



BENEFITS COMMITTEE MINUTES

April 13, 2011

A meeting of the Benefits Committee was held on Wednesday, April 13, 2011, at 3:00 p.m., in MD-155C.

A. Call to Order

John Tortarolo called the special meeting to order at 3:02 p.m.

B. Roll Call

Members Present: Sheila Atkins, Dr. Ken Burns, Jayne Conway, Dr. Bonnie Dowd, Katherine Gannett (for Phyllis Laderman), John Goldsworthy, Lisa Hornsby, Jean Ruff, Dr. Omar Scheidt, Josie Silva, F. Perry Snyder, John Tortarolo, Michelle Tucker, Colleen Weldele

Ex-Officio Members Present: Jovita Juanillo (Keenan), Lucy Nelson

Members Absent: Phyllis Laderman, Teresa Laughlin, Cheryl McCarron, Christine Moore, Sandra Nanninga

Ex-Officio Members Absent: Tammy Reed (FBC), Rossanne Wetzel (Keenan)

Guests: None

C. Minutes

The March 2, 2011 meeting minutes were approved.

D. Old Business

None.

E. New Business

1. A discussion on the Rolling 12s was deferred until the May 4, 2011 meeting.

2. John Tortarolo discussed the purpose of this special meeting. The Early Retiree Reinsurance Program (ERRP) was enacted under the Affordable Care Act of 2010 (also known as health care reform). This program will provide up to \$5 billion in reimbursement to participating employment-based health plans for health care claims incurred by an "early retiree", age 55 or older, not yet eligible for Medicare and enrolled in a certified employment-based plan. This also includes spouses and dependents of such retirees. This temporary program began June 1, 2010, and no applications will be accepted after May 1, 2011. Therefore, it is imperative that the District file its application immediately.

Initially, in talks with the FBC, the District was provided with a limited amount of information, indicating that we would incur up-front costs in excess of \$20,000 in application fees with no promise of any return against this investment. The data requirements of ERRP are extensive and detailed, and the District is not equipped to handle the applications and subsequent data filings necessary, thus requiring that we utilize a third party provider, such as the FBC, if we were to apply for any of the funds available in this program. It was also our understanding that the FBC was not filing applications for any of the other districts under the FBC umbrella. Based on the information provided by the FBC, the District initially decided not to participate in this program.

Subsequent discussions with Keenan & Associates indicated that the District actually could recover approximately \$195,000. Keenan's fee would be \$20,000 plus 10% of the recouped funds, payable only if reimbursement were actually realized. Keenan is experienced in this process, already having filed ERRP applications for 60 clients, none of which have been denied by the federal government, and one already having received reimbursement. The federal government defines the criteria for acceptance in order to rule out fraud or abuse.

Since our Kaiser Permanente health plan already includes significant wellness plans, a requirement of ERRP, the District is fairly well assured of receiving reimbursement on early retiree claims through Kaiser. However, the PPO plan does not currently have enough wellness features, so we must set up wellness plans for PPO participants. These will be based on the five most significant health risks.

The use of reimbursements is strictly controlled by the ERRP plan. These funds must be used to support wellness programs and help contain health care costs, potentially lowering future expenses. Any reimbursements cannot be used in the General Fund, so the District will funnel these monies into Fund 69, which is where our retiree health care expenses come from. The Benefits Committee will recommend how savings will be disbursed, and John indicated that any decisions will have to be negotiated with the unions and the non-represented employee groups. It is anticipated that any potential reimbursement will not be seen for a number of months as this process will take time.

F. Adjournment

There being no further business, the meeting was adjourned at 4:00 p.m.

Next Meeting: Wednesday, May 4, 2011 (MB-15)