

KPBSD Heath Care Committee

12/11 Meeting Agenda

Meeting Date:	12/11/2012	Time:	2:45 PM	Location:	Risk Management
Please Read:					
Please Bring:					

Voting Members Present

Present	Terri Tidwell (HCPC Chair, KPESA)		Present	Matt Fischer (HCPC Secretary, KPEA)
Present	Patty Sirois (KPESA)		Telephone	Bruce Rife (Outgoing HCPC Chair, KPEA)
Telephone	Carl Locke (KPESA)		Present	Terri Zopf-Schoessler (KPEA)
Present	Vaughn Dosko (KPAA)		Present	Mike Druce (KPEA)
Quorum Present:				

Administration and Consultants

Present	Tim Peterson (Plan Administrator)		Present	David Jones (Assistant Superintendent)
Present	Stacy Gorder (Employee Benefits Manager)		Present	Colleen Savoie (Parker-Smith-Feek Consultant)
Present	Laurie Olson (KPBSD Finance Director)			

Guests

John Obrien		

I Open Meeting

Meeting Start Time:	2:48 PM	
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II Approval of Agenda

X	Agenda Approved	
	Agenda approved with additions	

III Reading and Approval of Minutes

X	10/18/12	Minutes approved	
	10/18/12	Minutes approved with corrections	
X	10/30/12	Minutes approved	
	10/30/12	Minutes approved with corrections	

IV Administration and Consultant Reports

Tim Peterson Plan Administrator	Have received email notice of numerous large claims. Stop loss insurance may be an issue in the new year.						
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Action to be Taken</th> <th style="width: 20%;">Responsible</th> <th style="width: 20%;">Due Date</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Action to be Taken	Responsible	Due Date			
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Stacey Gorder KPBSD Health Benefits Manager	Submitted Health Care Plan Amendment #4, effective January 1, 2013 stating that dental benefit will increase to \$2,500.						
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1							

Laurie Olson
KPBSD Finance Director

Prior to Laurie's reports, Dave Jones presented a spreadsheet that showed the areas of the healthcare contribution amounts that are available for change by the committee. The monthly contribution amounts listed in the Collective Bargaining Agreements for both employee and employer contributions and for dependent contributions are not within the committee's discretion to change in his opinion. However, the Additional 50/50 Contribution amount is within the committee's discretion to change.

With this information in mind, the health care payment holiday for December will be applied to the 50/50 portion of the employee and employer contribution, but the dependent contribution will continue to be deducted from all employees who are currently paying it. There was discussion about this determination.

Committee members states that in the bargaining of the contract, it was established that these were placeholder numbers and could be adjusted. Mr. Jones Disagreed. Mr. Fischer summarized that what the committee was looking at would be to have to file a grievance since the members of the committee and Mr. Jones have differing opinions on the interpretation of the contract. Mr. Jones agreed.

Laurie Olson presented the monthly spreadsheet with health care cost and contribution information as of November 30, 2012. There was a request from Patty Sirois for more detail regarding the Rehn fees. Laurie mentioned the memo that was provided to the committee by email after the September meeting and explained that besides the Per Employee Per Month (PEPM) charges, there are charges for postage, bank fees, MRC professional time, a percentage of PPO costs and utilization review costs. Laurie will provide additional information about that to the committee.

In response to a request from the committee made at the October meeting, she also presented information about the size of a reduction in employee and employer additional contribution that would total approximately \$600,000. Calculations show a reduction of \$20.75 for both employee and employer would reduce contributions approximately \$608,556. For an employee with 12 months of coverage, paying over 9 months, this would reduce the monthly contribution to \$319.25 per month for 12 months as opposed to the \$340 per month currently paid by employees.

Regarding the Health Care Holiday, Laurie stated that some of the wording in the information

about the "Rate Holiday" passed at the October 30, 2012 special meeting assumes some events that are not possible. The statement that the reduction to employee and employer contribution will be "offset by a payment from the Health Insurance account" for employees or "returned to the district for each employee from the reserve account for each employee" is not how the transactions are processed.

The actual adjustments to the reserve account will happen at year-end after all contributions are collected and all expenses are paid. The effect of the reduction in contributions will reduce the contributions by an estimated \$1.1 million for the year, but any adjustment to the reserve account will not occur until after all activity for the year is recorded. However, a statement on the monthly spreadsheet about the anticipated effects of these changes on the plan's reserve account and the contribution amounts will help to make this more clear.

