

# FDAC EMPLOYMENT BENEFITS AUTHORITY

Board of Directors Meeting

Wednesday, July 2, 2014

10:00 a.m. – 2:00 p.m.

California Pharmacists Association

4030 Lennane Drive

Sacramento, CA

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

**Participant PIN:** 451 9494

1215 K Street, Suite 940, Sacramento, 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 : Minutes of June 19</b><br><i>The Board will review and may approve the minutes from the last meeting, held via teleconference on June 19, 2014.</i>   | <b>Info/Action</b>   |
| 5.                 | <b>Consultant Reports Info</b><br><i>The FDAC EBA contract consultants will provide updates in their respective service areas.</i><br><b>A. Gallagher</b><br><b>B. BRMS</b><br><b>D. David McMurchie</b><br><b>E. Smith Moore &amp; Associates</b>                      | <b>Info/Action</b>   |
| 6.                 | <b>2015 Rate Negotiations</b><br><i>FDAC EBA Broker Gallagher Benefit Services will provide the Board a status update on rate negotiations for medical, dental, vision and life coverages for the 2015 program year.</i>  | <b>Info/Action</b>   |
| 7.                 | <b>2014-15 Preliminary Budget</b><br><i>The Board of Directors will review and/or amend the preliminary budget as presented, and approve for the 2014-15 fiscal year.</i>   | <b>Info/Action</b>   |

- |            |   |                    |
|------------|---|--------------------|
| <b>8.</b>  | <b>Changes to FDAC EBA Coverage Model</b><br><i>The Board will review and may approve the changes to the current FDAC EBA coverage model, as recommended by Gallagher Benefits Services, Inc.</i> | <b>Info/Action</b> |
| <b>9.</b>  | <b>Director Comments</b>  | <b>Information</b> |
| <b>10.</b> | <b>Public Comments</b>  | <b>Information</b> |
| <b>11.</b> | <b>Next Meeting</b>   | <b>Info/Action</b> |
| <b>12.</b> | <b>Adjourn</b>  | <b>Action</b>      |

## FDAC EBA Board of Directors Teleconference Meeting

June 19, 2014

### **In Attendance**

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

### **Consultants/Guests**

Melissa Dixon, FDAC EBA Administrator  
David McMurchie, Legal Counsel  
David Turner, Actuary  
Jane Phoong, BRMS  
Bordan Darm, GBS  
Carol Anderson, GBS  
Kelly Furtado, GBS  
Laci Kolc, City of American Canyon

President Jean Moore convened the meeting at 10:02 a.m. President Moore welcomed everyone and established a quorum. The Board immediately went to Closed Session. The Board returned from Closed Session at 10:25 a.m.

### **Approval of Agenda Items**

Director Dan Grebil moved to approve the agenda. Director Tom Keating seconded.

Ayes: Jean Moore, Dan Grebil, Tom Keating, Steve Kovacs, Georgette Darcy  
Noes: None

### **Consent Calendar**

Director Kovacs moved to approve the consent calendar, which included minutes from the last Board meeting, financial statements as of May 2014, a carrier participation report for May and a copy of a letter of appreciation sent to Rosa Soria. Director Grebil seconded.

Ayes: Jean Moore, Dan Grebil, Tom Keating, Steve Kovacs, Georgette Darcy  
Noes: None

### **City of American Canyon**

The City of American Canyon has coverage through FDAC EBA, but is not at present a member of either the FDAC EBA or FDAC. The Board met in closed session to discuss this. Director Grebil moved to direct staff and legal counsel to expand the necessary governance documents in order to allow continued coverage for the City of American Canyon. Director Kovacs seconded.

Ayes: Jean Moore, Dan Grebil, Tom Keating, Steve Kovacs, Georgette Darcy  
Noes: None

### **Public Comment**

Laci Kolc from the City of American Canyon expressed that she was hopeful the City could retain coverage through the FDAC EBA.

### **Consultant Reports**

Administrator:

Melissa Dixon reported to the Board that there were fourteen (14) agencies that were members of FDAC EBA that had not maintained membership in FDAC. Letters had been sent to those agencies, and a new procedure is in place to verify the mandatory membership requirement every year.

Broker:

Bordan Darm informed the Board that Kaiser's renewal rates for 2015 are decreased by 1.9% from 2014 rates. The Kaiser rates provided are only for Northern California, as Kaiser declined to rate for Southern California due to the lack of participation in that region. No information has been received to date from Health Net. Darm further noted that CalPERS had recently released its rates for 2015.

Actuary:

David Turner informed the Board that he could not provide a traditional actuarial report due to the lack of claims data available from Health Net. However, he instead provided historical information from 2006 to 2013, and relayed that industry trends for medical renewals were at 9% (8% for pharmacy).

#### **Changes to FDAC EBA Coverage Model**

Darm reviewed with the Board his recommendation for changing the FDAC EBA's coverage model, which would utilize both the large group market and also utilize the small group market. Each agency receiving a small group market proposal would be age rated at the carrier level, but the FDAC EBA would present tiered rates to the agency. Retiree coverage would be consolidated into the fire district offering from the individual market.

The Board directed Darm to return to the next meeting with information on how the renewal rates compare to the proposed small group rates, and how both compare to CalPERS. In addition, the Board requested detail on how early retirees would be handled, and how they would fit into the new coverage model.

#### **Next Meeting**

Administrator Dixon will schedule the next in-person meeting after discussing possible dates with GBS and the Board.

