

# FDAC EMPLOYMENT BENEFITS AUTHORITY

## Board of Directors Teleconference Meeting

Monday, July 2, 2012  
3:00 p.m. – 4:00 p.m.

**Call-In Number:** (866) 704-7500

**Passcode:** 978212

**Subscriber PIN:** 381060

8200 Old Redwood Hwy., Windsor, CA  
1364 Tavern Road, Alpine, CA

5221 Deer Valley Road, Rescue, CA  
1215 K Street, Suite 2290, Sacramento, CA

### *Agenda*

<i>Item</i>	<i>Action</i>
<b>I. Welcome and Introductions</b>	
<b>II. Public Comment</b>	<b>Discussion</b>
<b>III. Consent Calendar</b>	<b>Action</b>
<b>A. Minutes – June 21, 2012</b>	
<b>IV. 2013 Renewal and New Business Rates</b>	<b>Info/Action</b>
<i>The Board will review the renewal rates provided by the carriers and approve rates for existing and new business for the 2013 Plan Year.</i>	
<b>V. Next Meeting</b>	<b>Info/Action</b>
<b>VI. Adjourn</b>	<b>Action</b>

FDAC EBA BOARD OF DIRECTORS  
Meeting of July 2, 2012

**AGENDA SUPPORTING DATA**

Agenda Item III. Consent Calendar

A. Minutes – June 21, 2012

**FDAC Employment Benefits Authority**  
**Board of Directors Teleconference Meeting**  
Thursday, June 21, 2012

**In Attendance**

Charlene Virts, President  
Jean Moore, Vice President  
Tom Keating, Secretary/Treasurer

**Consultants**

Melissa Dixon, Administrator  
Anna Marie White, Thoits  
Rosa Soria, Thoits  
Derek Culligan, Thoits  
David McMurchie, Legal Counsel  
David Turner, Actuary  
Paul Schafer, BRMS  
Jane Phong, BRMS  
Sidney Dominico, BRMS  
Denise Salas, BRMS

President Charlene Virts called the meeting to order at 10:06 a.m. President Virts welcomed everyone, and introductions were made. A quorum was established. There was no public comment.

**Consent Calendar**

The Board addressed the consent calendar, which included minutes from the April 3, 2012 meeting, financials through May 31, and the membership accounts receivable report for May 2012. Director Tom Keating moved to approve the consent calendar, with the minutes amended to correct a typo; Director Jean Moore seconded.

Ayes: Charlene Virts, Tom Keating, Jean Moore  
Noes: None

**Consultant Contract – BRMS**

Administrator Melissa Dixon informed the Board that the consultant contract for BRMS was set to expire at the end of the month. The contract with BRMS is extensively and was not ready for Board action at the last meeting. Since that April meeting, Administrator Dixon and Legal Counsel David McMurchie have met with representatives from BRMS to establish a contract that was fair to both parties and adequately outlined all potential additional fees. Director Keating moved to approve the BRMS contract as presented. Director Moore seconded.

Ayes: Charlene Virts, Tom Keating, Jean Moore  
Noes: None

**2012-13 Budget**

Administrator Dixon presented to the Board the proposed budget for the 2012-13 fiscal year. The net income for the year is projected to be just over \$370,000. It was noted that any excess funds would be transferred to the Margin Fund at year's end. Director Keating moved approve the budget as presented; Director Moore seconded.

Ayes: Charlene Virts, Tom Keating, Jean Moore  
Noes: None

**2013 Renewal Rates**

Anna Marie White from Thoits indicated that while the first renewal numbers received from the carriers were promising, they were not yet done negotiating. The individual at Health Net who is working with Thoits on the rates is on vacation, and will return the following week. The EBA will meet via teleconference on July 2, 2012 to finalize the renewal percentages.

**LAIF Accounts**

Administrator Dixon presented to the Board a proposal to open a LAIF account to house the Margin Fund. Currently our interest rate is only .01%; LAIF would provide an interest rate of .38%. This would increase our annual interest income by over \$1200. Director Moore suggested the EBA utilize a broker, as she was able to get .5% through ING. The Board approved moving forward with a broker; Director Moore will assist the EBA staff in developing an investment plan to be brought back to the Board at the next full meeting.

