

# FDAC EMPLOYMENT BENEFITS AUTHORITY

Board of Directors Teleconference Meeting

Tuesday, June 23, 2015

3:00 p.m. – 4:00 p.m.

**Call-in Number:** 1-800-250-2600

**Participant PIN:** 451 9494

400 Squaw Creek Road, Olympic Valley, CA  
1364 Tavern Road, Alpine, CA  
630 Second St. West, Sonoma, CA

5221 Deer Valley Road, Rescue, CA  
7 Erba Lane, Scotts Valley, CA  
37 Jones Street, Murphys, CA

## *Agenda*

- | <u><i>Item</i></u> |   | <u><i>Action</i></u> |
|--------------------|---|----------------------|
| 1.                 | <b>Call to Order and Introductions</b>  |                      |
| 2.                 | <b>Approval of Agenda Items</b>   | <b>Action</b>        |
| 3.                 | <b>Public Comment</b><br><i>At this time, members of the public may address the Board on any item that is not on the agenda. No action may be taken on items that are not on the agenda unless authorized by law. Comments are limited to three minutes per person.</i>   | <b>Discussion</b>    |
| 4.                 | <b>Consent Calendar</b><br><i>The Board will review and may approve the following:</i><br><b>A. Minutes – April 28, 2015</b><br><b>B. May 2015 Financial Reports</b>  | <b>Info/Action</b>   |
| 5.                 | <b>Workterra Implementation Update</b><br><i>The Board will review the status of the implementation to the new Third Party Administrator.</i>   | <b>Info/Action</b>   |
| 6.                 | <b>2015-16 Operating Budget</b><br><i>The Board will review and may amend and/or approve the draft budget as presented by staff.</i>  | <b>Info/Action</b>   |
| 7.                 | <b>Consultant Reports Info</b><br><i>The FDAC EBA contract consultants will provide updates in their respective service areas.</i><br><b>A. BRMS</b><br><b>B. David McMurchie</b><br><b>C. Smith Moore &amp; Associates</b><br><b>D. Gallagher</b><br><b>a. Update on marketing to other fire districts</b><br><b>b. Review of the fully insured medical marketing results</b><br><b>c. Comparison to 2016 CalPERS rates</b><br><b>d. Alternative medical strategies discussion:</b><br><b>i. Looking at alternative funding arrangements</b><br><b>1. Explaining funding arrangements</b><br><b>2. Affiliation with another JPA</b><br><b>e. Review of other FDAC EBA plan benefits</b><br><b>i. Delta Dental PPO and DHMO</b> | <b>Info/Action</b>   |

- ii. MetLife DHMO
- iii. VSP Vision
- iv. The Standard Life and AD&D
- v. Horizon Health EAP
- vi. New Coverage Voluntary Benefits – Call center advantage

f. Calendaring of Renewal

- |     |                   |             |
|-----|-------------------|-------------|
| 8.  | Director Comments | Information |
| 9.  | Public Comments   | Information |
| 10. | Next Meeting      | Info/Action |
| 11. | Adjourn           | Action      |

## FDAC EBA Board of Directors Meeting

March 3, 2015

### **In Attendance**

Jean Moore, President  
Dan Grebil, Vice President  
Tom Keating, Secretary/Treasurer  
Georgette Darcy  
Steve Kovacs

### **Consultants/Guests**

Melissa Dixon, FDAC EBA Administrator  
David McMurchie  
Bordan Darm, Gallagher (by phone)  
Carol Anderson, Gallagher  
Kelly Furtado, Gallagher  
Evan Tuckey, EBS/Workterra

President Jean Moore convened the meeting at 3:31 p.m. President Moore welcomed everyone and established a quorum.

### **Approval of Agenda Items**

Director Steve Kovacs moved to approve the agenda; Director Tom Keating seconded and the motion passed unanimously.

