



BENEFITS COMMITTEE MINUTES

October 6, 2010

AMENDED MINUTES

A meeting of the Benefits Committee was held on Wednesday, October 6, 2010, at 3:00 p.m., in MB-15.

A. Call to Order

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

B. Roll Call

Members Present: Dr. Ken Burns, Dave Forsyth, John Goldsworthy, Lisa Hornsby, Phyllis Laderman, Teresa Laughlin, Cheryl McCarron, Jean Ruff, Dr. Omar Scheidt, Josie Silva, John Tortarolo, Colleen Weldele, Chris Wick (for Sheila Atkins)

Ex-Officio Members Present: Lucy Nelson, Tammy Reed (JPA)

Members Absent: Jayne Conway, Dr. Bonnie Dowd, Sherry Gordon, Sandra Nanninga, Michelle Tucker

Ex-Officio Members Absent: None

Guests: Rossanne Wetzel (Keenan & Associates)

C. Minutes

The August 4, 2010 meeting minutes were approved, with one correction: Tammy Reed was listed as being both present and absent. She was, in fact, present.

D. Old Business

None.

E. New Business

1. John Tortarolo began by publicly rescinding the letter selecting Keenan & Associates as the Benefits Committee's choice of consultants. He apologized to the Committee, and indicated that it was not his intention to disregard the process of selecting a benefits consultant. He reviewed the reasons why it was determined that a benefits consultant was needed, and the steps taken in the process which brings the Committee to this point. However, due to an unexpected illness, certain steps in the process were unintentionally omitted, and the contract was prematurely submitted and then subsequently removed from the Governing Board agenda for the September meeting. The District and Keenan will draft a new contract, and the District will submit recommendations regarding the contract to the Governing Board at its November meeting.

2. Tammy Reed discussed the Rolling 12's. The PPO claims ratio is looking better at 93%, although the month of July was fairly high (123%) due to five weeks worth of claims processed in the month. However, the FBC acknowledged that the 93% ratio did not include administrative fees. The two dental plans and the vision plan continue to hold steady at acceptable ratios.

A question was raised concerning the mandated mail order prescription plan through Express Scripts, and when we would begin to see improved costs. The FBC responded that there will likely continue to be occasional spikes in prescription claims costs, but we should expect to see improvement in the next few months.

The proposed renewal rates for 2011 have been accepted. These are:

- PPO - \$1,336.45 (9% increase)
- Kaiser - \$983.87 (16.3% increase)
- Delta Premier - \$106.68 (no increase)
- Delta DPO - \$91.38 (no increase)
- VSP - \$21.39 (no increase)
- Group Life - \$10.08 (no increase)
- Long Term Care - \$3.50 (no increase)
- Long Term Disability - \$.33/\$100 payroll (no increase)

3. President Deegan has committed to maintaining the current benefits for current retirees as well as maintaining those same benefits for staff that retire by the end of the existing collective bargaining agreement. This is not to say or imply that these benefits will not continue beyond the scope of the current bargaining agreement; however, negotiations will determine those future benefits.

4. The Committee then met without the FBC representative. The Committee discussed the background and reasons for engaging a benefits consultant. It was noted that neither the District nor the Benefits Committee had the resources required for an in-depth benefits study. John reviewed in detail the work of the task force which unanimously recommended to the Committee their selection of Keenan & Associates, and reviewed the process of reference checking following this selection. The CCE representative reported that their reference checks were positive. The Committee then voted to recommend retaining Keenan & Associates as the District's employee benefits consultant.

It was noted that the Committee's role was to make the recommendation regarding engagement of a consultant; it was not Committee's role to determine the scope of the contract. The Committee will not vote on the contract.

A lengthy informational discussion followed regarding the work of the consultant. Rossanne Wetzel reviewed the scope of duties, discussing each item in detail and answering all questions from the Committee. Keenan will provide full consulting services to include benefit and financial analysis services under an all-inclusive contract for one year as an unbiased, third-party consultant. Discussion ensued regarding a request to break down the cost of each service. Wetzel indicated that the proposal was a core service package, and the costs for each service could not be itemized.

