

**SHASTA-TRINITY SCHOOLS INSURANCE GROUP
EXECUTIVE COMMITTEE MEETING MINUTES**

September 24, 2010

Hilton Garden Inn, 5050 Bechelli Lane, Redding

ATTENDANCE

Members Present: President, Adam Hillman, Shasta County Office of Education
Vice President, Donna Heller, Columbia ESD & Black Butte ESD
Patricia Demo, Shasta College
RoseAnn Adams, Redding Elementary School District
Cathy Campbell, Gateway Unified School District
Tom Mancuso, North Cow Creek Elementary School District
Dana Reginato, Shasta Union High School District

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

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

Others Present: Melanie Cich, Shasta County Office of Education
Donell Evans, Anderson Union High School District
Gretchen Deichler, TCOE
Bordan Darm, Mercer
Jeanette Price, Anthem Blue Cross
Judy Saeturn, Anthem Blue Cross
Amber Davis, LWP Claims Solutions

- 1.0 **CALL TO ORDER** – The meeting was called to order at 3:00 p.m. by President, Adam Hillman.
- 2.0 **APPROVAL OF AGENDA** – A motion was made by Patricia Demo, seconded by Tom Mancuso and unanimously approved to accept the agenda as presented.
- 3.0 **APPROVAL OF MINUTES** – Minutes of the March 26, 2010 Executive Committee meeting was presented for approval. It was moved by RoseAnn Adams, seconded by Cathy Campbell; the motion was approved unanimously.
- 4.0 **PUBLIC COMMENTS** – None
- 5.0 **GENERAL BUSINESS**
 - 5.1 Financial Reports – The Unaudited Year-End Financial Reports for 2009/10 and the Year-to-Date Financial Reports for 2010/11 were presented for the Committee’s information. Mike Strech reported that the Workers’ Compensation Program IBNR has been adjusted but not the Medical, Dental or Vision. Regarding the Medical Program, while the Financial Reports only went through July 2010, Mike Strech reported that August’s claims were high and that it was a bad month. However, September is looking much better.
 - 5.2 List of Expenditures – A List of Expenditures was presented for approval for all programs. It was moved by Patricia Demo, seconded by Cathy Campbell, and unanimously approved.
 - 5.3 Investment Report – The Investment Report was presented for the Committee’s information. Mike Strech brought to their attention the format change of the report. He also noted that there is a large balance in the Workers’ Compensation account at North Valley Bank and the interest rate is low. He is currently negotiating with them to increase the rate.
 - 5.4 Finance Committee Report
 - 5.4.1 Recommend Adoption of Revised Workers’ Compensation Stabilization Policy – At the April meeting when rates were being set, it was noted that the Stabilization Policy recommended at that time by the Finance Committee did not match the rate recommendation formula. Upon hearing from the Actuary, Mike Harrington of BRMS, the Committee was convinced that an 80% confidence level with a stabilization fund at 2 times the SIR was sufficient. Therefore, it was moved by Patricia Demo, seconded by Tom Mancuso, and unanimously approved.
 - 5.4.2 Policy Recommendation re: Loaning Funds to Districts from Workers’ Compensation Program – The Finance Committee discussed the appropriateness of the JPA loaning

money to districts for cash flow purposes and recommends against the practice because the JPA is not a bank and cannot administratively monitor the repayment of the loans. In addition, loaning money to districts could be a conflict of interest for the JPA's Board Members. Therefore, it was recommended that the JPA should maintain its primary role as a conduit for insurance services and not loaning money. Therefore, it was moved by RoseAnn Adams, seconded by Tom Mancuso, and unanimously approved to accept the Finance Committee's recommendation to not loan money to districts.

5.5 Internal Controls –

5.6 CAJPA Conference – Mike Strech and Adam Hillman reported on their recent attendance at the CAJPA Conference. Adam reported that he got a lot out of the conference and was impressed with its structure and substance. One of the seminars they attended was that of CAJPA's accreditation program and Adam believed strongly that it would be a good thing for STSIG to do. He noted that NCSIG was accredited and it brings them more credibility as a JPA. Mike Strech reported that the process would take approximately \$10,000 and would take about 2 years to complete. The consensus of the Executive Committee was agreement and directed Mike Strech to begin the process.

6.0 **WORKERS' COMPENSATION PROGRAM**

6.1 Equity Transfer – At their April 2008 Board Meeting, the Board approved an equity transfer to those districts that were not part of the Medical Program. Shasta Union High School District received their funds in September of 2008, but Happy Valley, Millville, and Trinity Union High School District did not. Neither did Enterprise Elementary School District as they requested the monies remain in the fund to be used for future Risk Management services in addition to those services provided by the JPA. Enterprise has recently requested their equity share and, upon researching the issue, the other three districts are still owed their share as well. The amounts are reflected in this year's audit, even though they were not in the previous audit. This is not an action item because the Board had already taken action on the issue. This is an informational item to update the Committee that funds will be sent to the four districts: Enterprise will receive \$198,267; Happy Valley will receive \$33,219; Millville will receive \$11,381; and Trinity High will receive \$28,596.