Ayes: Jean Moore, Dan Grebil, Tom Keating, Steve Kovacs, Georgette Darcy

Noes:

Absent:

### **Public Comment**

There was no public comment.

### **Consent Calendar**

Director Grebil moved to approve the consent calendar, which included minutes from the last Board meeting and financial reports from March 2015. The motion included an amendment to the minutes to include Director Tom Keating in the 'Absent' line on the motions. Director Kovacs seconded.

Ayes: Jean Moore, Dan Grebil, Tom Keating, Steve Kovacs, Georgette Darcy

Noes:

Absent:

### **Consultant Reports**

Bordan Darm provided a broker report, noting that Gallagher is in the process of receiving quotes from other health care providers. He requested a list of fire districts to which to market the FDAC EBA, which Administrator Melissa Dixon will provide.

Administrator Dixon informed the Board that the new procedure for the Board elections must be completed prior to the end of the calendar year. As such, the elections will wait until the transition to the new TPA has been completed.

### **TPA Contract**

Administrator Dixon informed the Board that the contract and scope of work as presented had been approved by both EBS/Workterra and FDAC EBA legal counsel. The Business Associate Agreement was received by FDAC EBA legal counsel after the contract and scope of work were completed. Legal Counsel David McMurchie reviewed the document and suggested it be modified to match the similar agreement already in place between the FDAC EBA and Gallagher.

Director Keating moved to approve the contract and scope of work as presented, and to

approve the Business Associate Agreement as amended by legal counsel so that the limitations and liabilities section is replaced with the indemnification paragraph from the agreement with Gallagher. Director Kovacs seconded.

Ayes: Jean Moore, Dan Grebil, Tom Keating, Steve Kovacs, Georgette Darcy

Noes:

Absent:

Legal Counsel McMurchie will send Administrator Dixon the amended the Business Associate Agreement, to forward for EBS/Workterra's approval.

**Next Meeting**

The next meeting will be as needed, after May 15 and before the end of the fiscal year.

**Adjourn**

Director Kovacs moved to adjourn the meeting at 4:07 p.m. Director Keating seconded.

Ayes: Jean Moore, Dan Grebil, Tom Keating, Steve Kovacs, Georgette Darcy

Noes:

Absent:

Respectfully submitted,

Melissa Dixon

**FDAC EBA**  
**Balance Sheet**  
As of May 31, 2015

	<b>May 31, 15</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1005 · US Bank Business Checking	142,231.37
1020 · Money Market Account- MI3500	3,738.21
1030 · Margin Fund- MI3698	59,438.35
1040 · Reserve 7341 -(BRMS held)	109,856.45
1060 · Comerica- Money Market	
1060.10 · Market Value	
1060.01 · Cash, Money Funds, Bank Deposit	1,528.65
1060.02 · CD to 06/24/2015	110,000.00
1060.04 · CD to 09/16/2015	135,000.00
1060.06 · CD to 12/24/15	100,000.00
1060.08 · Cd to 03/25/2016	150,000.00
1060.99 · Unrealized Gain/Loss	-230.60
<b>Total 1060.10 · Market Value</b>	<b>496,298.05</b>
1060.98 · Accrued Interest	706.84
<b>Total 1060 · Comerica- Money Market</b>	<b>497,004.89</b>
<b>Total Checking/Savings</b>	<b>812,269.27</b>
<b>Accounts Receivable</b>	
1200 · Accounts Receivable	10,143.55
<b>Total Accounts Receivable</b>	<b>10,143.55</b>
<b>Total Current Assets</b>	<b>822,412.82</b>
<b>TOTAL ASSETS</b>	<b>822,412.82</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2000 · Accounts Payable	30,532.43
<b>Total Accounts Payable</b>	<b>30,532.43</b>
<b>Other Current Liabilities</b>	
2200 · Preliminary Reports Recon	-1,067.32
2700 · Unrealized Gain/Loss	230.60
<b>Total Other Current Liabilities</b>	<b>-836.72</b>
<b>Total Current Liabilities</b>	<b>29,695.71</b>
<b>Total Liabilities</b>	<b>29,695.71</b>
<b>Equity</b>	
3000 · Reserves & Contingencies	50,000.00
3100 · Retained Earnings	654,469.84
Net Income	88,247.27