#### **Adjourn**

Director Keating moved to adjourn the meeting at 12:02 p.m. Director Kovacs seconded.

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

Noes: None

Respectfully submitted,

Melissa Dixon

## FDAC EBA 2014-15 Budget

	Jul '13 - May 14	Budget	Estimated Year End	Draft 2014-15	
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
<b>4000 · INCOME</b>					
4100 · Interest	1,721.11	900.00	1,900.00	1,900.00	
4200 · Miscellaneous Income	0.00		-	-	
4300 · Premium Earnings	6,099,379.97	7,663,331.87	6,619,000.00	6,423,113.26	*3% increase for 2015
4000 · INCOME - Other	0.00	0.00	-	-	
<b>Total 4000 · INCOME</b>	<b>6,101,101.08</b>	<b>7,664,231.87</b>	<b>6,620,900.00</b>	<b>6,425,013.26</b>	
<b>Total Income</b>	<b>6,101,101.08</b>	<b>7,664,231.87</b>	<b>6,620,900.00</b>	<b>6,425,013.26</b>	
<b>Gross Profit</b>	<b>6,101,101.08</b>	<b>7,664,231.87</b>	<b>6,620,900.00</b>	<b>6,425,013.26</b>	
<b>Expense</b>					
<b>6000 · EXPENSE</b>					
<b>6010 · Administration</b>					
6014 · Administration Contract	55,000.00	60,000.00	60,000.00	60,000.00	
6016 · Third Party Administrator	90,497.90	107,286.65	98,700.00	95,062.08	1.48% of premiums
6018 · FDAC Subsidiary Fee	20,000.00	20,000.00	20,000.00	15,000.00	
6010 · Administration - Other	0.00	0.00	-	-	
<b>Total 6010 · Administration</b>	<b>165,497.90</b>	<b>187,286.65</b>	<b>178,700.00</b>	<b>170,062.08</b>	
6040 · Bank Service Charges	106.00	60.00	125.00	125.00	
6100 · Board Meetings	2,731.79	850.00	2,750.00	2,750.00	
6150 · Broker	230,962.12	268,216.62	256,000.00	150,000.00	
<b>6200 · Carrier Expenses</b>					
6200.03 · Carrier Payments	5,725,306.16	7,213,494.29	6,215,000.00	6,031,303.35	93.9% of premiums
6200 · Carrier Expenses - Other	0.00	0.00	-	-	
<b>Total 6200 · Carrier Expenses</b>	<b>5,725,306.16</b>	<b>7,213,494.29</b>	<b>6,215,000.00</b>	<b>6,031,303.35</b>	
<b>6300 · Insurance</b>					
6320 · E & O Insurance	1,380.64	1,250.00	1,380.64	1,400.00	
<b>Total 6300 · Insurance</b>	<b>1,380.64</b>	<b>1,250.00</b>	<b>1,380.64</b>	<b>1,400.00</b>	
<b>6650 · Office Supplies</b>					
6665 · Office	6.42	75.00	10.00	50.00	
6650 · Office Supplies - Other	0.00	0.00	-	-	
<b>Total 6650 · Office Supplies</b>	<b>6.42</b>	<b>75.00</b>	<b>10.00</b>	<b>50.00</b>	
<b>6700 · Operating Expenses</b>					
6710 · Postage and Delivery	21.83	50.00	50.00	50.00	
6715 · Printing and Reproduction	80.35	50.00	100.00	100.00	
6720 · Staff Travel	177.73	75.00	177.73	200.00	
6730 · Telephone	629.47	600.00	690.00	700.00	
6735 · Storage	152.75	150.00	170.00	150.00	
6740 · Operating Expense Other	0.00	50.00	-	-	
6700 · Operating Expenses - Other	0.00	0.00	-	-	
<b>Total 6700 · Operating Expenses</b>	<b>1,062.13</b>	<b>975.00</b>	<b>1,187.73</b>	<b>1,200.00</b>	
<b>6800 · Professional Fees</b>					
6801 · Accounting	7,750.00	8,500.00	7,750.00	8,500.00	
6804 · Consulting/Actuary	33,000.00	36,000.00	36,000.00	-	
6807 · Legal Fees	18,497.50	15,000.00	20,000.00	20,000.00	
6800 · Professional Fees - Other	0.00	0.00	-	-	
<b>Total 6800 · Professional Fees</b>	<b>59,247.50</b>	<b>59,500.00</b>	<b>63,750.00</b>	<b>28,500.00</b>	
<b>Total 6000 · EXPENSE</b>	<b>6,186,300.66</b>	<b>7,731,707.56</b>	<b>6,718,903.37</b>	<b>6,385,390.42</b>	

**FDAC EBA  
2014-15 Budget**

	<b>Jul '13 - May 14</b>	<b>Budget</b>	<b>Estimated Year End</b>	<b>Draft 2014-15</b>
<b>Total Expense</b>	<u>6,186,300.66</u>	<u>7,731,707.56</u>	<u>(98,003.37)</u>	<u>39,622.83</u>
<b>Net Ordinary Income</b>	<u>-85,199.58</u>	<u>-67,475.69</u>	<u>(98,003.37)</u>	<u>39,622.83</u>
<b>Net Income</b>	<u><u>-85,199.58</u></u>	<u><u>-67,475.69</u></u>	<u><u>(98,003.37)</u></u>	<u><u>39,622.83</u></u>