6.2 2010/11 Loss Control Training Schedule – A regional training schedule was presented to the Committee for their information. The information has been sent to all Board Members as well as point people within the district. Mike Strech particularly stressed the importance of the Safety Committee Development Training.

6.3 Adjourn to Closed Session – At 3:32 p.m., the Committee went into closed session to discuss Workers' Compensation Claims Settlement; moved by Tom Mancuso; seconded by Patricia Demo, unanimous.

6.4 Reconvene to Open Session – At 3:40 p.m., the Committee reconvened in open session; moved by Patricia Demo, seconded by Cathy Campbell, unanimous. Adam Hillman stated that there was no reportable action taken during Closed Session.

7.0 **HEALTH BENEFITS PROGRAM**

7.1 Medical Program

7.1.1 Year-End Claims Experience for 2009/10 – Claims experience for the 2009/10 plan year was presented to the Committee showing a loss ratio of 96.4% and a surplus of \$867,687 and a reserve build-up of \$423,608 due to the deficit position of (\$444,079) in 2008/09.

7.1.2 Claims Experience for 2010/11 – Claims experience for the current year through July was presented and showed that July's claims paid exceeded the premium received thereby reducing the reserve build-up in the amount of \$49,128. This is largely due to Cascade Teacher's Unit leaving the JPA. The plan is still paying claims for Cascade but receiving less premium. Their IBNR will be determined in October with half of the balance due January 2011 and the balance, which will be a final IBNR calculation, will be a receivable in the audit and due the following January 2012.

- 7.1.3 Report on the Wellness Program Implementation – The Wellness Advantage Program began in May of 2010 with the employees participating in Open Enrollment Meetings and an Online Wellness Assessment. With the completion of Phase 1 by June 13th, they were eligible to receive the lower copays. The deadline was extended due to the fact that there was confusion as to the completion date stated on the Alere website as opposed to the information received from the JPA. Therefore, the deadline was extended to August 31st for those people that began the Assessment before the June 13th deadline but didn't finish it. This has created a great deal of administrative difficulties and it is recommended that the Phase 2 deadline of October 31st be held to with no exception. Mike Strech is asking the Committee for its support of the deadline's adherence so there is no miscommunication or misunderstanding. The JPA has mailed numerous communications and fielded hundreds of phone calls in an attempt to communicate the deadline and the steps necessary to complete Phase 2 successfully. Therefore, it was moved by RoseAnn Adams, seconded by Tom Mancuso, and unanimously approved to adhere to the deadline of October 31st for Phase 2 of the Wellness Program.
- 7.1.4 Smoking Cessation Benefit – The Smoking Cessation component of the Wellness Program was recently explored and solidified. The recommendation is to provide the membership with a \$500 lifetime maximum to spend towards smoking cessation products such as patches, gum, lozenges, and prescriptions as long as they are enrolled in a Smoking Cessation class at Mercy or online at www.behappystaywell.com. Moved by Tom Mancuso, seconded by Dana Reginato, the \$500 lifetime max was approved.
- 7.1.5 Health Benefits Committee – The Health Benefits Committee concluded last year with a successful Wellness Program model. It is time to begin another year and an invitation has been sent for repopulation of the Committee. The first meeting will be in October. It was suggested that weight management issues be considered for this year's Wellness Program.
- 7.1.6 Implementation Audit – Anthem recently sold Next Rx to Express Scripts Inc. (ESI) and there was difficulty in the transition. Some of the membership experienced problems and Anthem has since sent letters and gift cards to those members that were affected. However, the JPA wants to make sure that all of the problems are taken care of and that the pharmacy benefit is being administered correctly. Therefore, Anthem has agreed to pay for an Implementation Audit to be performed by Mercer in the amount not to exceed \$15,000.
- 7.2 Dental Program – In light of pending layoffs and subsequent rehire, a few employees were off the health benefits for 1 month which, in the dental program, causes the employee's incentive level to drop back to 70%. Adam Hillman believes this to be a hardship and one that is unnecessary for those employees who, by no fault of their own, are being caused more out of pocket expenditures than their employee counterparts who remained employed. Therefore, he has requested that the Committee consider a waiver for these few employees that had a break and keep them at whatever level they were at before the break. Bordan Darm suggested that they should remain at that level throughout the eligibility period for COBRA (60 days) and should be brought back at that incentive level. Delta Dental has said they could do this for us upon our authorization. Therefore, it was moved by Tom Mancuso, seconded by Patricia Demo, and unanimously approved to maintain the employee incentive level for dental through the initial eligibility period or the termination of COBRA coverage.
- 8.0 **ADJOURNMENT** – There being no further business to come before the Executive Committee, it was moved by Tom Mancuso, seconded by Patricia Demo, and unanimously approved to adjourn at 4:45 p.m.

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Nancy Panks
Benefits Administrator

Adam Hillman, President