**FDAC EBA**  
**Balance Sheet**  
As of May 31, 2015

	<b>May 31, 15</b>
Total Equity	<u>792,717.11</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u><u>822,412.82</u></u></b>

**FDAC EBA**  
**Budget vs. Actual**  
July 2014 through May 2015

	<u>Jul '14 - May 15</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>4000 · INCOME</b>				
4100 · Interest	1,528.43	1,956.00	-427.57	78.14%
4300 · Premium Earnings	6,402,564.26	6,418,781.70	-16,217.44	99.75%
<b>Total 4000 · INCOME</b>	<u>6,404,092.69</u>	<u>6,420,737.70</u>	<u>-16,645.01</u>	<u>99.74%</u>
<b>Total Income</b>	<u>6,404,092.69</u>	<u>6,420,737.70</u>	<u>-16,645.01</u>	<u>99.74%</u>
<b>Gross Profit</b>	6,404,092.69	6,420,737.70	-16,645.01	99.74%
<b>Expense</b>				
<b>6000 · EXPENSE</b>				
<b>6010 · Administration</b>				
6014 · Administration Contract	55,000.00	60,000.00	-5,000.00	91.67%
6016 · Third Party Administrator	95,744.50	102,058.63	-6,314.13	93.81%
6018 · FDAC Subsidiary Fee	15,000.00	15,000.00	0.00	100.0%
<b>Total 6010 · Administration</b>	<u>165,744.50</u>	<u>177,058.63</u>	<u>-11,314.13</u>	<u>93.61%</u>
6040 · Bank Service Charges	73.50	125.00	-51.50	58.8%
6100 · Board Meetings	1,631.60	2,750.00	-1,118.40	59.33%
<b>6149 · Broker Services</b>				
6150 · Broker Fees	140,278.02	150,000.00	-9,721.98	93.52%
6151 · Member Services	3,297.26			
<b>Total 6149 · Broker Services</b>	<u>143,575.28</u>	<u>150,000.00</u>	<u>-6,424.72</u>	<u>95.72%</u>
<b>6200 · Carrier Expenses</b>				
6200.03 · Carrier Payments	5,984,962.85	6,010,547.19	-25,584.34	99.57%
<b>Total 6200 · Carrier Expenses</b>	<u>5,984,962.85</u>	<u>6,010,547.19</u>	<u>-25,584.34</u>	<u>99.57%</u>
<b>6300 · Insurance</b>				
6320 · E & O Insurance	1,376.19	1,400.00	-23.81	98.3%
<b>Total 6300 · Insurance</b>	<u>1,376.19</u>	<u>1,400.00</u>	<u>-23.81</u>	<u>98.3%</u>
<b>6650 · Office Supplies</b>				
6665 · Office	26.74	50.00	-23.26	53.48%
<b>Total 6650 · Office Supplies</b>	<u>26.74</u>	<u>50.00</u>	<u>-23.26</u>	<u>53.48%</u>
<b>6700 · Operating Expenses</b>				
6710 · Postage and Delivery	160.88	50.00	110.88	321.76%
6715 · Printing and Reproduction	152.64	100.00	52.64	152.64%
6720 · Staff Travel	0.00	200.00	-200.00	0.0%
6730 · Telephone	827.85	700.00	127.85	118.26%
6735 · Storage	51.39	150.00	-98.61	34.26%
<b>Total 6700 · Operating Expenses</b>	<u>1,192.76</u>	<u>1,200.00</u>	<u>-7.24</u>	<u>99.4%</u>
<b>6800 · Professional Fees</b>				
6801 · Accounting	8,050.00	8,500.00	-450.00	94.71%
6807 · Legal Fees	9,212.00	20,000.00	-10,788.00	46.06%
<b>Total 6800 · Professional Fees</b>	<u>17,262.00</u>	<u>28,500.00</u>	<u>-11,238.00</u>	<u>60.57%</u>
<b>Total 6000 · EXPENSE</b>	<u>6,315,845.42</u>	<u>6,371,630.82</u>	<u>-55,785.40</u>	<u>99.12%</u>
<b>Total Expense</b>	<u>6,315,845.42</u>	<u>6,371,630.82</u>	<u>-55,785.40</u>	<u>99.12%</u>
<b>Net Ordinary Income</b>	88,247.27	49,106.88	39,140.39	179.7%
<b>Other Income/Expense</b>				
<b>Other Expense</b>				
8050 · Unrealized Gain/Loss on Inv.	0.00			
<b>Total Other Expense</b>	<u>0.00</u>			
<b>Net Other Income</b>	<u>0.00</u>			
<b>Net Income</b>	<u><u>88,247.27</u></u>	<u><u>49,106.88</u></u>	<u><u>39,140.39</u></u>	<u><u>179.7%</u></u>

