

METROPOLITAN EMPLOYEES BENEFITS ASSOCIATION (MEBA)

Regular Meeting of Board of Trustees

CSEA Office, Orange, CA

Wednesday, February 25, 2009

**MINUTES**

Steve Balentine called the meeting to order at 2:00 p.m.

**1. Roll Call**

- Union Trustees:

*Classified Union Trustees:*

\_\_\_\_\_ (\_\_\_\_ CSEA)

Dianna Mullen (FSD CSEA)

Cheri Smith (FJUHSD CSEA)

Alternate Trustee: Joe Ahlert (FSD CSEA)

Professional Staff Trustee:

Pat Prezioso (CSEA)

Absent: Pat Prezioso and John Lynch

*Certificated Union Trustees:*

Karen Hall (FSTO)

Frank Weirath (CUEA)

Joyce Wills (BPTA)

Alternate Trustee: \_\_\_\_\_ (\_\_\_\_)

Professional Staff Trustee:

Steve Balentine (CTA)

- District Trustees:

Jeff Bristow, (Capistrano)

Ken Chandler, (La Habra)

Mark Douglas, (Fullerton)

John Fogarty (Brea Olinda)

Alternate: Matthew Krause, (Capistrano)

Absent: Deanna Glenn, Doug Kimberly, Phil Fleming, and Steve Wagner

Doug Kimberly, (FJUHSD)

Deanna Glenn, (Buena Park)

Barbara Ott, (Brea Olinda)

Steve Wagner, (OCHSA)

Alternate: Phil Fleming, (FJUHSD)

- Also Present: Tom Cahill and Ron Riley, HUB; Cheryl Masters and Gary Ward, Mercer; and Ronda Walen, Capistrano Unified; Marianne Monfils CSEA LRR.

**2. Approval of Minutes**

- *Motion* – It was moved by Jeff Bristow, seconded by Karen Hall and approved unanimously without objection the January 28, 2009, minutes as read.

**3. Chairs Report** – Steve Balentine welcomed everyone to the meeting.

- *Agenda* – Mr. Balentine stated that he would like to improve the MEBA agenda to make it more of a working document to help keep us update on status of discussion items and concerns. Committee chairs please email your agenda items you would like on the agenda under committees. It may be a little difficult because the committee meetings are held on the same day but everyone agreed to give it a try.

**4. HUB Report** – Ron Riley distributed a copy of the HUB Report to all MEBA Board members.

*Administration*

- *Migration Report* - Mr. Riley stated that programming is in progress to show movement from carrier to carrier during open enrollment.

*Finance/Accounting*

- Mr. Riley reported that the attached payment approval is for February, 2009. The payment approval listing includes checks #3911 through #3940, totaling \$6,464,325.90 is presented for Board ratification. Checks #3941 through #3950, totaling \$445,034.16 are presented for Board approval. It was noted that checks #3945 and #3946 were replacement checks. Wire

transfers dated February 12, 2009, totaling \$659,363.34 for Kaiser premiums and wire transfers dated January 26, 2009 through February 23, 2009, totaling \$271,177.57 for Delta Dental premiums are both presented for Board ratification.

- *Motion* – It was moved by Mark Douglas, seconded by Joyce Wills, and approved unanimously without objection the payment approval listings and wire transfers as presented.
- *Additional Financial Data* – The Financial Report includes a restated report for December, 2008. The restatement reflects an adjustment to account for reissue of a premium check considered outstanding in December but ended up clearing the bank. Additional financial data is included in the HUB report. The fiduciary liability premium was paid. Please note that HUB will be modifying the financial statements on an accrual basis rather than reporting monthly on a cash basis. HUB has to convert to the accrual basis each year for the audit. The 2008 audit work for has started with Vicinti, Lloyd & Stutzman (VLS). Also, with Steve Balentine replacing Pat Prezioso as co-chair for Labor, a motion is need to authorize the MEBA co-chairs and committee chairs as signers for the Pacific Mercantile Bank account.
  - *Motion* – It was moved by Joe Alhert, seconded by John Fogarty, and passed unanimously without objection to authorize Steve Balentine (replacing Pat Prezioso), Jeff Bristow, Joyce Wills and Doug Kimberly to be signers on the MEBA checking account with Pacific Mercantile Bank.

*CPEEHCC (California Public Employers/Employees Health Care Coalition)*

- *Next Board Meeting* – The next Board meeting is March 2, 2009, at the California school Employees Association (CSEA) Orange Field Office.
- *Conference Expenses* – All expenses have been paid for the annual training conference.
- *Membership Fee* – The 2009 membership fee has been paid.

*Other*

- *MEBA Minute* – Please send any additional changes to Pam Stinson.
- *Retreat* – The MEBA Retreat is on April 22, 2009, and a \$500 deposit has been paid to secure Embassy Suites, Brea. Kaiser is sponsoring continental breakfast; Anthem Blue Cross is sponsoring lunch; and Delta Dental and Vision Service Plan (VSP) are sponsoring break for the Retreat.
- *Mr. Riley's Office Address* – Mr. Riley's new address is 180 N. Riverview Drive, Suite 100, Anaheim, California 92808 and located near the 91 Freeway and Weir Canyon. The MEBA Roster will be updated and use the HUB International email address for Mr. Riley.

