

FDAC EMPLOYMENT BENEFITS AUTHORITY

Board of Directors Teleconference Meeting

Tuesday, January 17, 2012

9:30 a.m. – 11:00 a.m.

Call-In Number: (866) 704-7500

Passcode: 978212

Subscriber PIN: 381060

7 Erba Lane, Scotts Valley, CA
8200 Old Redwood Hwy., Windsor, CA
1364 Tavern Road, Alpine, CA
5221 Deer Valley Road, Rescue, CA
11022 Spenceville Road, Penn Valley, CA
1740 Westlake Drive, Roseville, CA

Agenda

- | <i>Item</i> | <i>Action</i> |
|---|--------------------|
| I. Welcome and Introductions | |
| II. Public Comment | Discussion |
| III. Consent Calendar | Action |
| A. Minutes – November 17, 2011 | |
| B. December 31, 2011 Financials | |
| C. Membership AR Report – December 2011 | |
| IV. BRMS Open Enrollment Fee | Info/Action |
| <i>The Board will review the work required of BRMS for the 2011 open enrollment process, and discuss/approve the invoice therefore.</i> | |
| V. Revised Business Plan | Info/Action |
| <i>The Board will review the business plan as revised, make amendments as necessary, and approve.</i> | |
| VI. Bylaws Revision | Info/Action |
| <i>The Board will review the changes to the bylaws recommended by legal counsel to allow for the FDAC EBA to terminate an agency's membership in the JPA if that agency fails to follow the HIPAA policy.</i> | |
| VII. Consultant Contract Terminations | Discussion |
| <i>The Board should be aware that all consultant contracts terminate on June 30, 2012, and should discuss whether to engage in contract extensions or renegotiations or to conduct RFPs for these services.</i> | |

VIII. Consultant Reports	Info/Action
A. Thoits	
B. BRMS	
C. Smith Moore & Associates	
D. Legal Counsel	
IX. 2012 Officer Elections	Action
X. Next Meeting	Discussion
XI. Adjourn	Action

FDAC Employment Benefits Authority
Board of Directors Meeting
Thursday, November 17, 2011

In Attendance

Mike McMurry, President
Charlene Virts, Vice President
Tom Keating, Secretary/Treasurer
Jean Moore, Director
Randy Casto, Director

Consultants

Melissa Dixon, Administrator
Anna Marie White, Thoits
Rosa Soria, Thoits
Helen Buhagiar, Thoits
Megan Alexander, Thoits
David McMurchie, Legal Counsel
David Turner, Actuary

President Mike McMurry called the meeting to order at 8:59 a.m. President McMurry 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 October 27, 2011 meeting, financials through October 31, and the JPA agreement for Valley of the Moon Fire Protection District to join the FDAC EBA. Anna Marie White explained that Valley of the Moon will add 27 lives to the pool, with the possibility of adding 24 more in March 2012. Director Tom Keating moved to approve the consent calendar as presented; Director Jean Moore seconded.

Ayes: Mike McMurry, Charlene Virts, Tom Keating, Jean Moore, Randy Casto
Noes: None

HIPAA Policy

Legal Counsel David McMurchie had been researching HIPAA rules and regulations in order to draft a HIPAA policy for the FDAC EBA. He suggested the EBA need a clause in its agreements with its consultants acknowledging that the consultants adhere to the EBA's policy in the event they see personal health information. He also informed the Board that EBA member districts could be considered "subcontractors" and suggested we add a section to the bylaws stating that if the member does not comply with the EBA's HIPAA policy, the EBA has the right to terminate membership and coverage. Director Charlene Virts moved to approve the HIPAA policy; Director Randy Casto seconded.

Ayes: Mike McMurry, Charlene Virts, Tom Keating, Jean Moore, Randy Casto
Noes: None

The policy will be posted on the EBA website and information on it and the potential bylaws amendment sent to EBA members via email. It was also suggested that the EBA conduct HIPAA training at the FDAC annual conference in the spring.

