

**BUTTE SCHOOLS SELF-FUNDED PROGRAMS**

**BOARD OF DIRECTORS**

**November 16, 2016  
Durham Unified School District  
Durham, California**

**MINUTES**

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Board Members: Mary Sakuma, President .....Butte County Office of Education  
Ruthie Anaya, Vice President .....Palermo Union School District  
Heather Naylor, Treasurer .....Gridley Unified School District  
Connie Cavanaugh, Secretary .....Thermalito Union School District  
Pam Ragan .....Biggs Unified School District  
Shelly Knifong (alternate).....Butte-Glenn Community College District  
Kevin Bultema .....Chico Unified School District  
Len Foreman .....Durham Unified School District  
Joshua Peete .....Golden Feather Union Elementary School  
District  
Suzanne Carter-Herboldshimer....Manzanita Elementary School District  
Andrew James .....Oroville City Elementary School District  
Susan Watts.....Oroville Union High School District

Executive  
Director: Christy Patterson.....Butte Schools Self-Funded Programs

Invited Guests: Christine Kerns .....Alliant Insurance Services, Inc.  
Dianna Santos .....Alliant Insurance Services, Inc.  
Dana Olson.....Alliant Insurance Services, Inc.  
Scott McClave.....Alliant Insurance Services, Inc.  
Dan Saeger .....Anthem Blue Cross  
Jim Apetz .....Healthstat, Inc.

A. CALL TO ORDER

President Sakuma called the meeting to order at 11:03 a.m.

B. INTRODUCTIONS

Directors and invited guests introduced themselves.

C. AGENDA

Mrs. Patterson asked that item E.1.b. be pulled from the consent agenda for separate action.

Motion: Approve as presented with item E.1.b. listed for separate action.		
Made by: Len Foreman	Yes: 22	No: 0
Seconded by: Connie Cavanaugh	Absent: 7	
Roll call "yes" votes: Ragan, Knifong, Sakuma, Bultema, Foreman, Peete, Naylor, James, Watts, Anaya and Cavanaugh		

D. PUBLIC COMMENTS

There were none.

E. CONSENT

Motion: Approve as presented, excepting item E.1.b.		
Made by: Heather Naylor	Yes: 22	No: 0
Seconded by: Ruthie Anaya	Absent: 7	

Mrs. Patterson reported that the minutes of the October 20, 2016 meeting required correction on item G.3. to indicate Durham Unified is allocated 2 rather than 4 total votes.

Motion: Approve the October 20, 2016 minutes as corrected (item G.3. to indicate Durham Unified is allocated 2 votes)		
Made by: Len Foreman	Yes: 22	No: 0
Seconded by: Ruthie Anaya	Absent: 7	

F. REPORTS

1. Third Party Administrators: There was no separate report.
2. Consultant: Christine Kerns reported on impacts the Trump presidency may have on healthcare and the insurance market.

*Suzanne Carter-Herboldshimer joined the meeting at 11:08 a.m.*

3. Employee Benefits Advisory Committee: Mrs. Patterson reported that the EBAC had not met since the last meeting of the Board but was doing so on Thursday, November 17<sup>th</sup>.
4. Executive Director: Mrs. Patterson reviewed recent information from BASIC JPA, reported on the October 31, 2016 financial statements and indicated the transition to UnitedHealthcare for Medicare-retirees was going smoothly. Mrs. Patterson indicated there was no update to the Strategic Action Plan since its review in September. She also reported that the transition to the United Healthcare plan for Medicare retirees was going smoothly.

G. DISCUSSION/ACTION ITEMS

1. Unaudited Financial Statements as of and for the Year Ended June 30, 2016:

- a. Estimate of Medical Claims Incurred but Not Paid: Mrs. Patterson and the Alliant team members reviewed the revised estimate of medical claims incurred but not paid and recommended that the revised estimate of \$5,299,767 be booked.

Motion: Book estimate of medical claims incurred but not paid as of June 30, 2016 in the amount of \$5,299,767.		
Made by: Len Foreman	Yes: 23	No: 0
Seconded by: Pam Ragan	Absent: 6	
Roll call "yes" votes: Ragan, Knifong, Sakuma, Bultema, Foreman, Peete, Naylor, Carter-Herboldshimer, James, Watts, Anaya and Cavanaugh		

- b. Assessment as of June 30, 2016: Mrs. Patterson reviewed the impact of the revised amount of medical claims incurred but not paid had on the need for an assessment with net assets now at a negative \$122,000, that the absence of an assessment would likely necessitate a surcharge on future rates in order to restore reserves, current year claim activity and cash flow projections. There was extended discussion regarding the merits of assessment and future surcharges as well as the need to be consistent in treatment between years.

Mr. James moved to make no an assessment as of June 30, 2016 and to include a surcharge within the July 1, 2017 rates. The motion was seconded by Mr. Foreman. After extended discussion, the motion was modified.