**5. Anthem Blue Cross (ABC) Quarterly Report**

- Bob Susterich distributed the MEBA Refunding Renewal Calculation for the 2010 Plan Year. It shows the quarterly estimate on paid claims through January, 2009 (2/1/08 to 2/1/09). Twenty-three months of trend are factored into the calculation. The report is for informational purposes so that we can see where the renewal is through the year. The message in the claims area is that it is getting better. Mr. Susterich said that he hoped to see another point in the next quarter and a margin change in the pooling point strategy. The next report will be in May.

## 6. Mercer Report

- *Claims Experience (handout)* – Gary Ward said that a couple of large claims are going through the system and it is not unusual to have large claims. The adjusted premium column is what any rate increase would be calculated. Mercer tracks and updates this for MEBA every month.
- *Blue Cross Performance Guarantee* – At the end of the third quarter, it is calculated to be approximately \$30,000. The actual amount is \$60,967. The check is in process and will be an increase in revenue for the current year.
- *COBRA Update on Temporary Subsidies* – Cheryl Masters stated that the Medical Benefits Committee went through the new information regarding the government providing 65 percent of Consolidated Omnibus Budget Reconciliation Act (COBRA) premiums through subsidies to employers. Employers are to pay 65 percent of the COBRA premium on qualified individuals who lost their jobs for a specified length of time. Employers can get a subsidy via payroll credits against federal payroll taxes to get reimbursed for paying 65 percent of the COBRA premium. Ms. Masters told the districts to wait for the “model notice” before trying to implement anything at this time. Information will be sent to the districts when received.

## 7. Committee Reports

*Governance/Marketing/Finance (GMF) Update* – Jeff Bristow reported in Dr. Kimberly’s absence that the following items were addressed:

- *Second Medical Pool* – Mr. Bristow said that the committee reviewed the development of the second pool. As you are aware, Ron Riley has been asked to complete a feasibility study. A handout titled “Cost Benefit Analysis Establishing a Second Medical Pool” was given to the MEBA Board for review. The GMF Committee reviewed and weighed in this information for the Trust. The committee is recommending approval to move in the direction of a second pool providing there are enough districts (groups) that want to go into a second pool. It is recommended that MEBA adopt a process should this situation occur, then the MEBA Trustees will know how to proceed.
  - *Motion* – It was moved by Jeff Bristow, seconded by Dianna Mullen, and approved unanimously without objection to develop an implementation process for a second pool and be able to implement providing there are numbers to support the pool.
- *Retreat* – Mr. Bristow requested MEBA Board members to submit agenda items for the retreat to him, Doug Kimberly, or Steve Balentine.

*Medical Benefits/Wellness* – Joyce Wills went over the items addressed at the committee meeting.

- *Plan Design Changes* – Ms. Wills relayed that the committee reviewed plan design decrements for changes that could make the plans better but not cost more. This review is still in process.
- *Mercer’s National Survey of Employer-Sponsored Health Plans 2008 and a Special Report (Two Handouts)* – Cheryl Masters stated that these surveys give good basis on which to look at plan designs and to see what is happening nationally.
- *Wellness* – Ms. Wills reported that the committee was concerned about how long the monies for wellness is to last. It is felt that there needs to be a long-term commitment in order for a wellness program to work. The committee was encouraged to get some wellness programs started that will not create a need to increase the MEBA rates. *Best*

*Doctors* was suggested as a wellness program that could be used. It was also mentioned that Blue Cross had some excellent items to consider for wellness programs.

- *Retreat Items* – Ms. Wills stated that the committee would like to hear from both Blue Cross and Kaiser regarding chronic diseases. It was suggested that twenty minutes be allotted to each carrier for a report after the lunch break. Gary Ward suggested “Underwriting 101” as a topic to help give a sense of understanding in the underwriting area.

**8. Old Business –**

- *Medicare Advantage* – Steve Balentine inquired about getting further information on Medicare Advantage for the districts. Gary Ward relayed that Mercer is getting information from HUB and will report back to MEBA under the Mercer Report next month.
- *Assembly Bill 528* – This legislation requires districts to provide insurance plans for retirees 65 plus. Joyce Wills reported that about 500 people, but not across the board, are in this group because not all districts offer insurance to their retirees. The intent is for the current population post 65 years of age. A major player in this area is Coventry.

**9. New Business –**

- *Trustee Resignation* – John Lynch is resigning as a MEBA Trustee due to illness, effective immediately. California School Employees Association (CSEA) has a mechanism to get a new trustee and is in process of obtaining a replacement.
- *Accuracy Audit* – Gary Ward informed the Board that Jan Cannon, retired Capistrano Unified employee and former MEBA Trustee, is conducting accuracy audits of eligibility and premiums for districts. If any of the districts are interested in the potential savings an audit could reveal, contact Gary Ward and he will send out the contact information.

**10. Other –**

- *Items for next months’ MEBA Board meeting* – Gary Ward suggested Private Fee for Service (PFS) bid, wellness for both committees, and health reform. Jeff Bristow said under GMF Committee, the wellness budget could be looked at for feasibility of length of expenditure.
- *May MEBA Meetings* – For the May MEBA meetings on May 27, 2009, the meetings will be held at Capistrano Unified School District. The committees will meet at 10:00 a.m. and the Board will meet at 1:00 p.m. Mr. Bristow told the MEBA Board that Capistrano’s Board of Trustees will be told about May Board meeting being held in Capistrano in case they want to attend the meeting.

**Next Meeting:** The next regular business meeting will be held at on Wednesday, March 25, 2009, 2:00 p.m., at the Fullerton Joint Union High School District Education Center Board Room.

The meeting adjourned at 3:26 p.m.

Respectfully submitted,

*Diana*

Diana Dorado, MEBA Secretary