John explained the pricing of all three consultant candidates. Keenan and Aon were similar. Hewitt was lower-priced, but their references revealed a practice of increasing costs in segments for each type of service rendered, so that ultimately the project would be quite expensive. The core services contract was the same type of proposal made by all three consultants. Keenan's final price for the package of core services will be \$74,500.00 for a one-year contract. Individual consultant recommendations will be reviewed with the Committee and discussed in detail. Implementation of Committee recommendations are subject to negotiations with representative unions and with meet and confer groups.

F. Adjournment

There being no further business, the meeting was adjourned at 4:54 p.m.

Next Meeting: Wednesday, October 20, 2010 (MB-15)

DRAFT

EXHIBIT A-1

Full Consulting Services

Keenan shall perform the following Services:

1. Keenan shall perform the following Benefit Analysis/Financial Analysis services:
 - A. Review current Plan on an ongoing basis and evaluate if the current Plans meet Client's needs.
 - B. If Client has one or more self-funded plan(s), prepare annual self-funded plan analysis to project costs based on emerging experience, utilization and trend for plan pricing and budgeting purposes. The report will include claims analysis, reserve calculations, trend projections, a review of utilization patterns for evidence of abuse or deviation from anticipated norms, projected funding levels, COBRA rates, and an analysis of cost management techniques and programs for continued appropriateness and efficacy.
 - C. Keep Clients informed of trends and current developments in employee benefits.
 - D. Make recommendations regarding benefit changes, keeping in mind Client's budget and priorities. This includes monitoring benefit plan amendments to make sure they are prepared properly.
 - E. Keenan shall act as a liaison between the Client and its insurance carrier or coverage provider.
 - F. Review, evaluate and negotiate insurance renewals on Client's behalf.
 - G. Prepare and provide insurance vendors with detailed bid specifications in order to obtain the coverage's and quotes that Keenan believes will be most attractive to meet the needs of Client.
 - H. Evaluate insurance vendor's proposals and present to Client the proposals that Keenan believes will be most attractive to meet Client's coverage selection.
 - I. Review claims experience and inform Client of potential impact of developing trends and projected costs (funding levels, COBRA rates).
 - J. Assist Client with governmental reporting and filings (e.g., 5500's and Summary Annual Reports), as applicable.
 - K. Review Federal and State legislation relating to the Plans and inform Client of any changes or potential impact.

2. **Keenan shall perform the following Plan Implementation services:**
 - A. Assist in marketing, review and implementation of new insurance plans, as needed.
 - B. Assist in the preparation and/or review of benefit literature for distribution to Client's employees.
 - C. Facilitate Client's review and approval of employee benefits booklets, certificates and master contracts prepared by insurance vendors and administrators.
 - D. Familiarize Client with benefit plans, forms and billing procedures.
 - E. Act as liaison between Client and Client's insurance vendors in benefit related matters.
 - F. Assist in the drafting and/or review of Medical/Rx Plan Document and/or Summary Plan Description.
3. **Keenan shall perform the following services to Human Resources:**
 - A. Assist Human Resources staff with the Plans as outlined in the Agreement.
 - B. Assist Client with the preparation of employee's any Plan-related communications, to which Client shall give final approval.
 - C. Review and distribute vendor administrative manuals for Clients.
 - D. Assist in orientation, overview, and question and answer meetings with Client's employees. Keenan's staff will provide this assistance for up to two (2) days of employee meetings to be conducted during regular business hours by mutual agreement of the parties. Additional consultant time for employee meetings will be available at the rate of \$1,000/day per Keenan employee present at the requested meeting.
4. **Keenan shall perform the following Plan Documents services:**
 - A. Keenan agrees to provide the following services with respect to the documents relating to Clients benefit plan ("Plan Documents") and Summary Plan Description:
 - i. Revise Client's current Plan Documents and Summary Plan Description;
 - ii. Make suggestions to enhance the functionality of Client's current Plan Documents/Summary Plan Description;
 - iii. Draft a Revised Plan Documents/Summary Plan Description for Client's final approval.

- B. Any Summary Plan Description or any other Plan Documents drafted or reviewed by Keenan and approved by Client under this Agreement, shall apply solely to the Plan year during which such Service was provided. They are not intended for use beyond the Plan year for which they were created, reviewed or revised. Keenan shall not be held liable for any direct, punitive, especial, consequential or incidental damages, loss of profit or revenue, loss of business, loss or inaccuracy of data or scope of insurance resulting from the continued use of such Plan Documents or Summary Plan Description beyond the dates for which they were intended.