrier pays the balance of each claim that exceeds that initial amount in a
year. Donna Heller, Columbia would like to see more education made available to members regarding the
pharmacies available that are less expensive. Pan Casey also recommended an increase in the copay or
application of a deductible on brand name prescriptions for the next Plan Year.
6.5.2 September 2007 Financial Report – Pat Casey reviewed the Financial Report for September. The first quarter is looking very good. Medical’s net income will look better when the IBNR is reported by Plan Year.

6.5.3 Quarterly Investment Report – The Quarterly Investment Reports were included in the packet for the Executive Committee’s information. Pat Casey reviewed the reports and commented that the rate of return in LAIF was 4.75% and is hoping to stay at that rate. It is more important to Workers’ Compensation which made good interest last year.

6.5.4 Annual Salary negotiations for Benefits Administrator – A request for renewal of benefits to be capped at $10,000 annually and an annual COLA based on the State Revenue Limit of 4.53% for the 2007-08 fiscal year retro to July 1, 2007 was presented to the Executive Committee. Adam Hillman, SCOE asked what the CPI is. Art Schmitt, SUHSD stated 3.7 was CPI last year. Adam Hillman, SCOE would like any future requests applied directly to the actual CPI (Consumer Price Index). A motion was made by Donna Heller, Columbia and seconded by Art Schmitt, SUHSD to recommend the request as presented for approval by the Board of Directors.

7.0 WORKERS’ COMPENSATION PROGRAM

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

7.1.1 Review Claims through September 2007 – Pat Casey stated that overall claims are down. The largest problem at this point is settling claims with people on prescription drugs do not want to lose that benefit. Jeff Keena, LWP is working on people to settle but would have to pay drug coverage out of the settlement amount. The older population is hesitant to accept that type of settlement. Jeff Keena, LWP reminded the Committee that LWP has a single fee until a claim is closed vs. an annual fee as was the case with the previous claims administrator Keenan & Assoc.

7.2 Risk Management Program – Pat Casey commented that over the four year period, 113 claims cost 85%. He has found that the trend of more than $75,000 in claims incur in age 50 and over. This age is most susceptible of longer healing time and sometimes not healing where a person can be 100% disabled with 30 years of medical coverage to come. The more expensive claims occur in food service, custodial, maintenance and transportation because of the high physical demand with age also a factor. Jim French, President asked if the POPPS (Post Offer Pre-Placement Physicals) should be reviewed for more scrutiny. Pat Casey recommended testing a whole group, for example custodians, so we can let schools know what their limits are. Donna Heller, Columbia asked if anyone has been hired who failed a POPP had ever filed a Workers’ Compensation claim. Pat commented that we will be focusing on repetitive motion. Melanie Cich asked who would be doing the testing. Pat stated that Redding Physical Therapy would be doing the testing. It would be someone more in tune with Functional Capacity. It was recommended that this testing be presented in such a way that employees understand that it is to address their workstation set up. Adam Hillman, SCOE asked who would be incurring the expense for this testing.

Danté Bellino reviewed his Loss Control services. Danté discussed the stretch and flex program that is currently in place in the private industry. This allows employees three times per day to stretch and flex. Danté provided 87 days of service last year and service has increased over the years. We started out with 12 services and increased to 26 plus services. Danté reviewed the STSIG website and video streaming that was added recently. Adam Hillman, SCOE recommended Google Analytics to find out how many districts are using the tools. Donna Heller, Columbia recommended a website presentation to Human Resource groups at the different school districts. Pat Casey recommended a workshop for Human Resource departments and also Business Managers to review the website.

7.2.1 Safety Program – Pat Casey met with Melanie Cich, SCOE, Adam Hillman, SCOE and RoseAnn Adams, Redding regarding the possibility of providing a MSDS Tracking Software Service. The service allows a library of MSDS sheets districts might need for their binders. Schools can log on and print sheets as they need them to update. The JPA would need to visit sites to make sure schools are using the data sheets. Adam Hillman, SCOE stated it is legally compliant to have MSDS on the websites instead of having a binder. The cost is approximately $5,000 to set up and then approximately $2,000 per year to maintain. New sheets would be approximately $4.50 each to add to the setup. All menu driven and easy to access. Schools could click on First Aid or PPE and all the information needed for first aid exposure would be there. It is user friendly with pictures of PPE needed. Adam Hillman, SCOE recommended incorporating the MSDS training to workshops being offered to the Human Resources departments and Business
8.0 HEALTH BENEFITS PROGRAMS
8.1 Blue Cross of California
8.1.1 Medical Claims and Cost Trend – Bordan Darm, Mercer ran regression analysis to compute trend for this group. At this point claims are trending about 8.2% and hoping for better trend by the spring. He has asked Blue Cross to track trend if we had stayed fully insured with Blue Cross. The JPA has saved 5% differential or approximately $1,000,000 that we did not spend. Bordan noted that the active premium has a 1% subsidization of retirees which should improve because of the Medicare Part D subsidization. Jim French, President inquired about any programs available for Blue Cross to take over management of members on Medicare. There are plans such as Medicare Advantage Plan and Supplemental Plans available for retirees over 65 however not as part of our self-insured program.

