

**Minutes of the Special Advisory Health Benefit
Committee Meeting of May 7, 2012 at the
District Office, Minden, Nevada**

Committee Members Present

Larry Lippmann, DCPEA
Christine Cooley, DCPEA
Andrew Fromdahl, DCPEA
Dwight Langdon, DCBDA
Marie Parola, DCSSO
Diana Schefcik, DCSSO
Shannon Brown, DCAA
Holly Luna – District Office

Absent

Also in attendance were Allen Gosselin (will be replacing Larry Lipmann), Rich Alexander of DCSD Human Resources, and Nikki Bertone of DCSD Human Resources, and several members of the public. Meeting began at approximately 4:05 pm.

Roll call of members and external representatives was taken. The committee members adopted the Agenda motioned by Shannon Brown, seconded by Andrew Fromdahl. Holly reminded the Committee that this meeting was for informative and discussion purposes only. No action will result from this meeting. There was no public comment.

Insurance Plan and Rate Review: As negotiations and bargaining are still underway, the mediator had requested that the committee meet to discuss possibilities of changes, timing of said changes, and input from the Committee regarding all items previously discussed to find a solution to cost increases.

Current premium is \$575, and the proposed rates beginning July 1, 2012 result in an increase of approximately 12.7%, or \$780,000 not currently accounted for in the District's budget. (Holly encourages the Committee to keep in mind that this figure is the upcoming year only, and that additional shortfalls will likely continue to hit the District in the future.) The advice of the mediator is to prepare a plan, slowly implementing (or "stair-stepping") the required changes. The District needs to consider timing, long range plan of implementation, etc. The mediator asked that solutions be compiled and reviewed during the next date set for mediation.

The Committee performed a quick review of levers or changes previously discussed including adjust employer paid premiums; adjusted Plan benefits; adjusted dependent premiums; instituting employee paid contributions; continuing to offset any increased costs with Self-Insurance Fund Ending Fund Balance; changes to plan coverages from 80/20 to a lesser coverage; GAP insurance options, etc. Essentially, the District can either raise employer paid premiums to raise revenue, lower plan coverage as an expense reduction, or any combination of the two.

GAP Insurance (similar to Aflac or similar supplemental insurance program) is intended to aid employees to pay their rising deductibles, requiring reimbursement requests to aid in paying for cost increases to cover a period of time where plan changes are being implemented, affecting deductibles or employee out-of-pocket costs, without major impact to the employee. Several questions remain that bear further research: who bears the financial burden – the employee, the district, and for how long, etc. It is not believed that GAP Insurance is a complete solution, but could be a portion of the whole.

(Rich Alexander left at approximately 4:30p.m.)

Major events impacting the decisions: DCSD is in the middle of multiple bargaining units to set benefit terms. All groups except for the bus drivers have not come to a decision. Additionally, the new fiscal year begins July 1, 2012, and Proposed Plan Changes are to be brought before the Board for ratification in approximately October/November. From there an Open Enrollment period would be offered to employees for employees to adopt any changes, and that sets the time of the Plan year, generally January 1st of the following year. Holly reminded the group that new law regulations will require a document showing comparisons to similar plans, beginning January 1, 2013.

Future Discussion Items: Future discussions will include additional discussion on GAP insurance (contributions and savings); improving the HSA program, or adding incentives to promote plan participation; review of inequity in rates, and development of an on-going “stair-step” approach as costs continue to increase; timing of changes. Additional items for consideration were identified as: defining priorities with regard to changes, how raising employee contributions will affect the plan and shortfall, raising deductibles, and utilizing Self-Funded Insurance Ending Fund Balance, timing of changes, and more. Several committee members (Shannon Brown, Dwight Langdon, Holly Luna) indicated the priority should be offsetting costs, without losing jobs by creating greater pressure on the General Fund to fund higher premium costs.

The above discussion points are being made available for review by the committee members by incorporation into the meeting minutes – see attached.

Future Agenda Items: General claims review as usual at next meeting.

Next Meeting(s): The next Committee Meeting was set for **May 15, 2012 at 4:00pm at the District Office.**

The meeting adjourned via motion at approximately 5:45 p.m.

Respectfully Submitted,
Holly Luna, CFO, Business Services
Douglas County School District
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