**FDAC EBA**  
**Profit & Loss**  
July 2014 through May 2015

	<u>Jul '14 - May 15</u>	<u>Jul '13 - May 14</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>4000 · INCOME</b>				
4100 · Interest	1,528.43	1,754.07	-225.64	-12.86%
4200 · Miscellaneous Income	0.00	0.00	0.00	0.0%
4300 · Premium Earnings	6,402,564.26	6,099,379.97	303,184.29	4.97%
<b>Total 4000 · INCOME</b>	<u>6,404,092.69</u>	<u>6,101,134.04</u>	<u>302,958.65</u>	<u>4.97%</u>
<b>Total Income</b>	<u>6,404,092.69</u>	<u>6,101,134.04</u>	<u>302,958.65</u>	<u>4.97%</u>
<b>Gross Profit</b>	6,404,092.69	6,101,134.04	302,958.65	4.97%
<b>Expense</b>				
<b>6000 · EXPENSE</b>				
<b>6010 · Administration</b>				
6014 · Administration Contract	55,000.00	55,000.00	0.00	0.0%
6016 · Third Party Administrator	95,744.50	90,497.90	5,246.60	5.8%
6018 · FDAC Subsidiary Fee	15,000.00	20,000.00	-5,000.00	-25.0%
<b>Total 6010 · Administration</b>	<u>165,744.50</u>	<u>165,497.90</u>	<u>246.60</u>	<u>0.15%</u>
6040 · Bank Service Charges	73.50	106.00	-32.50	-30.66%
6100 · Board Meetings	1,631.60	2,731.79	-1,100.19	-40.27%
<b>6149 · Broker Services</b>				
6150 · Broker Fees	140,278.02	230,962.12	-90,684.10	-39.26%
6151 · Member Services	3,297.26	0.00	3,297.26	100.0%
<b>Total 6149 · Broker Services</b>	<u>143,575.28</u>	<u>230,962.12</u>	<u>-87,386.84</u>	<u>-37.84%</u>
<b>6200 · Carrier Expenses</b>				
6200.03 · Carrier Payments	5,984,962.85	5,725,306.16	259,656.69	4.54%
6200 · Carrier Expenses - Other	0.00	10,674.51	-10,674.51	-100.0%
<b>Total 6200 · Carrier Expenses</b>	<u>5,984,962.85</u>	<u>5,735,980.67</u>	<u>248,982.18</u>	<u>4.34%</u>
<b>6300 · Insurance</b>				
6320 · E & O Insurance	1,376.19	1,380.64	-4.45	-0.32%
<b>Total 6300 · Insurance</b>	<u>1,376.19</u>	<u>1,380.64</u>	<u>-4.45</u>	<u>-0.32%</u>
<b>6650 · Office Supplies</b>				
6665 · Office	26.74	6.42	20.32	316.51%
<b>Total 6650 · Office Supplies</b>	<u>26.74</u>	<u>6.42</u>	<u>20.32</u>	<u>316.51%</u>
<b>6700 · Operating Expenses</b>				
6710 · Postage and Delivery	160.88	21.83	139.05	636.97%
6715 · Printing and Reproduction	152.64	80.35	72.29	89.97%
6720 · Staff Travel	0.00	177.73	-177.73	-100.0%
6730 · Telephone	827.85	629.47	198.38	31.52%
6735 · Storage	51.39	152.75	-101.36	-66.36%
<b>Total 6700 · Operating Expenses</b>	<u>1,192.76</u>	<u>1,062.13</u>	<u>130.63</u>	<u>12.3%</u>
<b>6800 · Professional Fees</b>				
6801 · Accounting	8,050.00	7,750.00	300.00	3.87%
6804 · Consulting/Actuary	0.00	33,000.00	-33,000.00	-100.0%
6807 · Legal Fees	9,212.00	18,497.50	-9,285.50	-50.2%
<b>Total 6800 · Professional Fees</b>	<u>17,262.00</u>	<u>59,247.50</u>	<u>-41,985.50</u>	<u>-70.87%</u>
<b>Total 6000 · EXPENSE</b>	<u>6,315,845.42</u>	<u>6,196,975.17</u>	<u>118,870.25</u>	<u>1.92%</u>
<b>7000 · Uncategorized</b>	<u>0.00</u>	<u>32.96</u>	<u>-32.96</u>	<u>-100.0%</u>
<b>Total Expense</b>	<u>6,315,845.42</u>	<u>6,197,008.13</u>	<u>118,837.29</u>	<u>1.92%</u>
<b>Net Ordinary Income</b>	88,247.27	-95,874.09	184,121.36	192.05%
<b>Other Income/Expense</b>				
8050 · Unrealized Gain/Loss on Inv.	0.00	986.40	-986.40	-100.0%
<b>Total Other Expense</b>	<u>0.00</u>	<u>986.40</u>	<u>-986.40</u>	<u>-100.0%</u>