**Update on Board Vacancy**

Administrator Dixon informed the Board that Director Randy Casto had resigned from Penn Valley Fire Protection District, which effectively resigned him from the EBA Board as well. A request for those interested in filling the vacancy on the Board left by Mike McMurry was sent on June 1, with a deadline of July 10 to respond.

**Consultant Reports**

Administrator Dixon informed the Board that Penn Valley Fire and Central Calaveras Fire have both submitted their letter of intent to withdraw from the pool effective January 1, 2013. Both are aware that they are able to rescind their letter upon written notice at least 90 days prior to the end of the plan year.

**Next Meeting**

The next meeting will be via teleconference on July 2, with an in-person meeting set for July 18.

The meeting was adjourned at 11:32 a.m.

Respectfully submitted,

Melissa Dixon  
Administrator

FDAC EBA BOARD OF DIRECTORS  
Meeting of July 2, 2012

**AGENDA SUPPORTING DATA**

Agenda Item IV. 2013 Renewal and New Business Rates

The Health Net renewal ranges from as high as 12% to as low as 6.93%, depending on the plan and the geographical location.

Thoits is waiting for final confirmation from Kaiser on renewal action, which they should have before the call.

*Fire Districts Association of California Employment Benefits Authority*

**CONCLUSION:**

HMO Basic North	8.90%		
HMO Premium North	8.90%		
HMO Basic South	6.93%	OOS PPO Basic	12.00%
HMO Premium South	6.93%	OOS PPO Premium	12.00%
PPO Basic	12.00%	Medicare COB HMO	8.86%
PPO Premium	12.00%	Medicare COB PPO	8.86%
HSA PPO	12.00%	Medicare COB Flexnet	6.98%

Product	Current Rates	Single	2-Party	Family	J-Rate	
<b>HMO Basic - North</b>		<b>\$ 593.47</b>	<b>\$ 1,186.94</b>	<b>\$ 1,543.02</b>	<b>\$ -</b>	
Medical/MH	1YJ / XAB	\$ 561.51	\$ 1,123.02	\$ 1,459.90	\$ -	
RX	29V	\$ 82.82	\$ 165.64	\$ 215.33	\$ -	
Chiro	CB	\$ 1.96	\$ 3.92	\$ 5.10	\$ -	
<b>2013 Total</b>		<b>\$ 646.29</b>	<b>\$ 1,292.58</b>	<b>\$ 1,680.33</b>	<b>\$ -</b>	North Increase 8.90%

Product	Current Rates	Single	2-Party	Family	J-Rate	
<b>HMO Prem. - North</b>		<b>\$ 693.91</b>	<b>\$ 1,387.79</b>	<b>\$ 1,804.13</b>	<b>\$ -</b>	
Medical/MH	1XY / 643	\$ 662.54	\$ 1,325.05	\$ 1,722.57	\$ -	
RX	WEE	\$ 91.17	\$ 182.33	\$ 237.03	\$ -	
Chiro	CB	\$ 1.96	\$ 3.92	\$ 5.10	\$ -	
<b>2013 Total</b>		<b>\$ 755.67</b>	<b>\$ 1,511.30</b>	<b>\$ 1,964.70</b>	<b>\$ -</b>	North Increase 8.90%

Product	Current Rates	Single	2-Party	Family	J-Rate	
<b>HMO Basic - South</b>		<b>\$ 514.61</b>	<b>\$ 1,029.22</b>	<b>\$ 1,337.99</b>	<b>\$ -</b>	
Medical/MH	1YJ / XAB	\$ 465.47	\$ 930.94	\$ 1,210.23	\$ -	
RX	29V	\$ 82.82	\$ 165.64	\$ 215.33	\$ -	
Chiro	CB	\$ 1.96	\$ 3.92	\$ 5.10	\$ -	
<b>2013 Total</b>		<b>\$ 550.25</b>	<b>\$ 1,100.50</b>	<b>\$ 1,430.66</b>	<b>\$ -</b>	South Increase 6.93%