2009-10 Financial Audit

Administrator Melissa Dixon presented the 2009-10 audit to the Board, noting that now the issue of the \$120,000 reserve account had been handled, there were no outstanding issues. A typo was identified on page 10 of the audit, where the dollar amounts in the 'actual' column for "Administration contract" and "Professional fees" had been transposed. Director Keating moved to receive and file the audit, and requested Administrator Dixon obtain a corrected copy from the auditors. Director Virts seconded.

Ayes: Mike McMurry, Charlene Virts, Tom Keating, Jean Moore, Randy Casto

Noes: None

Consultant Reports

Thoits reaffirmed that Valley of the Moon FPD would be joining the EBA with coverage effective January 1, 2012. They also informed the Board that they had added another staff member to the team working on the EBA; Megan Alexander will be responsible for sales and marketing of the group. Thoits further reported that open enrollment meetings were going well, and new Health Net ID cards would be sent to members the first week in December. With the carrier changing on January 1, 2012, Thoits has been encouraging members to fill prescriptions prior to year-end so as to offset any possible delays with the new coverage.

Administrator Dixon informed the Board that progress was being made on the new website, which is scheduled to be made active at the first of the year in order to include only information on the new Health Net plans.

Director Casto questioned the consultants about an issue a member from Penn Valley had approached him with concerning the advertised “no substantial changes” to the healthcare plans. Rosa Soria answered for the Board the questions the member had posed, indicating that most of his concerns had to deal with changes in all health plans; like, for instance, the fact that injections are no longer covered under the prescription portion of plans.

Next Meeting

Administrator Dixon will send out potential dates during the second or third weeks in January to determine the date for the next FDAC EBA Board of Directors teleconference meeting.

The Board broke at 9:55 a.m. and reconvened for the Planning Session at 10:22 a.m.

The meeting was adjourned at 1:55 p.m.

Respectfully submitted,

Melissa Dixon
Administrator

FDAC EBA
Balance Sheet
As of December 31, 2011

	<u>Dec 31, 11</u>
ASSETS	
Current Assets	
Checking/Savings	
Margin Fund	274,254.93
Medical Reserve (BRMS held)	111,665.97
Money Market Account	8,737.65
Premium Account (BRMS held)	180,000.00
US Bank	-2,738.37
Total Checking/Savings	<u>571,920.18</u>
Accounts Receivable	
1200 - Accounts Receivable	9,176.10
Total Accounts Receivable	<u>9,176.10</u>
Other Current Assets	
Pre Paid Expense	5,050.00
Total Other Current Assets	<u>5,050.00</u>
Total Current Assets	<u>586,146.28</u>
TOTAL ASSETS	<u><u>586,146.28</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 - Accounts Payable	293.20
Total Accounts Payable	<u>293.20</u>
Other Current Liabilities	
2200 - Preliminary Reports Recon	7,373.98
Total Other Current Liabilities	<u>7,373.98</u>
Total Current Liabilities	<u>7,667.18</u>
Total Liabilities	7,667.18
Equity	
Reserves & Contingencies	50,000.00
1110 - Retained Earnings	445,577.64
Net Income	82,901.46
Total Equity	<u>578,479.10</u>
TOTAL LIABILITIES & EQUITY	<u><u>586,146.28</u></u>