**FDAC EBA**  
**Profit & Loss**  
July 2014 through May 2015

	<u>Jul '14 - May 15</u>	<u>Jul '13 - May 14</u>	<u>\$ Change</u>	<u>% Change</u>
Net Other Income	0.00	-986.40	986.40	100.0%
Net Income	<u>88,247.27</u>	<u>-96,860.49</u>	<u>185,107.76</u>	<u>191.11%</u>

## FDAC EBA 2015-16 Budget

### DRAFT BUDGET FY 2015/16

	2013/2014 Final	July 14 - May 15	2014-15 Budget	Estimated Year-End	2015-16 Budget	Notes
<b>4000 · INCOME</b>						
4100 · Interest	1,890.18	1,528.43	1,956.00	1,667.38	1,500.00	
4300 · Premium Earnings / First half	3,462,631.97	3,361,637.44	3,161,961.43	3,361,637.44	3,649,112.18	
4300 · Premium Earnings / Second half	3,161,961.43	3,040,926.82	3,256,820.27	3,649,112.18	3,875,357.14	*6.2% increase for 2016
<b>Total Income</b>	<b>6,626,483.58</b>	<b>6,404,092.69</b>	<b>6,420,737.70</b>	<b>7,012,417.00</b>	<b>7,525,969.32</b>	
<b>6000 · EXPENSE</b>						
<b>6010 · Administration</b>						
6014 · Administration Contract (SM)	60,000.00	55,000.00	60,000.00	60,000.00	40,000.00	
6016 · Third Party Administrator (BRMS)	98,695.90	95,744.50	102,058.63	104,448.55	70,875.00	*estimate per EBS
6018 · FDAC Subsidiary Fee	20,000.00	15,000.00	15,000.00	15,000.00	15,000.00	
<b>Total 6010 · Administration</b>	<b>178,695.90</b>	<b>165,744.50</b>	<b>177,058.63</b>	<b>179,448.55</b>	<b>125,875.00</b>	
6040 · Bank Service Charges	106.00	73.50	125.00	80.18	100.00	
6100 · Board Meetings	2,731.79	1,631.60	2,750.00	2,000.00	2,500.00	
<b>6149 · Broker Services</b>						
6150 · Broker Fees		140,278.02		153,878.02	168,000.00	*estimated at an average c
6151 · Member Services		3,297.26		3,500.00	20,000.00	*benefit cards and admini
<b>Total 6149 · Broker Services</b>	<b>255,962.12</b>	<b>143,575.28</b>	<b>150,000.00</b>	<b>157,378.02</b>	<b>188,000.00</b>	
<b>6200 · Carrier Expenses</b>						