Laurie explained that because of differences in start dates, months of coverage and number of deductions for various employee groups, in order to fairly apply the health care contribution holiday to all employees, it was necessary to break down the reduction listed in the October 30, 2012 special meeting minutes into a monthly change. The monthly change to both employee and employer additional contribution amounts calculated to a reduction of \$37.78 per month for 12 months, so instead of \$140, the shared contribution moves to \$102.22 per month.

She then presented 5 examples of how the contribution holiday will affect various employee categories.

1. Employees with 12 months of coverage, paying over 9 months (returning employees currently paying from September – May) will not have their deduction of \$453.33 in December
2. Employees with 11 months of coverage, paying over 9 months (new hires hired in August) will not have their deduction of \$415.56 in December
3. Employees with 10 months of coverage, paying over 9 months (coverage September – June with first payment deducted in September, deduction ending in May) will not have their deduction of \$377.78 in December
4. Employees with 10 months of coverage, paying over 8 months (coverage September – June with first payment deducted in October, deduction ending in May) will have their current deduction of \$425 per month reduced to \$47.20 in December
5. Employees with 12 months of coverage, paying over 12 months will not have a deduction of \$352.73 in December, and will also have a rebate of \$100.63

For comparison, she also presented an additional calculation showing the effect of the \$453.33 rebate if it was applied over the remainder of the school year and there was no holiday in December. For 12 months of coverage, paid over 9 months, the monthly contribution amount for December – May would be \$377.78. For 12 months of coverage, paid over 12 months, the monthly contribution amount for December – June would be \$302.34.

Action to be Taken	Responsible	Due Date

**Colleen Savoie
Parker-Smith-Feek Consultant**

Presented recommendations on the committee hearing appeals and fiduciary liability for the committee. Action was taken in new business to follow her recommendations.

Action to be Taken	Responsible	Due Date

V	Action Items from Previous Meeting	Responsible	Due Date
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1	December Payment Holiday	Laurie Olson	
2	Dental Policy change in benefits updated for 2013	Stacey Gorder	
3			
4			

XI	Unfinished Business	Presenter	Duration						
1	<p>Tabled Motion to decrease premium by \$100 (\$50 district/\$50 Employee) per month starting in December.</p> <p>Motion: decrease premium by \$100 (\$50 district/\$50 Employee) per month starting in December.</p> <p>Made by: Vaughn D. Seconded by: Terri T.</p> <p>Vote: Yes 1 (Vaughn D.) No 7</p> <p>Motion:</p> <p>Made by: Seconded by:</p> <p>Vote: Yes No</p> <p>Motion:</p> <p>Made by: Seconded by:</p> <p>Vote: Yes No</p> <table border="1"> <thead> <tr> <th>Action to be Taken</th> <th>Responsible</th> <th>Due Date</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Action to be Taken	Responsible	Due Date				Vaughn Dosko	
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XII	New Business	Presenter	Duration
1	Wellness Plan- What can it look like, what are we looking at for savings, how soon can be begin implementation.		

Notes: The administration did not present their idea of a wellness plan which has been presented in their bargaining proposal as a way to stop the annual health care increase. Stated research is available online, did not have any at the meeting to present (they did email a few web links to members before the meeting that were generic articles).

<http://managedhealthcareexecutive.modernmedicine.com/mhe/article/articleDetail.jsp?id=750629>
<http://www.sciencedaily.com/releases/2010/08/100818151824.htm>
<http://www.foxbusiness.com/personal-finance/2011/03/02/study-finds-wellness-programs-save-money/>

Colleen Savoie, the districts insurance consultant stated that no wellness plan has been submitted to her by the district to check the cost savings. Stated that for a wellness plan to work, must be buy in at all levels.

Action to be Taken	Responsible	Due Date
Present research to committee on wellness plans, specifically requiring employees to have an annual physical.	Colleen S.	1/16/2012

2	Change in appeal language
Notes:	If the plan administrator fails to make a determination within 30 days the appeal will be forwarded to the Health Care Committee for review. If an appeal is denied by the plan administrator the employee may request a review by the Health Care Committee <u>within 60 days. The health care committee shall make a decision within 30 days.</u>
Motion:	Change the appeal language to the above with the underlined additions.
Made by:	Terri Z.
Seconded by:	Matt F.
Vote:	Yes 8 No 0

XIII Next Meeting

Date: 1/16/2012 Risk Management Office

IV Adjournment

Motion:	To Adjourn
Made by:	Terri Z.
Seconded by:	Matt F.
Vote:	Yes 8 No 0