Product	Current Rates	Single	2-Party	Family	J-Rate	
<b>HMO Prem. - South</b>		<b>\$ 603.65</b>	<b>\$ 1,207.30</b>	<b>\$ 1,569.51</b>	<b>\$ -</b>	
Medical/MH	1XY / 643	\$ 552.33	\$ 1,104.67	\$ 1,436.08	\$ -	
RX	WEE	\$ 91.17	\$ 182.33	\$ 237.03	\$ -	
Chiro	CB	\$ 1.96	\$ 3.92	\$ 5.10	\$ -	
<b>2013 Total</b>		<b>\$ 645.46</b>	<b>\$ 1,290.92</b>	<b>\$ 1,678.20</b>	<b>\$ -</b>	South Increase 6.93%

Product	Rates	Single	2-Party	Family	J-Rate
<b>PPO Basic - North</b>		<b>\$ 683.78</b>	<b>\$ 1,367.56</b>	<b>\$ 1,777.82</b>	<b>\$ 683.78</b>
Medical	2AM	\$ 645.93	\$ 1,291.87	\$ 1,679.42	\$ 645.93
RX	29A	\$ 119.90	\$ 239.80	\$ 311.74	\$ 119.90
<b>2013 Total</b>		<b>\$ 765.83</b>	<b>\$ 1,531.67</b>	<b>\$ 1,991.16</b>	<b>\$ 765.83</b>

Product	Current Rates	Single	2-Party	Family	J-Rate
<b>PPO Prem. - North</b>		<b>\$ 740.42</b>	<b>\$ 1,480.87</b>	<b>\$ 1,925.12</b>	<b>\$ 740.45</b>
Medical	1ZW	\$ 681.58	\$ 1,363.19	\$ 1,772.14	\$ 681.61
RX	29A	\$ 147.69	\$ 295.39	\$ 384.00	\$ 147.70
<b>2013 Total</b>		<b>\$ 829.27</b>	<b>\$ 1,658.57</b>	<b>\$ 2,156.13</b>	<b>\$ 829.30</b>

Product	Current Rates	Single	2-Party	Family	J-Rate
<b>PPO Basic - South</b>		\$ 625.75	\$ 1,251.47	\$ 1,626.91	\$ -
Medical	2AM	\$ 580.94	\$ 1,161.85	\$ 1,510.41	\$ -
RX	29A	\$ 119.90	\$ 239.79	\$ 311.73	\$ -
<b>2013 Total</b>		\$ 700.84	\$ 1,401.65	\$ 1,822.14	\$ -

Product	Current Rates	Single	2-Party	Family	J-Rate
<b>PPO Prem. - South</b>		\$ 679.89	\$ 1,359.40	\$ 1,767.21	\$ -
Medical	1ZW	\$ 613.79	\$ 1,227.23	\$ 1,595.39	\$ -
RX	29A	\$ 147.69	\$ 295.30	\$ 383.88	\$ -
<b>2013 Total</b>		\$ 761.48	\$ 1,522.53	\$ 1,979.28	\$ -

Product	Rates	Single	2-Party	Family	J-Rate
<b>HSA PPO</b>		\$ 437.59	\$ 875.19	\$ 1,137.75	\$ -
Medical	2AZ	\$ 436.51	\$ 873.02	\$ 1,134.93	\$ -
RX	32T	\$ 53.59	\$ 107.19	\$ 139.35	\$ -
<b>2013 Total</b>		\$ 490.10	\$ 980.21	\$ 1,274.28	\$ -

Product	Current Rates	Single	2-Party	Family	J-Rate
<b>OOS PPO Basic</b>		\$ 683.78	\$ 1,367.56	\$ 1,777.82	\$ -
Medical	2AM	\$ 608.54	\$ 1,217.07	\$ 1,582.19	\$ -
RX	29B	\$ 157.30	\$ 314.60	\$ 408.97	\$ -
<b>2013 Total</b>		\$ 765.83	\$ 1,531.67	\$ 1,991.16	\$ -

Product	Rates	Single	2-Party	Family	J-Rate
<b>OOS PPO Prem.</b>		\$ 740.42	\$ 1,480.87	\$ 1,925.12	\$ -
Medical	1ZW	\$ 683.52	\$ 1,367.07	\$ 1,777.18	\$ -
RX	29B	\$ 145.75	\$ 291.50	\$ 378.95	\$ -
<b>2013 Total</b>		\$ 829.27	\$ 1,658.57	\$ 2,156.13	\$ -