6200.03 · Carrier Payments	6,217,346.70	5,984,962.85	6,010,547.19	6,529,050.38	6,997,004.02	92.99% of premiums
<b>Total 6200 · Carrier Expenses</b>	<b>6,217,346.70</b>	<b>5,984,962.85</b>	<b>6,010,547.19</b>	<b>6,529,050.38</b>	<b>6,997,004.02</b>	
<b>6300 · Insurance</b>						
6320 · E & O Insurance	1,380.64	1,376.19	1,400.00	1,376.19	1,400.00	
<b>Total 6300 · Insurance</b>	<b>1,380.64</b>	<b>1,376.19</b>	<b>1,400.00</b>	<b>1,376.19</b>	<b>1,400.00</b>	
<b>6650 · Office Supplies</b>						
6665 · Office	6.42	26.74	50.00	40.00	50.00	
<b>Total 6650 · Office Supplies</b>	<b>6.42</b>	<b>26.74</b>	<b>50.00</b>	<b>40.00</b>	<b>50.00</b>	
<b>6700 · Operating Expenses</b>						
6710 · Postage and Delivery	21.83	160.88	50.00	200.00	200.00	
6715 · Printing and Reproduction	80.35	152.64	100.00	200.00	200.00	
6720 · Staff Travel	177.73	0.00	200.00	0.00	200.00	
6730 · Telephone	629.47	827.85	700.00	903.11	1,000.00	
6735 · Storage	152.75	51.39	150.00	56.06	100.00	
<b>Total 6700 · Operating Expenses</b>	<b>1,062.13</b>	<b>1,192.76</b>	<b>1,200.00</b>	<b>1,359.17</b>	<b>1,700.00</b>	
<b>6800 · Professional Fees</b>						
6801 · Accounting	7,750.00	8,050.00	8,500.00	8,050.00	8,500.00	

## FDAC EBA 2015-16 Budget

### DRAFT BUDGET FY 2015/16

	<u>2013/2014 Final</u>	<u>July 14 - May 15</u>	<u>2014-15 Budget</u>	<u>Estimated Year-End</u>	<u>2015-16 Budget</u>	<u>Notes</u>
6804 · Consulting/Actuary	36,000.00	0.00	-	0.00	-	
6807 · Legal Fees	18,791.50	9,212.00	20,000.00	10,049.45	20,000.00	
<b>Total 6800 · Professional Fees</b>	<b>62,541.50</b>	<b>17,262.00</b>	<b>28,500.00</b>	<b>18,099.45</b>	<b>28,500.00</b>	
<b>Total 6000 · EXPENSE</b>	<b>6,719,833.20</b>	<b>6,315,845.42</b>	<b>6,371,630.82</b>	<b>6,888,831.94</b>	<b>7,345,129.02</b>	
<b>Net Income</b>	<b>-93,349.62</b>	<b>88,247.27</b>	<b>49,106.89</b>	<b>123,585.06</b>	<b>180,840.30</b>	