FDAC EBA
Profit & Loss Budget vs. Actual
July through December 2011

	<u>Jul - Dec 11</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4000 · INCOME				
4100 · Interest	20.10	300.00	-279.90	6.7%
4300 · Premium Earnings	3,774,882.21	9,651,849.81	-5,876,967.60	39.11%
Total 4000 · INCOME	<u>3,774,902.31</u>	<u>9,652,149.81</u>	<u>-5,877,247.50</u>	<u>39.11%</u>
Total Income	3,774,902.31	9,652,149.81	-5,877,247.50	39.11%
Expense				
6000 · EXPENSE				
6010 · Administration				
6014 · Administration Contract	30,000.00	60,000.00	-30,000.00	50.0%
6016 · Third Party Administrator	49,595.50	96,518.50	-46,923.00	51.38%
6018 · FDAC Subsidiary Fee	20,000.00	20,000.00	0.00	100.0%
Total 6010 · Administration	<u>99,595.50</u>	<u>176,518.50</u>	<u>-76,923.00</u>	<u>56.42%</u>
6040 · Bank Service Charges	0.00	100.00	-100.00	0.0%
6100 · Board Meetings	1,231.00	1,725.00	-494.00	71.36%
6150 · Broker	138,339.91	347,466.59	-209,126.68	39.81%
6200 · Carrier Payments	3,421,601.32	9,065,744.20	-5,644,142.88	37.74%
6300 · Insurance				
6320 · E & O Insurance	0.00	1,200.00	-1,200.00	0.0%
6350 · Insurance Other	1,178.50			
Total 6300 · Insurance	<u>1,178.50</u>	<u>1,200.00</u>	<u>-21.50</u>	<u>98.21%</u>
6650 · Office Supplies				
6660 · Marketing	44.40			
6650 · Office Supplies - Other	0.00	300.00	-300.00	0.0%
Total 6650 · Office Supplies	<u>44.40</u>	<u>300.00</u>	<u>-255.60</u>	<u>14.8%</u>
6700 · Operating Expenses				
6710 · Postage and Delivery	63.54	200.00	-136.46	31.77%
6715 · Printing and Reproduction	53.44	50.00	3.44	106.88%
6720 · Staff Travel	0.00	1,000.00	-1,000.00	0.0%
6725 · State Filing	0.00	10.00	-10.00	0.0%
6730 · Telephone	276.23	825.00	-548.77	33.48%
6735 · Storage	39.06	100.00	-60.94	39.06%
6740 · Operating Expense Other	15.95			
Total 6700 · Operating Expenses	<u>448.22</u>	<u>2,185.00</u>	<u>-1,736.78</u>	<u>20.51%</u>
6800 · Professional Fees				
6801 · Accounting	0.00	10,000.00	-10,000.00	0.0%
6804 · Consulting/Actuary	18,000.00	36,000.00	-18,000.00	50.0%
6807 · Legal Fees	11,562.00	10,000.00	1,562.00	115.62%
Total 6800 · Professional Fees	<u>29,562.00</u>	<u>56,000.00</u>	<u>-26,438.00</u>	<u>52.79%</u>
6850 · Training/Communication	0.00	500.00	-500.00	0.0%
Total 6000 · EXPENSE	<u>3,692,000.85</u>	<u>9,651,739.29</u>	<u>-5,959,738.44</u>	<u>38.25%</u>
Total Expense	<u>3,692,000.85</u>	<u>9,651,739.29</u>	<u>-5,959,738.44</u>	<u>38.25%</u>
Net Ordinary Income	<u>82,901.46</u>	<u>410.52</u>	<u>82,490.94</u>	<u>20,194.26%</u>
Net Income	<u><u>82,901.46</u></u>	<u><u>410.52</u></u>	<u><u>82,490.94</u></u>	<u><u>20,194.26%</u></u>