Motion: Make no assessment as of June 30, 2016.		
Made by: Andrew James	Yes: 23	No: 0
Seconded by: Len Foreman	Absent: 6	

Mr. Bultema requested that December agenda include the following topics: line of credit and analysis of margins available for future use. His goal is to begin with a clean slate with the new board rather than handing the new board a deficit. Mr. James noted that surcharges are common practice in order to offset prior year losses.

2. Employee Benefit Plans Effective July 1, 2017:

- a. Medical and Prescription:

- i. Plans: Mrs. Patterson reviewed a number of plan modifications included in the packet as well as an expanded menu of BSSP standalone self-funded plans. The Alliant team presented a quote for fully-funded rates from SISC, which include a 2% rate credit for continued operation of the Health and Wellness Centers. Alliant also noted that the need to restore reserves would be greatly diminished with the SISC fully-funded option.

Mrs. Patterson was directed to gather input from the Employee Benefits Advisory Committee as to the expanded menu of plans, the SISC options and the value of the HWC. Mr. Bultema indicated his preference that no benefit plan decisions be made until the new board was seated.

- ii. Health and Wellness Centers: Alliant reviewed updated calculations on per-visit costs of the HWC and reported that labs processed through the HWC were on average 30% less than the same test processed at the Anthem network rate. Mrs. Patterson also reviewed proposals for missed appointment/cancellation fees and to require an office visit following in HRA as part of the HRA incentive. Mrs. Anaya indicated automatic appointment reminders via text would be an important part of implementing the missed appointment policy.
- iii. Health Savings Account Vendor: Mrs. Patterson reported that after initiating transition process from Wells Fargo to Health Equity it was clear the process could not be completed in a quality manner on the required timeline and that she had rescinded the notice of termination to Wells Fargo. She also reported that Optum had requested the opportunity to provide a revised proposal and that any transition would be best accomplished through the normal open enrollment process.

*Mary Sakuma and Josh Peete left the meeting at 2:30 p.m. Vice-President Ruthie Anaya chaired the remainder of the meeting.*

Motion: Rescind notice of cancellation to Wells Fargo/Option effective January 1, 2017.		
Made by: Pam Ragan	Yes: 19	No: 0
Seconded by: Andrew James	Absent: 10	
Roll call "yes" votes: Ragan, Knifong, Bultema, Foreman, Naylor, Carter-Herboldshimer, James, Watts, Anaya and Cavanaugh		

- b. Dental: Dianna Santos, Alliant Employee Benefits, reviewed an example of how a claim for a crown would be processed under plan 1 versus plan 8. Mrs. Patterson was directed to seek the input of the Employee Benefits Advisory Committee on this item.
  - c. Vision: Mrs. Patterson was directed to seek the input of the Employee Benefits Advisory Committee on this item.
3. Bylaws: Composition of Board of Directors: Mrs. Patterson reviewed the proposed changes to the Bylaws. She was directed to consult with legal counsel regarding an additional provision within the Bylaws that a property and liability-only member shall not be able to appoint a labor representative. It was the consensus of the directors that quotas not be established regarding the distribution of directors between certificated and classified units and that districts were encouraged to appoint the other unit as the labor alternate. Mrs. Carter-Herboldshimer spoke on the important of representing and acting as a director on behalf of the entire JPA rather than the individual district, management, certificated or classified viewpoint. There was also consensus that districts will pay their own cost of substitutes in order for labor representatives to participate in JPA meetings.

Mrs. Patterson will order agendas with property and liability issues at the beginning or end of the agenda and with definitive start times for benefit discussions.

4. Resolution 16-02, Extension of Program Withdrawal Notification Date:

Motion: Adopt Resolution 16-02, Extension of Program Withdrawal Notification Date		
Made by: Kevin Bultema	Yes: 19	No: 0
Seconded by: Andrew James	Absent: 10	

5. Policy Reviews, Revisions and Proposals:

a. Proposed Policy 2.8, Underwriting:

Motion: Adopt policy 2.8, Underwriting		
Made by: Pam Ragan	Yes: 19	No: 0
Seconded by: Connie Cavanaugh	Absent: 10	

b. Proposed Policy 2.9, Target Equity:

Motion: Adopt policy 2.9, Target Equity		
Made by: Pam Ragan	Yes: 19	No: 0
Seconded by: Connie Cavanaugh	Absent: 10	

*Suzanne Carter-Herboldshimer left the meeting at 3:30 p.m.*

- c. Revised Policy 4.1, Board Officers, Executive Committee and Ad Hoc Committees:
- d. Revised Policy 4.2, Election Procedures / Nominating Committee:
- e. Revised Policy 4.5, Weighted Vote Calculation:

Items G.5.c., G.5.d. and G.5.e. were reviewed together. Mrs. Patterson was directed to include three sample voting structures with the final drafts: benefits only; benefits, property and liability combined; and property and liability, only.

H. ITEMS FROM THE DIRECTORS

There were none.

I. ADJOURNMENT

The meeting adjourned at 3:41 p.m.

Respectfully submitted,

  
Christy R. Patterson  
Executive Director