Product	Current Rates	Single	2-Party	Family	J-Rate
<b>Medicare COB HMO</b>		\$ 483.62	\$ 967.24	\$ -	\$ -
Medical		\$ 265.02	\$ 530.04	\$ -	\$ -
RX		\$ 260.00	\$ 520.00	\$ -	\$ -
CAM		\$ 1.45	\$ 2.90	\$ -	\$ -
<b>2013 Total</b>		\$ 526.47	\$ 1,052.94	\$ -	\$ -

Product	Current Rates	Single	2-Party	Family	J-Rate
<b>Medicare COB PPO</b>		\$ 570.76	\$ 1,141.52	\$ -	\$ -
Medical		\$ 542.33	\$ 1,163.66	\$ -	\$ -
RX		\$ 260.00	\$ 520.00	\$ -	\$ -
<b>2013 Total</b>		\$ 621.33	\$ 1,242.66	\$ -	\$ -

Product	Current Rates	Single	2-Party	Family	J-Rate
<b>Medicare COB Flexnet</b>		\$ 543.71	\$ 1,087.42	\$ -	\$ -
Medical		\$ 502.66	\$ 1,084.32	\$ -	\$ -
RX		\$ 260.00	\$ 520.00	\$ -	\$ -
<b>2013 Total</b>		\$ 581.66	\$ 1,163.32	\$ -	\$ -

## CONTINGENCIES:

- Renewal rate actions and benefit offerings are effective 01/01/2013.
- Renewal rates assume a contribution level of 75%/50%. Should the company change to a less favorable employer contribution level, Health Net reserves the right to revise rates retroactive to the renewal effective date to account for the change in risk.
- Renewal rates assume the continuation of broker commission payable at 0% flat, i.e., net of commission.
- Health Net assumes the employer will continue to meet our participation requirements for the upcoming policy period. Sole Carrier Requirements - 75% of all eligible employees enrolled in a Health Net plan. Dual Choice Requirements: Overall participation between both carriers 75%; of those participating in an employer sponsored health plan, a minimum of 50% or 36 subscribers, whichever is greater, must enroll with Health Net.
- The renewal is based on the current contract mix and demographic data. Should there be a material change in demographic composition of covered members that results in a variance greater than 10% of premium and/or 10% of enrollment, Health Net reserves the right to review and adjust the rates appropriately. If the enrolled subscriber count drops to less than 15, the group is subject to termination.
- The addition or deletion of any other health plan, network, company affiliate/subsidiary, or product offering is not considered in our renewal rating. Should **FIRE DISTRICT ASSOCIATION OF CALIFORNIA EMPLOYEE BENEFITS AUTHORITY** add or delete any of the above mentioned items, we reserve the right to review and retroactively revise rates to reflect the change in risk. Additionally, another carrier may not be implemented without prior consent from Health Net.
- Compliance with the federal Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) requires the plan mental health and substance use disorder benefit terms and conditions, including, but not limited to: financial limitations (e.g. number of frequency of visits, days of coverage) must be parity with - equal to, or better than - plan medical and surgical benefit terms and conditions.
- Health Net reserves the right to adjust the rates to compensate for any changes in Government legislation, or mandates affecting the plan offering and unknown at the time of the renewal release.
- Should **FIRE DISTRICT ASSOCIATION OF CALIFORNIA EMPLOYEE BENEFITS AUTHORITY** elect to make plan changes to their benefit offering, a minimum of 30 days advance notice to Health Net is required.
- If offered on a dual choice basis, Health Net requires both carriers to have benefit parity, same renewal effective date, commission level, and rating tier structure. Should the competing carrier offer an off-cycle open enrollment without written consent from Health Net, we reserve the right to re-rate or revise coverage.
- Acceptance of the renewal by the policyholder constitutes agreement of the conditions of the renewal stated herein. Any changes to the rates will take effect 30 days following written notice.
- In the event the employer decides to terminate coverage with Health Net, as disclosed in our group contract, we require written notification 30 days in advance of the termination date.