Fire Districts Association of California

Month: **December 2011** * Carriers cannot be paid until every group has paid

Due Date

Clients	Grp	Date Rec'vd	Amount Paid	Ck #	Amount Billed	Difference	12/15/11
Alpine Fire Protection	10147	12/5/11	\$16,770.38	14529	\$16,770.38	\$0.00	
Amador FPD	10311	12/1/11	\$8,501.71	11168416	\$8,501.71	\$0.00	
American Canyon Fire Protection	10163	12/16/11	\$2,173.95	19807	\$2,173.95	\$0.00	late
Arcata Fire	10148	11/30/11	\$2,743.50	15059	\$2,743.50	\$0.00	
Beckwourth Fire District	10271	12/16/11	\$718.31	10088413	\$718.31	\$0.00	late
Ben Lomond Fire District	10149	12/22/11	\$364.45	218282	\$364.45	\$0.00	late
Bennett Valley Fire Protection District	10150	12/22/11	\$238.12	1241771	\$238.12	\$0.00	late
Bodega Bay Fire District	10151	12/7/11	\$15,320.87	1238835	\$15,320.87	\$0.00	
Boulder Creek Fire District	10152	Credit on Acct	\$37.39		\$37.39	\$0.00	late
Branciforte Fire Protection	10153	12/9/11	\$512.55	216566	\$512.55	\$0.00	
Burney Fire Protection	10154	12/5/11	\$566.26	2066684	\$566.26	\$0.00	
Central Calaveras Fire & Rescue	10156	1/4/12	\$3,791.58	1874/1878/334424	\$3,791.58	\$0.00	late
Central Fire Protection District	10155	12/2/11	\$2,274.09	215640	\$2,274.09	\$0.00	
City of American Canyon	10199	12/20/11	\$13,417.24	147931	\$13,417.24	\$0.00	late
Clements Fire Protection	10157	12/5/11	\$1,098.70	2038863	\$1,098.70	\$0.00	
Cloverdale Fire District	10158	12/20/11	\$5,082.56	1240828	\$5,082.56	\$0.00	late
Crest Forest Fire District	10159	12/16/11	\$33,531.25	8842570	\$33,531.25	\$0.00	late
Deer Springs Fire District	10276	12/5/11	\$1,157.36	3351/5476	\$1,157.36	\$0.00	
Ebbetts Pass Fire District	10160	11/30/11	\$36,001.96	333006	\$36,001.96	\$0.00	
Felton Fire Department	10162	12/8/11	\$575.04	216406	\$575.04	\$0.00	
Fortuna Fire Department	10309	12/19/11	\$13.40	957	\$13.40	\$0.00	late
Georgetown Fire Protection District	10195	12/7/11	\$13,745.17	183890	\$13,745.17	\$0.00	
Gold Ridge Fire Protection	10164	12/16/11	\$845.11	1238920	\$845.11	\$0.00	late
Happy Valley Fire Protection	10201	11/29/11	\$619.35	2066067	\$619.35	\$0.00	
Higgins Fire Protection District	10165	12/13/11	\$18,390.30	wire	\$18,390.30	\$0.00	
Kelseyville Fire Protection	10166	12/19/11	\$3,315.49	11991	\$3,315.49	\$0.00	late
Lake County Fire Protection	10167	12/19/11	\$35,177.88	12449	\$35,177.88	\$0.00	late
Lakeside	10280	12/6/11	\$3,274.79	13748	\$3,274.79	\$0.00	
Mammoth Lakes Fire Protection	10168	11/29/11	\$1,726.86	20330	\$1,726.86	\$0.00	
Meeks Bay	10205	12/14/11	\$9,254.79	1184076	\$9,254.79	\$0.00	
Mokelumne Hill Fire Protection	10169	11/23/11	\$276.77	332750	\$222.69	\$54.08	
Mokelumne Rural Fire Protection	10170	12/16/11	\$16,398.44	2048990	\$16,398.44	\$0.00	late
Nevada Consolidated	10171	12/21/11	\$1,722.82	587642	\$1,722.82	\$0.00	late
North Central Fire Protection	10172	12/5/11	\$3,791.10	59484	\$3,791.10	\$0.00	
North County Fire Protection	10183	12/6/11	\$8,034.86	48568	\$8,034.86	\$0.00	
North San Juan Fire Protection	10173	12/15/11	\$80.06	9754	\$178.35	(\$98.29)	
Novato Fire Protection District	10174	12/6/11	\$29,006.15	10154	\$29,006.15	\$0.00	
Penn Valley Fire Protection	10175	12/14/11	\$15,533.45	213565	\$15,533.45	\$0.00	
Rescue Fire District	10194	12/8/11	\$15,774.74	1184077	\$15,774.74	\$0.00	
Rincon Valley Fire Protection	10176	12/12/11	\$42,857.44	1238897	\$41,527.06	\$1,330.38	
Ross Valley Fire Department	10177	12/13/11	\$3,919.69	16239	\$3,919.69	\$0.00	
Russian River Fire Protection	10181	12/7/11	\$13,324.99	1566/1238916	\$13,324.99	\$0.00	
Sacramento River Fire Protection	10231				\$819.79	(\$819.79)	
Scotts Valley Fire District	10184	12/2/11	\$42,476.05	215641	\$42,476.05	\$0.00	
Southern Marin Fire Protection District	10185	1/2/12	\$7,644.56	7490005582	\$7,644.56	\$0.00	late
Southern Marin Fire - Sausalito	10185	12/7/11	\$3,276.04	131990	\$3,276.04	\$0.00	
Stanislaus Consolidated Fire Protection	10186	12/2/11	\$57,298.99	750035560	\$57,298.99	\$0.00	
Tiburon Fire Protection District	10187	11/29/11	\$5,655.64	2431	\$5,572.03	\$83.61	
Truckee Fire Protection District	10281				\$1,228.96	(\$1,228.96)	
Windsor Fire Protection District	10188	12/5/11	\$19,295.32	1238231	\$19,295.32	\$0.00	
Woodbridge Fire Protection District	10189	11/30/11	\$25,970.70	2027648	\$25,970.70	\$0.00	