8.1.2 Recommend Changes to By-Law Language to Address Admission of Groups to JPA – Pat Casey reviewed recommendations for Bylaw language changes. Donna Heller, Columbia inquired as to how we get experience on a new entity. Pat Casey noted that there is no way to get that experience. Pat commented that Blue Cross says we can consolidate bargaining units within a district for example Gateway. Gateway has Management with us. Pat recommended that language in the JPA Agreement state that a “New Group not currently with us needs to go through an underwriting procedure so the JPA can decide whether or not to accept them”. Adam Hillman, SCOE asked if and when we take in a new group, do we separately identify fund balance? Pat recommended a surcharge so they can catch up by an increased new rate. The Policy and Procedure Manual needs to be changed. David Flores, Gateway would like to see language that addressed Charter Schools. Art Schmitt, SUHSD asked Pat to define what the JPA considers dependent vs. independent and what we would do if a dependent charter school moved to an independent status. Adam Hillman, SCOE commented that he felt the JPA could recuperate any losses from the sponsoring Group.

8.2 Dental Program – Pat Casey commented that Dental is holding its own and in good financial shape. Trend is good. TCOE will be quoted a $2,000 maximum for a Rural Rate for their bargaining units to consider.

8.3 Vision Program – Pat Casey stated that the Vision program is also in good financial shape.

6.3 Sub-Committee on Contracted Services to JPA – RoseAnn Adams, Redding reviewed the Committee recommendations. One of the questions the Committee had was how the COLA got into the contract. It was explained that the Board had recommended the COLA language at one point. RoseAnn reviewed the comparison of costs for the JPA Executive Consultant contract and different options the Board may want to consider at their discretion for the contract renewal and/or and RFP (Request For Proposal). Jim French, President inquired about InterWest’s consulting fees. Pat Casey explained that they purchase excess insurance coverage for the self-insured workers’ compensation program and also help with claims review. Adam Hillman, SCOE inquired about the employee vs. independent contractor. He noted that all of the other groups have an employee instead of an independent contractor. Pat’s services are provided as part of his corporation. The question was also raised about whether or not the contractor position meets the IRS guidelines. Art Schmitt, SUHSD commented about whether or not the Board has control over the actions of an independent contractor. The overall cost for services is similar to other JPA’s. Pat Casey discussed his overall performance as a consultant. Pat noted that he “was the founding father” for many JPA’s. Pat reviewed his involvement in many RFP’s and it was because there was a problem with the current service. If there is no problem with the service then what is the need for an RFP. Pat would like the opportunity to improve the level of service if that is what is in question. Dan Moore, Enterprise commented that if the Committee is having discussions and expressing concerns about the level of service, perhaps that discussion should exclude Pat. Art Schmitt, SUHSD commented that if nothing is broken there should be no need to try and fix it unless the cost is out of line. Art does not see that anything is broken and the cost is not out of line according to the comparison presented for review. Harley North, Evergreen commented that he does not see a need for a change. It was requested that Pat present a contract renewal proposal at the January Executive Committee meeting. David Flores, Gateway noted that it is the due diligence as a Board to scrutinize contracted services. RoseAnn Adams, Redding stated that there is a need to avoid the perception of rubber stamping all contract renewals. Rose Ann recommended that a new Board study session be held. Adam Hillman, SCOE agreed. Pat Casey stated that he is not planning to retire anytime soon and is very interested in continuing with the JPA and working through the self-insured programs. Donna Heller, Columbia asked if Pat could provide more services if he was an employee vs. an independent contractor. Jim French, President recommended the Board look at the IRS defined twenty
questions to make sure the JPA is in compliance with Pat being an independent contractor. Harley North, Evergreen noted that it is harder to fire an employee than a consultant or contractor. RoseAnn Adams, Redding requested that Pat provide a contract renewal request to the Sub-Committee prior to the January Board Meeting. RoseAnn suggested an option was for the JPA to do an RFP as part of due diligence. The Executive Committee will schedule another meeting prior to the January Board of Directors Meeting and will recommend options with the full Board in January. Adam Hillman, SCOE requested a copy of Pat’s IRS Audit regarding the twenty questions to qualify as an independent contractor. Harley North, Evergreen asked that Pat submit his proposal and IRS Audit to be reviewed at the Executive Committee Meeting prior to the next Board Meeting.

9.0 Next Meeting – It was decided to hold another Executive Committee Meeting on January 11, 2008 to review the documents noted above. There being no further business, Harley North moved that the meeting be adjourned. Art Schmitt seconded the motion and it was unanimously approved by the Executive Committee to adjourn at 12:05 p.m. 

Respectfully submitted,

DeDe Davis
Benefits Administrator

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

James French, President
Shasta-Trinity Schools Insurance Group