



BENEFITS COMMITTEE
MINUTES

February 7, 2007

A meeting of the Benefits Committee was held on Wednesday, February 7, 2007, at 3:00 p.m., in SU-18.

A. Call to Order

John Tortarolo called the meeting to order at 3:05 p.m.

B. Roll Call

Members Present: Yvonne Anderson, Elaine Armstrong, Ruth Barnaba, Theo Brockett, VP Bonnie Dowd, Dave Forsyth, John Goldsworthy, Dr. Enrique Herrera, Lee Hoffman, Nancy Horio, Sandy Nanninga, Jean Ruff, Dr. Omar Scheidt, John Tortarolo, Dr. Rocco Versaci

Ex-Officio Members Present: Lucy Nelson, Maggie Beauchamp (JPA)

Members Absent: Dr. Roy Archer, Jim Bowen, Jo Anne Giese, Sherry Gordon, Cheryl McCarron

Ex-Officio Members Absent: Brian Vivian (JPA), Victoria de la Torre (JPA)

Guests: Penny Angel-Levy, representing EASE.

C. Minutes

Minutes from the December 6, 2006 meeting were approved.

D. Old Business

None.

E. New Business

1. Maggie Beauchamp distributed the "Rolling 12's". The cumulative loss ratio remains at 108%. Actual claims for December dropped to 62%, but that was due to claims only being paid out in the first three weeks of December. January's claim totals can be expected to be much higher. There was some discussion on whether the 2007 increased premium rates would be reflected in the loss ratio. John asked that the percentage of increase for each plan be provided at the next meeting.

In follow-up to a question asked last month, Maggie explained the stop loss information that was included with the Rolling 12's. We are responsible for the first \$75,000 and the self-funded pool picks up the next \$125,000. Once a claim reaches \$200,000, AIG, who is our commercial re-insurer, covers the balance.

2. Penny Angel-Levy presented information on EASE, our employee assistance program. EASE is contracted through the JPA and covers **all** employees in the District, not just those who are benefits-eligible. Employees may self-refer and supervisors may also suggest that an employee seek their counseling services. The program is entirely confidential, provides six free visits per year, and will also work with our medical insurance plans for continuing care. They also will assist uninsured employees to find necessary resources. Ms. Angel-Levy distributed EASE brochures and said that the EASE Toolbox, a binder of information, should be made available to all supervisors, managers and union representatives. She will send a supply of these binders to be distributed to those interested. She also pointed out that this benefit is provided to anyone separating from employment for up to six months following date of separation.

F. Comments/Discussion

Bonnie Dowd provided some background and history on the GASB rules established in recent years for reporting retiree health benefits. Historically we used a "pay as you go" policy which has left us with large liabilities, similar to the situation Social Security is currently in. In June, 2005, an actuarial study was performed which showed that we had a current and future unfunded liability of \$66 million dollars. Since then we have set aside \$2 million against the \$66 million required. Another actuarial study will be performed soon to assist the District in having a plan in place by December, 2008. Following that, actuarial studies must be done every two years. Once we are in compliance, these funds must be placed in irrevocable accounts and cannot revert to the General Fund and we must show the liability on our financial statements. Dr. Dowd pointed out that this liability could possibly affect our rating when we go out for the Bond placement.

An issue held over from previous months concerning out of area retirees and medical claims was addressed. John Tortarolo reiterated that under the HIPAA privacy rules, individual claims cannot be discussed in Committee. However, we could discuss the medical plan in general and he asked Maggie to address this issue. She described how "out of area" claims are processed using Southern California "usual, customary and reasonable" (UCR) rates. Quite often other areas of the country have lower costs than Southern California, and therefore, when paying 80% of UCR, a claimant might actually receive a higher reimbursement. However, an out of state provider is not under contract and has no obligation to write off the excess costs as a contracted provider would. She stated that she intended to look at nation-wide networks this year to see if they would add value to our plan without inflating the premiums. Her goal is to complete the study and make a determination in time for the October 1 and January 1 renewals. We will revisit this issue when more information is available, possibly in October.

G. Adjournment

There being no further business, the meeting was adjourned at 4:12 p.m.

Next Meeting: Wednesday, March 7, 2007 (SU-18)