\$543,578.22

\$544,257.19

(\$678.97)

Melissa Dixon

From: Paul Schafer [Paul.Schafer@brmsonline.com]

Sent: Tuesday, December 06, 2011 12:46 PM

To: Melissa Dixon

Subject: FW: FDAC - Annual Renewal

Melissa,

Please see the below emails and let me know if you have some time today or tomorrow to discuss.

In years past we have been extremely lenient at renewal regarding our fees but our Executive Management Team has made it clear that this will not and can not continue.

We need to discuss this years renewal as well as the language listed in our contract to avoid astronomical fees in the coming years.

I don't want to send you into shock but just want to make sure we discuss and can come to a reasonable conclusion.

Thank you,

Paul Schafer
Vice President

Benefit & Risk Management Services, Inc.

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From: Paul Schafer

Sent: Tuesday, December 06, 2011 11:48 AM

To: Rene Labrie

Cc: Paul Schafer

Subject: RE: FDAC - Annual Renewal

To clarify based on our conversations, the FDAC only added the following new carrier plans to Vbas:

- HealthNet - 106 plans with 271 enrolled Employees in 24 Districts
- ING - 1 plan with **XX** enrolled Employees in 1 District

The FDAC also had rate changes to the following carrier plans:

- Kaiser - 71 plans with 96 enrolled Employees in 17 Districts
- VSP - 40 plans with 828 enrolled Employees in 38 Districts
- Delta - 37 plans with 743 enrolled Employees in 33 Districts
- Metlife - 3 plans with 44 enrolled Employees in 3 Districts

Given that information and based on our contract terms (\$1.50 per EE per plan change or rate change) we should be charging the FDAC a renewal fee of \$43,089 for the addition of Health Net and an additional \$387,541.50 for the rate changes. Not to discount your efforts or the time spent throughout this renewal both fees are extremely high and not something we would charge FDAC. I think it might be best that I reach out to Melissa for a quick discussion and hopefully we can come to an agreed upon fee and then adjust our contract language at renewal. I'll keep you posted once I give her a call.

Lastly, how many new districts have come on the plan recently? Have we charged the minimum \$500 new group set up fee or at least the \$1.50 per EE per plan?

Thank you,

Paul Schafer
Vice President

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From: Rene Labrie
Sent: Monday, December 05, 2011 3:47 PM
To: Paul Schafer
Subject: FDAC - Annual Renewal

Hi Paul,

Please see the attached spreadsheet Renewal Census report outlining all the new plans built for 2012 highlighted in yellow.

The total hours it took to update rates, build plans, and audit is roughly 120 hours.

I also renewal rates per carrier on a separate spreadsheet.

Let me know what you decide on for the renewal fee and I will alert accounting to include on the Jan bill.

Thank you!

Rene Labrie
Client Manager

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